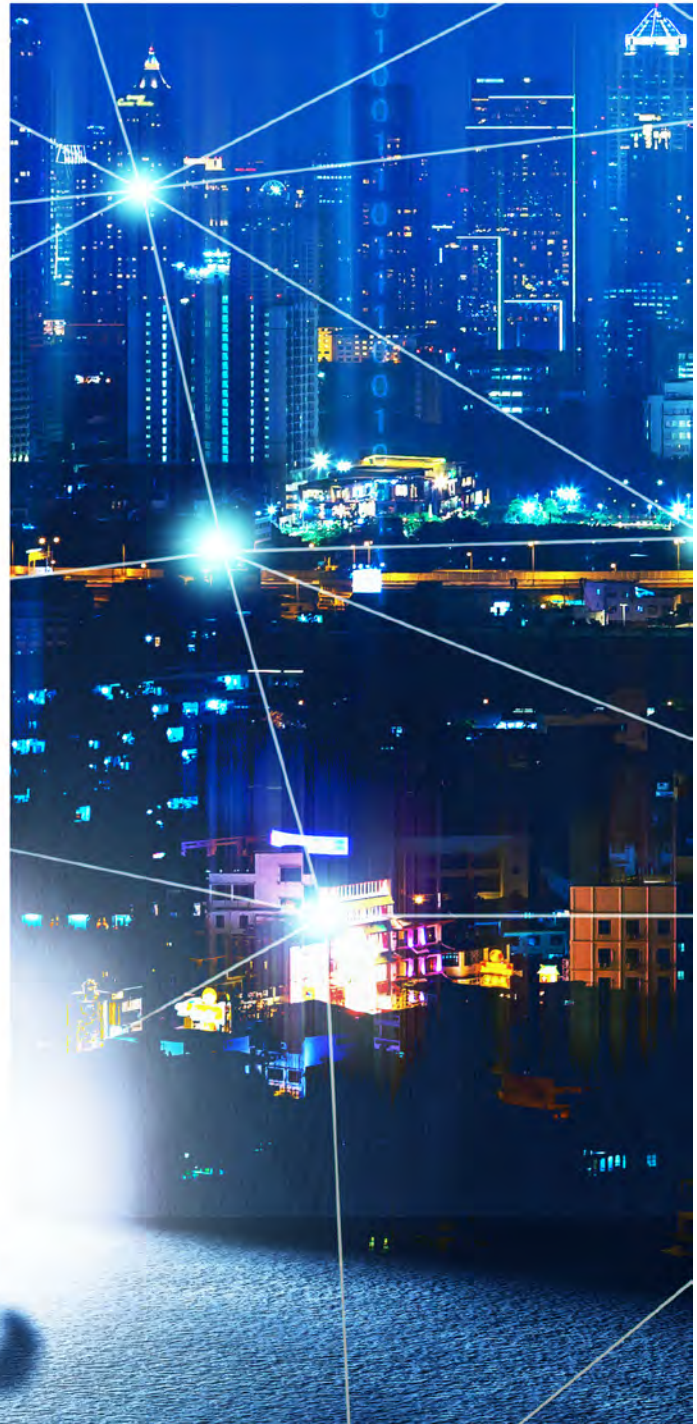




R Systems International Limited

Ready for the TECH TIPPING POINT



Press Release
Q2 2021

R Systems Reports 30% Growth in Revenue & 59% Growth in EBITDA Q2 2021: Revenue Rs. 274 Crores with 13.4% EBITDA

Noida, India – August 06, 2021

Highlights

Consolidated results for the quarter ended June 30, 2021

- Consolidated revenue from operations for Q2 2021 was Rs. 273.57 crores (US\$ 37.14 mn) compared to Rs. 210.38 crores (US\$ 27.89 mn) in Q2 2020 and Rs. 247.65 crores (US\$ 33.99 mn) in Q1 2021; YoY increase 30.03% and QoQ increase 10.46%.
- EBITDA for Q2 2021 was Rs. 36.64 crores (US\$ 4.98 mn) compared to Rs. 23.11 crores (US\$ 3.07 mn) in Q2 2020 and Rs. 30.86 crores (US\$ 4.23 mn) in Q1 2021. Q2 2021 EBITDA as % of revenue was 13.39% as against 10.98% for Q2 2020 and 12.46% for Q1 2021.
- Net profit after taxes for Q2 2021 was Rs. 46.16 crores (US\$ 6.28 mn) compared to Rs. 15.97 crores (US\$ 2.13 mn) in Q2 2020 and Rs. 24.88 crores (US\$ 3.41 mn) in Q1 2021.

Others

- 10 key wins during this quarter.
- Net addition of 230 plus associates during this quarter.

Dr. Rekhi Singh, Managing Director and CEO stated, “The health and safety of our employees is paramount to us, and we have organized vaccination for our employees and their families in addition to other welfare measures during the second pandemic wave in India.” He added, “We had best-ever quarter with robust revenue growth and margins improvement. It is supported by new deal closures, deepened relationship with existing customers and continued traction towards digital and product engineering services.”

He further added, “The business outlook has improved significantly over the last few quarters with strong demand environment, and we continue to invest in digital technologies, sales and marketing initiatives to fuel our growth engine.”

Avirag Jain, Director and CTO said, “We have on-boarded 230 plus net associates during Q2-2021 to support the strong demand across geographies. The utilization for the quarter was impacted by project ramp ups and high attritions. We are committed for efficient operations while keeping bandwidth to offset near term attritions challenges.” He further added, “We are concerned for safety and wellbeing of our employees and continue to implement work-from-home with necessary guidelines.”



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 eighteen development and service centres to serve customers in North America, Europe, and the Far East.

The brief of few wins is listed below:

One of the global market leaders in software professional services has engaged R systems to enhance and develop its existing digital video solution in IPTV and OTT space.

A US based leading online video platform has mandated R Systems to revamp their SaaS-based products on web, mobile, TV, and Roku platforms.

A US based leading provider of connected solutions for enterprise customers across industries has partnered R Systems to develop and enhance its IoT based service and device platforms for the automobile industry.

A leader in electricity production in Eastern Europe has engaged R Systems Europe as digital transformation partner to automate the onboarding process of household customers. R Systems will provide a turnkey Intelligent Document Processing solution using Artificial Intelligence and Robotics.

A leading telecom ISV has established partnership with R Systems Europe to customize and integrate critical core network systems for telecom operators worldwide.

A Malaysian home living solutions provider has awarded R Systems APAC division to implement Microsoft Dynamics 365 Business Central and LS Central, to optimize and digitalize its end-to-end retail business processes yielding financial visibility and operational excellence across the enterprise.



Liquidity and Shareholder Funds

Free cash balances as of June 30, 2021, were Rs. 320.33 crores (net of interim dividend) compared to Rs. 303.15 crores as of December 31, 2020. Total shareholder funds as of June 30, 2021, were Rs. 468.58 crores compared to Rs. 426.83 crores as of December 31, 2020.

Corporate and Other Matters

Interim Dividend

The Board of Directors at its meeting held on June 18, 2021 has declared an interim dividend of Rs. 2.5 per equity share (250%) of face value of Re. 1/- each. As of June 30, 2021, the Company has transferred the interim dividend amount aggregating to Rs. 29.92 crores in a separate bank account. The aforesaid interim dividend is paid on July 14, 2021.

Share Buy-back

The Board of Directors at its meeting held on August 06, 2021, has approved the proposal for buyback of upto 1,333,000 fully paid-up Equity Shares of Re. 1/- each of the Company (representing 1.11% of the total paid up share capital of the Company) at a price of Rs. 225/- per equity share for an aggregate consideration not exceeding Rs. 29.99 crores.

Financial Performance

Consolidated Profit & Loss Statement (Un-audited) for the Quarter Ended June 30, 2021

(As per Ind AS)

(Rs. in mn, except per share data)

Sr. No.	Particulars	Quarter Ended June 30,		Quarter Ended March 31, 2021
		2021	2020	
1	Income			
(a)	Revenue from operations	2,735.67	2,103.84	2,476.53
(b)	Other income	251.21	39.41	52.10
	Total income	2,986.88	2,143.25	2,528.63
2	Expenses			
(a)	Employee benefits expense	1,881.63	1,507.17	1,771.16
(b)	Finance costs	10.80	14.76	12.65
(c)	Depreciation and amortisation expense	63.31	66.16	62.69
(d)	Other expenses	489.91	367.16	397.61
	Total expenses	2,445.65	1,955.25	2,244.11
3	Profit before tax	541.23	188.00	284.52
4	Tax expense			
(a)	Current tax	91.85	45.03	54.65
(b)	Deferred tax credit	(12.26)	(16.74)	(18.97)
	Total tax expense	79.59	28.29	35.68
5	Net profit for the period	461.64	159.71	248.84
6	Earnings per share (Face value of Re. 1/- each) (not annualized)			
(a)	Basic	3.86	1.35	2.08
(b)	Diluted	3.86	1.35	2.08

Financial Performance

Consolidated Profit & Loss Statement (Un-audited) for the Six Months Ended June 30, 2021

(As per Ind AS)

(Rs. in mn, except per share data)

Sr. No.	Particulars	Six Month Ended June 30,	
		2021	2020
1	Income		
(a)	Revenue from operations	5,212.20	4,196.46
(b)	Other income	303.31	27.13
	Total income	5,515.51	4,223.59
2	Expenses		
(a)	Employee benefits expense	3,652.79	2,992.16
(b)	Finance costs	23.45	27.32
(c)	Depreciation and amortisation expense	126.00	131.90
(d)	Other expenses	887.52	773.51
	Total expenses	4,689.76	3,924.89
3	Profit before tax	825.75	298.70
4	Tax expense		
(a)	Current tax	146.50	82.14
(b)	Deferred tax credit	(31.23)	(38.18)
	Total tax expense	115.27	43.96
5	Net profit for the period	710.48	254.74
6	Earnings per share (Face value of Re. 1/- each) (not annualized)		
(a)	Basic	5.94	2.13
(b)	Diluted	5.94	2.13

Financial Performance

Consolidated Profit & Loss Statement (Un-audited) for the Quarter Ended June 30, 2021 (Contribution Analysis Format)

(Figures in mn)

Particulars	Q2 2021		Q2 2020		Q1 2021	
	INR	US\$	INR	US\$	INR	US\$
Revenues	2,735.67	37.14	2,103.84	27.89	2,476.53	33.99
Cost of revenues	1,762.56	23.92	1,349.22	17.88	1,618.16	22.21
Gross margin	973.11	13.22	754.62	10.01	858.37	11.78
SG & A	35.57%		35.87%		34.66%	
Expenses	606.67	8.24	523.54	6.94	549.80	7.55
	22.18%		24.89%		22.20%	
EBITDA	366.44	4.98	231.08	3.07	308.57	4.23
	13.39%		10.98%		12.46%	
Depreciation and amortization	63.31	0.86	66.16	0.88	62.69	0.86
EBIT	303.13	4.12	164.92	2.19	245.88	3.37
Interest expense	(10.80)	(0.15)	(14.76)	(0.20)	(12.65)	(0.17)
Other income (net)	248.90	3.39	37.84	0.52	51.29	0.70
Income before income tax	541.23	7.36	188.00	2.51	284.52	3.90
Income tax provision	79.59	1.08	28.29	0.38	35.68	0.49
Net earnings	461.64	6.28	159.71	2.13	248.84	3.41

Financial Performance

Consolidated Profit & Loss Statement (Un-audited) for the Six Months Ended June 30, 2021 (Contribution Analysis Format)

(Figures in mn)

Particulars	Jan to Jun 2021		Jan to Jun 2020	
	INR	US\$	INR	US\$
Revenues	5,212.20	71.13	4,196.46	56.80
Cost of revenues	3,380.72	46.13	2,708.69	36.66
Gross margin	1,831.48	25.00	1,487.77	20.14
	35.14%		35.45%	
SG & A				
Expenses	1,156.47	15.79	1,055.26	14.29
	22.19%		25.15%	
EBITDA	675.01	9.21	432.51	5.85
	12.95%		10.31%	
Depreciation and amortization	126.00	1.72	131.90	1.79
Income from operations	549.01	7.49	300.61	4.06
Interest expense	(23.45)	(0.32)	(27.32)	(0.37)
Other income (net)	300.19	4.09	25.41	0.34
Income before income tax	825.75	11.26	298.70	4.03
Income tax expense	115.27	1.57	43.96	0.59
Net earnings	710.48	9.69	254.74	3.44

Financial Performance

Consolidated Balance Sheet as at Jun 30, 2021 (As per Ind AS)

(Rs. in million)

	Particulars	As at	
		June 30, 2021	December 31, 2020
		(UnAudited)	(Audited)
	ASSETS		
A.	Non-current assets		
	(a) Property, plant and equipment	453.55	471.67
	(b) Right-to-Use Assets	452.80	470.42
	(c) Capital work in progress	3.00	0.21
	(d) Investment property	19.63	20.37
	(e) Goodwill	98.27	97.24
	(f) Other Intangible assets	48.79	49.12
	(g) Financial assets		
	(i) Investment	0.03	0.03
	(ii) Other financial assets	89.30	79.53
	(h) Deferred tax assets (net)	145.19	133.44
	(i) Non-current tax assets (net)	37.40	67.13
	(j) Other non-current assets	23.65	18.84
B.	Total non-current assets (A)	1,371.61	1,408.00
	Current assets		
	(a) Financial assets		
	(i) Investments	130.04	128.02
	(ii) Trade receivables	1,457.77	1,312.54
	(iii) Cash and cash equivalents	2,261.80	2,135.84
	(iv) Other bank balances	857.03	370.62
	(v) Other financial assets	910.64	889.51
	(b) Other current assets	290.55	251.62
	Total current assets (B)	5,907.83	5,088.15
	Total assets (A+B)	7,279.44	6,496.15
	EQUITY AND LIABILITIES		
A.	Equity		
	(a) Equity share capital	119.64	119.64
	(b) Other equity	4,566.21	4,148.61
	(c) Non controlling interest	-	-
	Total equity (A)	4,685.85	4,268.25
B.	Liabilities		
	Non-current liabilities		
	(a) Financial liabilities		
	(i) Borrowings	3.31	83.62
	(ii) Other financial liabilities	419.27	472.05
	(b) Provisions	181.51	174.94
	Total non-current liabilities (B)	604.09	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	264.90	216.53
	(ii) Other financial liabilities	856.16	491.36
	(b) Provisions	255.60	224.01
	(c) Current tax liability (Net)	92.58	67.14
	(d) Other current liabilities	520.26	498.25
	Total current liabilities (C)	1,989.50	1,497.29
	Total liabilities (B+C)	2,593.59	2,227.90
	Total equity and liabilities (A+B+C)	7,279.44	6,496.15

Consolidated Operational Data (Un-audited)

Profitability in Percentage	Quarter ended		
	Jun 30, 2021	Jun 30, 2020	Mar 31, 2021
Revenues	100.00	100.00	100.00
Gross margin	35.57	35.87	34.66
SG & A	22.18	24.89	22.20
EBITDA	13.39	10.98	12.46
EBIT	11.08	7.84	9.93
EAT	16.87	7.59	10.05

Revenue from Top 10 Clients	Quarter ended		
	Jun 30, 2021	Jun 30, 2020	Mar 31, 2021
Top 10 Clients	25.23%	29.87%	28.13%
Top 5 Clients	17.39%	20.05%	19.01%
Top 3 Clients	13.02%	15.14%	14.21%
Largest Client	7.16%	8.83%	8.12%

Revenues by Geographies	Quarter ended		
	Jun 30, 2021	Jun 30, 2020	Mar 31, 2021
North America	67.58%	68.26%	67.48%
Europe	14.32%	12.67%	14.18%
South East Asia	15.28%	16.37%	15.74%
India	2.04%	1.58%	1.85%
Others	0.78%	1.12%	0.75%
Total	100.00%	100.00%	100.00%

Utilization (excluding trainees)	Quarter ended		
	Jun 30, 2021	Jun 30, 2020	Mar 31, 2021
Onsite	95.71%	96.06%	95.39%
Offshore	74.53%	74.83%	76.47%
Blended	76.72%	76.93%	78.47%

Utilization (including trainees)	Quarter ended		
	Jun 30, 2021	Jun 30, 2020	Mar 31, 2021
Onsite	95.71%	96.06%	95.39%
Offshore	73.98%	74.21%	75.85%
Blended	76.21%	76.35%	77.91%

Consolidated Operational Data (Un-audited)

Human resources	As at		
	Jun 30, 2021	Jun 30, 2020	Mar 31, 2021
Technical	3,030	2,335	2,801
Software services			
Onsite	480	387	449
Offshore	1,962	1,495	1,832
BPO			
Offshore	569	436	503
Trainees	19	17	17
Support	446	416	440
Total count	3,476	2,751	3,241

(Rs. in mn, except DSO)

Key Balance Sheet Data	As at	
	Jun 30, 2021	Dec 31, 2020
Receivable	1,457.77	1,312.54
Receivable in days (“DSO”)	46	43
Cash and bank balance #	3,203.26	3,031.48
Shareholders’ funds	4,685.85	4,268.25

excluding amount kept in separate bank account pertaining to dividend liability, debt and like items.

Development/Service Centres Location	As on Jun 30, 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	1,534	13
Indonesia	2,151	53
	18,173	238
Europe		
Romania	18,718	170
Poland	9,006	81
Moldova	3,398	43
	31,122	294
Total	222,490	3,261



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 eighteen 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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