



R Systems International Limited

Ready for the TECH TIPPING POINT



Press Release Year 2021

R Systems Reports Record Revenue of Rs. 1,156 Cr Strong Revenue Growth of 31% with Margin Improvement

Noida, India – February 18, 2022

Highlights

Consolidated results for the FY ended December 31, 2021

- Revenue at Rs. 1,155.64 crores (US\$ 156.52 mn); Growth YoY 31.23%.
- EBITDA at Rs. 161.46 crores (US\$ 21.87 mn) i.e.13.97% of Revenue for the year 2021 as against 13.27% for the year 2020.
- Net profit after taxes at Rs. 141.44 crores (US\$ 19.16 mn); Growth YoY 72.91%.
- 30 key clients added during the year.
- Net addition of 900+ associates during the year.

Consolidated results for the quarter ended December 31, 2021

- Revenue at Rs. 328.65 crores (US\$ 44.01 mn); Growth YoY 38.88%.
- EBITDA at Rs. 45.10 crores (US\$ 6.04 mn) i.e.13.72% as against 16.06% for Q4 2020.
- Net profit after taxes at Rs. 32.79 crores (US\$ 4.37 mn); Growth YoY 11.92%.

Dr. Rekhi Singh, Managing Director and Chief Executive Officer said, "R Systems reported 30% plus revenues growth and surpassed the key milestone of USD 150 mn in annual revenues with margin improvement. This robust performance is on the back of good traction towards our product engineering and digital offerings, deepened relationship with existing customers along with decent flow of sizable deals. We added 900 plus net associates over the year despite challenges in hiring and attrition across IT Industry."

He added, "We have a strong balance sheet with constant cash generation to scale investment in newer technologies, sales activities and to support future growth. Now, we are well placed to unleash next-gen digital evolution"

Mr. Avirag Jain CTO, said, "R Systems is serving 40 million dollar plus customers including 6 accounts contributing dollar three million plus revenues on run rate basis." He further added, "This year our utilization was modest to overcome the hiring and attrition challenges. We maintained higher talent pool to keep growth momentum. We are now expanding our SEZ facilities at Greater Noida by approx. 48,000 square feet to cater to growth"



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 APAC.

The brief of few wins is listed below:

A Canadian leading platform provider of media and entertainment industry has engaged R Systems to revamp its existing platform to enhance user experience.

A US based solution provider of public security management has partnered R Systems to provide software development and support services to digitally enhance their products to ensure better public safety.

A US based leading supply chain integration partner has mandated R Systems to provide professional services to digitally transform its flagship products.

One of the global leaders in cruise line has partnered with R Systems to modernize their enterprise integration along with digital transformation initiatives for their order management applications.

One of the largest aluminum extrusion manufacturers in Asia has engaged R Systems to implement Infor CloudSuite Industrial (Syteline) ERP and other solutions to automate their finance, sales and distribution operations for the APAC region.

Liquidity and Shareholder Funds

Free cash balances as of December 31, 2021, were Rs. 277.45 crores (after payment of shareholder distributions during the year) compared to Rs. 303.15 crores as of December 31, 2020. Total shareholder funds as of December 31, 2021, were Rs. 460.30 crores compared to Rs. 426.83 crores as of December 31, 2020.



Corporate and Other Matters

Expansion of SEZ Facility

Subsequent to year ended December 31, 2021, the Company has received approval from Department of Commerce, Ministry of Commerce & Industry, Government of India for expansion of its existing Special Economic Zone units located at Greater Noida West (NCR) for additional space of approx. 48,320 sq. ft.

Financial Performance

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

(As per Ind AS)

(Rs. in mn, except per share data)

Sr. No.	Particulars	Quarter Ended December 31,		Quarter Ended September 30, 2021
		2021	2020	
1	Income			
(a)	Revenue from operations	3,286.46	2,366.41	3,057.74
(b)	Other income	51.01	45.44	64.65
	Total income	3,337.47	2,411.85	3,122.39
2	Expenses			
(a)	Employee benefits expense	2,169.04	1,594.90	1,976.42
(b)	Finance costs	13.69	14.42	11.98
(c)	Depreciation and amortisation expense	79.61	59.73	71.33
(d)	Other expenses	666.89	392.42	595.93
	Total expenses	2,929.23	2,061.47	2,655.66
3	Profit before tax and exceptional items	408.24	350.38	466.73
4	Exceptional Items	-	18.65	-
5	Profit before tax	408.24	331.73	466.73
6	Tax expense			
(a)	Current tax	99.76	63.65	81.37
(b)	Deferred tax charge / (credit)	(19.45)	(24.91)	9.41
	Total tax expense	80.31	38.74	90.78
7	Net profit for the period	327.93	292.99	375.95
8	Earnings per share (Face value of Re. 1/- each) (not annualized)			
	Basic and diluted	2.77	2.45	3.14

Financial Performance

Consolidated Profit & Loss Statement for Year Ended December 31, 2021

(As per Ind AS)

(Rs. in mn, except per share data)

Sr. No.	Particulars	Year Ended December 31,	
		2021	2020
1	Income		
(a)	Revenue from operations	11,556.39	8,805.91
(b)	Other income	418.96	129.00
	Total income	11,975.35	8,934.91
2	Expenses		
(a)	Employee benefits expense	7,798.25	6,116.27
(b)	Finance costs	49.12	56.66
(c)	Depreciation and amortisation expense	276.93	256.04
(d)	Other expenses	2,150.33	1,525.08
	Total expenses	10,274.63	7,954.05
3	Profit before tax and exceptional items	1,700.72	980.86
4	Exceptional Items	-	18.65
5	Profit before tax	1,700.72	962.21
6	Tax expense		
(a)	Current tax	327.63	206.17
(b)	Deferred tax credit	(41.27)	(61.95)
	Total tax expense	286.36	144.22
7	Net profit for the period	1,414.36	817.99
8	Earnings per share (Face value of Re. 1/- each)		
	Basic and diluted	11.85	6.84

Financial Performance

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

(Figures in mn)

Particulars	Q4 2021		Q4 2020		Q3 2021	
	INR	US\$	INR	US\$	INR	US\$
Revenues	3,286.46	44.01	2,366.41	32.12	3,057.74	41.39
Cost of revenues	2,143.49	28.71	1,477.94	20.06	1,907.23	25.81
Gross margin	1,142.97	15.30	888.47	12.06	1,150.51	15.58
	34.78%		37.55%		37.63%	
SG & A Expenses	691.94	9.26	508.47	6.90	661.98	8.96
	21.05%		21.49%		21.65%	
EBITDA	451.03	6.04	380.00	5.16	488.53	6.62
	13.72%		16.06%		15.98%	
Depreciation and amortization	79.61	1.07	59.73	0.81	71.33	0.97
EBIT before exceptional items	371.42	4.97	320.27	4.35	417.20	5.65
Exceptional Items	-	-	18.65	0.25	-	-
EBIT	371.42	4.97	301.62	4.10	417.20	5.65
Interest expense	(13.69)	(0.18)	(14.42)	(0.20)	(11.98)	(0.16)
Other income (net)	50.51	0.66	44.53	0.60	61.51	0.83
Income before income tax	408.24	5.45	331.73	4.50	466.73	6.32
Income tax provision	80.31	1.08	38.74	0.53	90.78	1.23
Net earnings	327.93	4.37	292.99	3.97	375.95	5.09

Financial Performance

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

(Figures in mn)

Particulars	Year 2021		Year 2020	
	INR	US\$	INR	US\$
Revenues	11,556.39	156.52	8,805.91	119.16
Cost of revenues	7,431.44	100.65	5,579.22	75.50
Gross margin	4,124.95	55.87	3,226.69	43.66
	35.69%		36.64%	
SG & A Expenses	2,510.39	34.00	2,058.28	27.86
	21.72%		23.37%	
EBITDA	1,614.56	21.87	1,168.41	15.80
	13.97%		13.27%	
Depreciation and amortization	276.93	3.75	256.04	3.46
EBIT before exceptional items	1,337.64	18.12	912.37	12.34
Exceptional Items	-	-	18.65	0.25
EBIT	1,337.64	18.12	893.72	12.09
Interest expense	(49.12)	(0.66)	(56.66)	(0.77)
Other income (net)	412.20	5.58	125.15	1.70
Income before income tax	1,700.72	23.04	962.21	13.02
Income tax expense	286.36	3.88	144.22	1.95
Net earnings	1,414.36	19.16	817.99	11.07

Financial Performance

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

		(Rs. in mn)	
Particulars		As at December 31, 2021	As at December 31, 2020
ASSETS			
A. Non-current assets			
(a) Property, plant and equipment	583.58	471.67	
(b) Right-of-Use Assets	528.30	470.42	
(c) Capital work in progress	-	0.21	
(d) Investment property	18.90	20.37	
(e) Goodwill	97.54	97.24	
(f) Other Intangible assets	39.19	49.12	
(g) Financial assets			
(i) Investments	0.03	0.03	
(ii) Other financial assets	88.64	79.53	
(h) Deferred tax assets (net)	174.08	133.44	
(i) Non-current tax assets (net)	22.59	67.13	
(j) Other non-current assets	12.78	18.84	
Total non-current assets (A)	1,565.63	1,408.00	
B. Current assets			
(a) Financial assets			
(i) Investments	132.25	128.02	
(ii) Trade receivables	1,779.76	1,312.54	
(iii) Cash and cash equivalents	2,043.68	2,135.84	
(iv) Other bank balances	235.99	370.62	
(v) Other financial assets	899.89	889.51	
(b) Other current assets	266.12	251.62	
Total current assets (B)	5,357.69	5,088.15	
Total assets (A+B)	6,923.32	6,496.15	
EQUITY AND LIABILITIES			
A. Equity			
(a) Equity share capital	118.31	119.64	
(b) Other equity	4,484.65	4,148.61	
(c) Non controlling interest	-	-	
Total equity (A)	4,602.96	4,268.25	
Liabilities			
B. Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	6.46	83.62	
(ii) Other financial liabilities	484.28	472.05	
(b) Provisions	193.98	174.94	
Total non-current liabilities (B)	684.72	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	360.82	216.53	
(ii) Other financial liabilities	503.97	491.36	
(b) Provisions	253.95	224.01	
(c) Current tax liability (Net)	65.45	67.14	
(d) Other current liabilities	451.45	498.25	
Total current liabilities (C)	1,635.64	1,497.29	
Total liabilities (B+C)	2,320.36	2,227.90	
Total equity and liabilities (A+B+C)	6,923.32	6,496.15	

Consolidated Operational Data (Un-audited)

Profitability in Percentage	Quarter ended			Year ended	
	Dec 31, 2021	Dec 31, 2020	Sep 30, 2021	Dec 31, 2021	Dec 31, 2020
Revenues	100.00	100.00	100.00	100.00	100.00
Gross margin	34.78	37.55	37.63	35.69	36.64
SG & A	21.05	21.49	21.65	21.72	23.37
EBITDA	13.72	16.06	15.98	13.97	13.27
EBIT	11.30	13.53*	13.64	11.57	10.36*
EAT	9.98	12.38	12.30	12.24	9.29

* Before exceptional item

Revenue from Top 10 Clients	Quarter ended			Year ended	
	Dec 31, 2021	Dec 31, 2020	Sep 30, 2021	Dec 31, 2021	Dec 31, 2020
Top 10 Clients	22.65%	27.22%	23.42%	24.19%	28.48%
Top 5 Clients	15.05%	18.08%	15.55%	16.44%	18.96%
Top 3 Clients	11.12%	13.31%	11.87%	12.33%	14.06%
Largest Client	6.50%	7.31%	6.99%	7.14%	7.68%

Revenues by Geographies	Quarter ended			Year ended	
	Dec 31, 2021	Dec 31, 2020	Sep 30, 2021	Dec 31, 2021	Dec 31, 2020
North America	69.72%	68.48%	70.21%	68.86%	68.02%
Europe	12.98%	13.95%	12.83%	13.52%	13.22%
South East Asia	13.87%	14.96%	13.66%	14.55%	16.25%
India	2.55%	1.62%	2.64%	2.30%	1.58%
Others	0.88%	0.99%	0.66%	0.77%	0.93%
Total	100.00%	100.00%	100.00%	100.00%	100.00%

Utilization (excluding trainees)	Quarter ended		
	Dec 31, 2021	Dec 31, 2020	Sep 30, 2021
Onsite	96.64%	96.61%	95.61%
Offshore	74.87%	77.52%	75.46%
Blended	77.08%	79.53%	77.53%

Utilization (including trainees)	Quarter ended		
	Dec 31, 2021	Dec 31, 2020	Sep 30, 2021
Onsite	96.64%	96.61%	95.61%
Offshore	74.08%	76.74%	74.78%
Blended	76.35%	78.81%	76.90%

Consolidated Operational Data (Un-audited)

Human resources	As at		
	Dec 31, 2021	Dec 31, 2020	Sep 30, 2021
Technical	3,548	2,672	3,327
Software services			
Onsite	537	419	507
Offshore	2,344	1,742	2,200
BPO			
Offshore	635	488	593
Trainees	32	23	27
Support	487	431	469
Total count	4,035	3,103	3,796

(Rs. in mn, except DSO)

Key Balance Sheet Data	As at	
	Dec 31, 2021	Dec 31, 2020
Receivable	1,779.76	1,312.54
Receivable in days (“DSO”)	50	53
Cash and bank balance #	2,774.47	3,031.48
Shareholders’ funds	4,602.96	4,268.25

excluding debt and like items.

Development/Service Centres Location	As on Dec 31, 2021	
	Covered areas in sq ft.	No. of seats
India		
Noida	153,900	2,567
Chennai	5,905	65
	159,805	2,632
North America		
Sacramento, CA	9,500	60
Chicago, IL	3,003	15
Mississauga, Ontario	600	10
	13,103	85
South East Asia		
Singapore	8,054	91
Malaysia	6,434	81
Thailand	1,534	13
Indonesia	2,151	53
	18,173	238
Europe		
Romania	23,659	177
Poland	9,006	81
Moldova	4,499	60
	37,165	318
Total	228,246	3,273



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 APAC.

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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