



R Systems International Limited

Press Release Q1 2022

NEXT-GEN DIGITAL EVOLUTION





R Systems Continues the Growth Journey With 39% YoY Revenue Growth Q1 2022: Revenue: Rs. 343 Crores with EBIDTA: Rs. 42 Crores

Noida, India – May 10, 2022

Highlights

Consolidated results for the quarter ended March 31, 2022

- Revenue at Rs. 343.11 crores (US\$ 45.69 mn); Growth YoY 38.54%.
- EBITDA at Rs. 41.66 crores (US\$ 5.55 mn) i.e.12.14% as against 12.46% for Q1 2021.
- Net profit after taxes at Rs. 29.69 crores (US\$ 3.95 mn); Growth YoY 19.31%.
- 10 key clients added during the quarter.
- Net addition of 120+ associates during the quarter.

Dr. Rekhi Singh, Managing Director and CEO stated, “We had a healthy start of FY 2022 with 39% YoY revenue growth backed by a strong demand environment for digital and technology services. Our margins for the quarter were mainly impacted by salary raises. We are working to expand the margins through better pricing and improving utilization in coming quarters.”

He added,” Amid the positive demand environment, we are continuing with our investment in digital technologies, innovation, sales and presales across all business units for next-gen digital evolution.”

Avirag Jain, CTO said, “We got strong deal flow over last quarter with larger deal sizes. We on boarded 10 key logos to deliver digital transformation projects.” He added, “We are serving 46 customers contributing USD one million plus revenues on annual run rate basis.”

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 leading healthcare company in USA improving the overall health and independence of patients has engaged R Systems to digitalize their existing platform to deliver efficiency and enhanced customer experience.

A US based data management solution provider for law firms and legal teams has mandated R Systems to revamp its existing product through cloud using SaaS-based architecture and AI-curated content.

A global provider of unified IT management solution and security software has engaged R Systems as their digital transformation partner to implement Salesforce and NetSuite to replace their existing CRM and invoicing system for operational efficiency.

One of the leading Telcos in US has engaged R Systems to provide expertise in CI/CD pipeline and automated testing to improve software delivery timings.

A marketing company for sports brand in South East Asia has awarded R Systems to implement Microsoft Dynamics Business Central and LS Retail to automate its finance, sales and distribution operation for their multiple offices.

Liquidity and Shareholder Funds

Free cash balances as of March 31, 2022, were Rs. 273.43 crores compared to Rs. 277.45 crores as of December 31, 2021. Total shareholder funds as of March 31, 2022, were Rs. 492.61 crores compared to Rs. 460.30 crores as of December 31, 2021.

Financial Performance

Consolidated Profit & Loss Statement for the Quarter Ended March 31, 2022

(As per Ind AS)

(Rs. in mn, except per share data)

Sr. No.	Particulars	Quarter Ended March 31,		Quarter Ended December 31, 2021
		2022	2021	
1	Income			
(a)	Revenue from operations	3,431.09	2,476.53	3,286.46
(b)	Other income	52.07	52.10	51.01
	Total income	3,483.16	2,528.63	3,337.47
2	Expenses			
(a)	Employee benefits expense	2,392.73	1,771.16	2,169.04
(b)	Finance costs	11.17	12.65	13.69
(c)	Depreciation and amortisation expense	82.38	62.69	79.61
(d)	Other expenses	622.47	397.61	666.89
	Total expenses	3,108.75	2,244.11	2,929.23
3	Profit before tax	374.41	284.52	408.24
4	Tax expense			
(a)	Current tax	73.53	54.65	99.76
(b)	Deferred tax charge / (credit)	3.98	(18.97)	(19.45)
	Total tax expense	77.51	35.68	80.31
5	Net profit for the period	296.90	248.84	327.93
6	Earnings per share (Face value of Re. 1/- each) (not annualized)			
	Basic and diluted	2.51	2.08	2.77

Financial Performance

Consolidated Profit & Loss Statement for the Quarter Ended March 31, 2022 (Contribution Analysis Format)

(FIGURES IN MN)

Particulars	Q1 2022		Q1 2021		Q4 2021	
	INR	US\$	INR	US\$	INR	US\$
Revenues	3,431.09	45.69	2,476.53	33.99	3,286.46	44.01
Cost of revenues	2,293.56	30.54	1,618.16	22.21	2,143.49	28.71
Gross margin	1,137.53	15.15	858.37	11.78	1,142.97	15.30
	33.15%		34.66%		34.78%	
SG & A Expenses	720.98	9.60	549.80	7.55	691.94	9.26
	21.01%		22.20%		21.05%	
EBITDA	416.55	5.55	308.57	4.23	451.03	6.04
	12.14%		12.46%		13.72%	
Depreciation and amortization	82.38	1.10	62.69	0.86	79.61	1.07
EBIT	334.17	4.45	245.88	3.37	371.42	4.97
Interest expense	(11.17)	(0.15)	(12.65)	(0.17)	(13.69)	(0.18)
Other income (net)	51.41	0.68	51.29	0.70	50.51	0.66
Income before income tax	374.41	4.98	284.52	3.90	408.24	5.45
Income tax provision	77.51	1.03	35.68	0.49	80.31	1.08
Net earnings	296.90	3.95	248.84	3.41	327.93	4.37

Financial Performance

Consolidated Balance Sheet as at March 31, 2022 (As per Ind AS)

(Rs. in mn)

	Particulars	As at	
		March 31, 2022	December 31, 2021
	ASSETS		
A.	Non-current assets		
	(a) Property, plant and equipment	595.87	583.58
	(b) Right-to-Use Assets	502.35	528.30
	(c) Capital work in progress	0.12	-
	(d) Investment property	18.53	18.90
	(e) Goodwill	98.98	97.54
	(f) Other Intangible assets	34.72	39.19
	(g) Financial assets		
	(i) Investment	0.03	0.03
	(ii) Other financial assets	78.54	88.64
	(h) Deferred tax assets (net)	163.11	174.08
	(i) Non-current tax assets (net)	37.90	22.59
	(j) Other non-current assets	115.26	12.78
B.	Total non-current assets (A)	1,645.41	1,565.63
	Current assets		
	(a) Financial assets		
	(i) Investments	133.42	132.25
	(ii) Trade receivables	1,993.14	1,779.76
	(iii) Cash and cash equivalents	1,914.31	2,043.68
	(iv) Other bank balances	310.65	235.99
	(v) Other financial assets	913.47	899.89
	(b) Other current assets	351.01	266.12
	Total current assets (B)	5,616.00	5,357.69
	Total assets (A+B)	7,261.41	6,923.32
	EQUITY AND LIABILITIES		
A.	Equity		
	(a) Equity share capital	118.31	118.31
	(b) Other equity	4,807.81	4,484.65
	(c) Non controlling interest	-	-
	Total equity (A)	4,926.12	4,602.96
B.	Liabilities		
	Non-current liabilities		
	(a) Financial liabilities		
	(i) Borrowings	5.96	6.46
	(ii) Lease liabilities	459.39	480.83
	(ii) Other financial liabilities	3.45	3.45
	(b) Provisions	202.05	193.98
	Total non-current liabilities (B)	670.85	684.72
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	346.38	360.82
	(ii) Borrowings	3.48	4.15
	(iii) Lease liabilities	85.82	85.87
	(iv) Other financial liabilities	315.47	413.95
	(b) Provisions	287.18	253.95
	(c) Current tax liability (Net)	61.87	65.45
	(d) Other current liabilities	564.24	451.45
	Total current liabilities (C)	1,664.44	1,635.64
	Total liabilities (B+C)	2,335.29	2,320.36
	Total equity and liabilities (A+B+C)	7,261.41	6,923.32

Consolidated Operational Data (Un-audited)

Profitability in Percentage	Quarter ended		
	Mar 31, 2022	Mar 31, 2021	Dec 31, 2021
Revenues	100.00	100.00	100.00
Gross margin	33.15	34.66	34.78
SG & A	21.01	22.20	21.05
EBITDA	12.14	12.46	13.72
EBIT	9.74	9.93	11.30
EAT	8.65	10.05	9.98

Revenue from Top 10 Clients	Quarter ended		
	Mar 31, 2022	Mar 31, 2021	Dec 31, 2021
Top 10 Clients	22.69%	28.13%	22.65%
Top 5 Clients	14.65%	19.01%	15.05%
Top 3 Clients	11.02%	14.21%	11.12%
Largest Client	6.62%	8.12%	6.50%

Revenues by Geographies	Quarter ended		
	Mar 31, 2022	Mar 31, 2021	Dec 31, 2021
North America	71.47%	67.48%	69.72%
Europe	12.83%	14.18%	12.98%
South East Asia	12.27%	15.74%	13.87%
India	2.49%	1.85%	2.55%
Others	0.94%	0.75%	0.88%
Total	100.00%	100.00%	100.00%

Utilization (excluding trainees)	Quarter ended		
	Mar 31, 2022	Mar 31, 2021	Dec 31, 2021
Onsite	96.53%	95.39%	96.64%
Offshore	72.17%	76.47%	74.87%
Blended	75.75%	78.47%	77.08%

Utilization (including trainees)	Quarter ended		
	Mar 31, 2022	Mar 31, 2021	Dec 31, 2021
Onsite	96.53%	95.39%	96.64%
Offshore	71.50%	75.85%	74.08%
Blended	75.14%	77.91%	76.35%

Consolidated Operational Data (Un-audited)

Human resources	As at		
	Mar 31, 2022	Mar 31, 2021	Dec 31, 2021
Technical	3,632	2,801	3,548
Software services			
Onsite	550	449	537
Offshore	2,394	1,832	2,344
BPO			
Offshore	661	503	635
Trainees	27	17	32
Support	529	440	487
Total count	4,161	3,241	4,035

(Rs. in mn, except DSO)

Key Balance Sheet Data	As at	
	Mar 31, 2022	Dec 31, 2021
Receivable including unbilled	2,600.60	2,308.34
Receivable in days (“DSO”)	55	52
Cash and bank balance #	2,734.26	2,774.47
Shareholders’ funds	4,926.12	4,602.96

excluding debt and like items.

Development/Service Centres Location	As on Mar 31, 2022	
	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
San Jose, CA	1,275	5
Mississauga, Ontario	600	10
	14,378	90
APAC		
Singapore	8,054	91
Malaysia	6,434	81
Thailand	1,534	13
Indonesia	2,151	53
China	1,675	13
	19,848	251
Europe		
Romania	23,660	177
Poland	9,006	81
Moldova	4,499	60
	37,165	318
Total	231,196	3,291



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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