



R Systems International Limited

Press Release Q2 2022

NEXT-GEN DIGITAL EVOLUTION



R Systems Continues High Growth Journey Reports 38% Revenue Growth in H1 2022

Noida, India – August 5, 2022

Highlights

Consolidated results for the quarter ended June 30, 2022

- Revenue Rs. 374.98 crores (US\$ 48.74 mn); YoY Growth 37.07%.
- EBITDA Rs. 49.07 crores (US\$ 6.38 mn) i.e.13.09% as against 13.39% for Q2 2021.
- Net profit after taxes Rs. 31.82 crores (US\$ 4.14 mn)
- 10 key clients added during the quarter.
- Net addition of 100+ associates during the quarter.

Consolidated results for the half year ended June 30, 2022

- Revenue at Rs. 718.09 crores (US\$ 94.43 mn); YoY Growth 37.77%.
- EBITDA at Rs. 90.73 crores (US\$ 11.93 mn) i.e.12.63% as against 12.95% for H1 2021.
- Net profit after taxes at Rs. 61.51 crores (US\$ 8.09 mn)

Dr. Rekhi Singh, Managing Director and CEO stated, “R Systems reported robust revenue growth of 38% during H1 2022. However, EBITDA margins were impacted by higher attrition and increased average salaries. We are committed for improvement in margins during H2 2022 through billing rate hike and improved utilization. Present exchange rate is also favouring us.”

He added, "We continue to witness positive demand environment which is aiding large deal closures and traction towards digital and product engineering services.”

Avirag Jain, CTO said, “We had modest utilization during H1 2022 amid higher attrition as we have maintained higher talent pool to keep growth momentum.” He added, “Our revenue growth has been remarkable this year specially in delivering large digital transformation projects. We now serve 47 million dollar plus customers as against 33 a year before.”



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 US based leading mortgage insurance company has engaged R Systems to revamp its legacy platform to deliver operational efficiency and enhanced user experiences.

A US Based solution provider for energy industry has chosen R Systems to provide software development, automation testing, data engineering, and support services for its existing products.

A leading digital experience agency has mandated R Systems to provide digital transformation solution and cloudification for its legacy applications.

A leader in electricity production in Eastern Europe has engaged R Systems Europe to digitalize their customer onboarding process for the household customers. In this respect, R Systems is integrating the customer onboarding portal with SAP IS-U and Salesforce along with automating their interaction with other stakeholders in energy sector through UiPath Automations.

One of the largest footwear and leading lifestyle retailers in South East Asia has awarded R Systems to upgrade their current Microsoft NAV application to Microsoft Dynamics 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, 2022, were Rs. 217.73 crores compared to Rs. 277.45 crores as of December 31, 2021. Total shareholder funds as of June 30, 2022, were Rs. 452.36 crores compared to Rs. 460.30 crores as of December 31, 2021.

Corporate Matters

Interim Dividend

The Board of Directors at its meeting held on June 01, 2022 has declared an interim dividend of Rs. 6.50/- per equity share of face value of Re. 1/- each aggregating to Rs. 76.90 crores. The aforesaid interim dividend has been paid on June 30, 2022.

Financial Performance

Consolidated Profit & Loss Statement (Un-audited) for the Quarter Ended June 30, 2022

(As per Ind AS)

(Rs. in mn, except per share data)

Sr. No.	Particulars	Quarter Ended June 30,		Quarter Ended March 31, 2022
		2022	2021	
1	Income			
(a)	Revenue from operations	3,749.78	2,735.67	3,431.09
(b)	Other income	25.87	251.21	43.22
	Total income	3,775.65	2,986.88	3,474.31
2	Expenses			
(a)	Employee benefits expense	2,495.77	1,881.63	2,392.73
(b)	Finance costs	10.29	10.80	11.17
(c)	Depreciation and amortisation expense	82.30	63.31	82.38
(d)	Other expenses	794.69	489.91	613.62
	Total expenses	3,383.05	2,445.65	3,099.90
3	Profit before tax	392.60	541.23	374.41
4	Tax expense			
(a)	Current tax	106.92	91.85	73.53
(b)	Deferred tax charge / (credit)	(32.52)	(12.26)	3.98
	Total tax expense	74.40	79.59	77.51
5	Net profit for the period	318.20	461.64	296.90
6	Earnings per share (Face value of Re. 1/- each) (not annualized)			
	Basic and diluted	2.69	3.86	2.51

Financial Performance

Consolidated Profit & Loss Statement (Un-audited) for the Six Months Ended June 30, 2022

(As per Ind AS)

(Rs. in mn, except per share data)

Sr. No.	Particulars	Six Months Ended June 30,	
		2022	2021
1	Income		
(a)	Revenue from operations	7,180.87	5,212.20
(b)	Other income	69.09	303.31
	Total income	7,249.96	5,515.51
2	Expenses		
(a)	Employee benefits expense	4,888.50	3,652.79
(b)	Finance costs	21.46	23.45
(c)	Depreciation and amortisation expense	164.68	126.00
(d)	Other expenses	1,408.31	887.52
	Total expenses	6,482.95	4,689.76
3	Profit before tax	767.01	825.75
4	Tax expense		
(a)	Current tax	180.45	146.50
(b)	Deferred tax credit	(28.54)	(31.23)
	Total tax expense	151.91	115.27
5	Net profit for the period	615.10	710.48
6	Earnings per share (Face value of Re. 1/- each) (not annualized)		
	Basic and diluted	5.20	5.94

Financial Performance

Consolidated Profit & Loss Statement (Un-audited) for the Quarter Ended June 30, 2022 (Contribution Analysis Format)

(Figures in mn)

Particulars	Q2 2022		Q2 2021		Q1 2022	
	INR	US\$	INR	US\$	INR	US\$
Revenues	3,749.78	48.74	2,735.67	37.14	3,431.09	45.69
Cost of revenues	2,424.90	31.51	1,762.56	23.92	2,293.56	30.54
Gross margin	1,324.88	17.23	973.11	13.22	1,137.53	15.15
	35.33%		35.57%		33.15%	
SG & A Expenses	834.14	10.85	606.67	8.24	720.98	9.60
	22.24%		22.18%		21.01%	
EBITDA	490.74	6.38	366.44	4.98	416.55	5.55
	13.09%		13.39%		12.14%	
Depreciation and amortization	82.30	1.06	63.31	0.86	82.38	1.10
EBIT	408.44	5.32	303.13	4.12	334.17	4.45
Interest expense	(10.29)	(0.13)	(10.80)	(0.15)	(11.17)	(0.15)
Other income (net)	(5.55)	(0.08)	248.90	3.39	51.41	0.68
Income before income tax	392.60	5.11	541.23	7.36	374.41	4.98
Income tax provision	74.40	0.97	79.59	1.08	77.51	1.03
Net earnings	318.20	4.14	461.64	6.28	296.90	3.95

Financial Performance

Consolidated Profit & Loss Statement (Un-audited) for the Six Months Ended June 30, 2022 (Contribution Analysis Format)

(Figures in mn)

Particulars	Jan to Jun 2022		Jan to Jun 2021	
	INR	US\$	INR	US\$
Revenues	7,180.87	94.43	5,212.20	71.13
Cost of revenues	4,718.46	62.05	3,380.72	46.13
Gross margin	2,462.41	32.38	1,831.48	25.00
	34.29%		35.14%	
SG & A Expenses	1,555.12	20.45	1,156.47	15.79
	21.66%		22.19%	
EBITDA	907.29	11.93	675.01	9.21
	12.63%		12.95%	
Depreciation and amortization	164.68	2.16	126.00	1.72
Income from operations	742.61	9.77	549.01	7.49
Interest expense	(21.46)	(0.28)	(23.45)	(0.32)
Other income (net)	45.86	0.60	300.19	4.09
Income before income tax	767.01	10.09	825.75	11.26
Income tax expense	151.91	2.00	115.27	1.57
Net earnings	615.10	8.09	710.48	9.69

Financial Performance

Consolidated Balance Sheet as at June 30, 2022 (As per Ind AS)

(Rs. in mn)

	Particulars	As at	
		June 30, 2022	December 31, 2021
	ASSETS		
A.	Non-current assets		
	(a) Property, plant and equipment	573.02	583.58
	(b) Right-to-use assets	476.89	528.30
	(c) Capital work in progress	12.56	-
	(d) Investment property	18.16	18.90
	(e) Goodwill	100.10	97.54
	(f) Other Intangible assets	30.75	39.19
	(g) Financial assets		
	(i) Investment	0.03	0.03
	(ii) Other financial assets	72.48	88.64
	(h) Deferred tax assets (net)	177.05	174.08
	(i) Non-current tax assets (net)	44.59	22.59
	(j) Other non-current assets	127.24	12.78
	Total non-current assets (A)	1,632.87	1,565.63
B.	Current assets		
	(a) Financial assets		
	(i) Investments	134.74	132.25
	(ii) Trade receivables	2,326.02	1,779.76
	(iii) Cash and cash equivalents	1,870.14	2,043.68
	(iv) Other bank balances	58.55	235.99
	(v) Other financial assets	711.88	899.89
	(b) Other current assets	336.10	266.12
	Total current assets (B)	5,437.43	5,357.69
	Total assets (A+B)	7,070.30	6,923.32
	EQUITY AND LIABILITIES		
A.	Equity		
	(a) Equity share capital	118.31	118.31
	(b) Other equity	4,405.31	4,484.65
	(c) Non controlling interest	-	-
	Total equity (A)	4,523.62	4,602.96
B.	Liabilities		
	Non-current liabilities		
	(a) Financial liabilities		
	(i) Borrowings	9.11	6.46
	(ii) Lease liabilities	439.55	480.83
	(iii) Other financial liabilities	5.42	3.45
	(b) Provisions	194.02	193.98
	Total non-current liabilities (B)	648.10	684.72
C.	Current liabilities		
	(a) Financial liabilities		
	(i) Borrowings	4.91	4.15
	(ii) Lease liabilities	83.65	85.87
	(iii) Trade payables		
	- total outstanding dues of micro enterprises and small enterprises	-	-
	- total outstanding dues of creditors other than micro enterprises and small enterprises	488.76	360.82
	(iv) Other financial liabilities	384.91	413.95
	(b) Provisions	310.74	253.95
	(c) Current tax liability (net)	64.90	65.45
	(d) Other current liabilities	560.71	451.45
	Total current liabilities (C)	1,898.58	1,635.64
	Total liabilities (B+C)	2,546.68	2,320.36
	Total equity and liabilities (A+B+C)	7,070.30	6,923.32

Consolidated Operational Data (Un-audited)

Profitability in Percentage	Quarter ended		
	Jun 30, 2022	Jun 30, 2021	Mar 31, 2022
Revenues	100.00	100.00	100.00
Gross margin	35.33	35.57	33.15
SG & A	22.24	22.18	21.01
EBITDA	13.09	13.39	12.14
EBIT	10.89	11.08	9.74
EAT	8.49	16.87	8.65

Revenue from Top 10 Clients	Quarter ended		
	Jun 30, 2022	Jun 30, 2021	Mar 31, 2022
Top 10 Clients	23.09%	25.23%	22.69%
Top 5 Clients	15.40%	17.39%	14.65%
Top 3 Clients	11.41%	13.02%	11.02%
Largest Client	6.71%	7.16%	6.62%

Revenues by Geographies	Quarter ended		
	Jun 30, 2022	Jun 30, 2021	Mar 31, 2022
North America	74.18%	67.58%	71.47%
Europe	10.79%	14.32%	12.83%
South East Asia	12.06%	15.28%	12.27%
India	2.24%	2.04%	2.49%
Others	0.73%	0.78%	0.94%
Total	100.00%	100.00%	100.00%

Utilization (excluding trainees)	Quarter ended		
	Jun 30, 2022	Jun 30, 2021	Mar 31, 2022
Onsite	98.02%	95.71%	96.53%
Offshore	74.18%	74.53%	72.17%
Blended	77.75%	76.72%	75.75%

Utilization (including trainees)	Quarter ended		
	Jun 30, 2022	Jun 30, 2021	Mar 31, 2022
Onsite	98.02%	95.71%	96.53%
Offshore	73.27%	73.98%	71.50%
Blended	76.94%	76.21%	75.14%

Consolidated Operational Data (Un-audited)

Human resources	As at		
	Jun 30, 2022	Jun 30, 2021	Mar 31, 2022
Technical	3,718	3,030	3,632
Software services			
Onsite	553	480	550
Offshore	2,441	1,962	2,394
BPO			
Offshore	687	569	661
Trainees	37	19	27
Support	549	446	529
Total count	4,267	3,476	4,161

(Rs. in mn, except DSO)

Key Balance Sheet Data	As at	
	Jun 30, 2022	Dec 31, 2021
Receivable including unbilled	2,967.82	2,308.34
Receivable in days (“DSO”)	58	52
Cash and bank balance #	2,177.31	2,774.47
Shareholders’ funds	4,523.62	4,602.96

excluding debt and like items.

Development/Service Centres Location	As on Jun 30, 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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