



R Systems International Limited

NEXT-GEN DIGITAL EVOLUTION

Press Release Q3 2022

R Systems Reported 35% Revenue Growth Continues its Growth Journey

Noida, India – November 12, 2022

Highlights

Consolidated results for the quarter ended September 30, 2022

- Revenue Rs. 398.24 crores (US\$ 50.08 mn); YoY Growth 30.24%.
- EBITDA Rs. 57.90 crores (US\$ 7.31 mn) i.e.14.54% as against 15.98% for Q3 2021.
- Net profit after taxes Rs. 36.79 crores (US\$ 4.64 mn).
- 10 key clients added during the quarter.
- Net addition of 190+ associates during the quarter.

Consolidated results for the nine months ended September 30, 2022

- Revenue at Rs. 1,116.33 crores (US\$ 144.52 mn); YoY Growth 35%
- EBITDA at Rs. 148.63 crores (US\$ 19.24 mn) i.e.13.31% as against 14.07% during nine months ended September 2021.
- Net profit after taxes at Rs. 98.30 crores (US\$ 12.73 mn).

Dr. Rekhi Singh, Managing Director and CEO stated, “R Systems reported revenue growth of 35% during first 9 months of calendar year. However, EBITDA margins were impacted by increased average salaries. We are committed for improvement in margins in next few quarters through better rate realization and improved utilization. Present exchange rate is also favouring us.” He added, “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 had modest utilization during first 9 months of calendar year amid higher attrition as we have maintained higher talent pool to keep growth momentum.” “We got strong deal flow over last quarter with larger deal sizes. We onboarded 10 key logos to deliver digital transformation projects.”

He added, “We are serving 45+ 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 provider of cloud-enabled dental software solutions in North America has engaged R Systems to digitalize their existing product to enhance user experiences.

A US based oncology institute has mandated R Systems to develop a business intelligence and robotics solution, along with enterprise data warehouse and UI applications for data integration to deliver operational efficiency.

A Canada-based IT solution provider has partnered with R Systems to redesign & develop a web-based interactive canvas and provide UI/UX services for designing new products.

A medical technology company dedicated to bringing diagnostic blood testing to the retail pharmacy counter has engaged R Systems to develop and implement a lab order management solution on AWS cloud.

A leading provider of confectionery products and services across Singapore has awarded R Systems to implement Microsoft Dynamics Business Central and LS Central to digitalize its finance, sales and distribution operation for their multiple outlets.

Liquidity and Shareholder Funds

Free cash balances as of September 30, 2022, were Rs. 229.42 crores compared to Rs. 277.45 crores as of December 31, 2021. Total shareholder funds as of September 30, 2022, were Rs. 489.89 crores compared to Rs. 460.30 crores as of December 31, 2021.

Financial Performance

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

(As per Ind AS)

(Rs. in mn, except per share data)

Sr. No.	Particulars	Quarter Ended September 30,		Quarter Ended June 30, 2022
		2022	2021	
1	Income			
(a)	Revenue from operations	3,982.39	3,057.74	3,749.78
(b)	Other income	12.63	64.65	25.87
	Total income	3,995.02	3,122.39	3,775.65
2	Expenses			
(a)	Employee benefits expense	2,622.57	1,976.42	2,495.77
(b)	Finance costs	11.48	11.98	10.29
(c)	Depreciation and amortisation expense	87.21	71.33	82.30
(d)	Other expenses	819.14	595.93	794.69
	Total expenses	3,540.40	2,655.66	3,383.05
3	Profit before tax	454.62	466.73	392.60
4	Tax expense			
(a)	Current tax	97.86	81.37	106.92
(b)	Deferred tax charge / (credit)	(11.14)	9.41	(32.52)
	Total tax expense	86.72	90.78	74.40
5	Net profit for the period	367.90	375.95	318.20
6	Earnings per share (Face value of Re. 1/- each) (not annualized)			
	Basic and diluted	3.11	3.14	2.69

Financial Performance

Consolidated Profit & Loss Statement (Un-audited) for the Nine Months Ended September 30, 2022 (As per Ind AS)

(Rs. in mn, except per share data)

Sr. No.	Particulars	Nine Months Ended September 30,	
		2022	2021
1	Income		
(a)	Revenue from operations	11,163.25	8,269.93
(b)	Other income	81.73	367.96
	Total income	11,244.98	8,637.89
2	Expenses		
(a)	Employee benefits expense	7,511.07	5,629.21
(b)	Finance costs	32.94	35.43
(c)	Depreciation and amortisation expense	251.89	197.32
(d)	Other expenses	2,227.45	1,483.45
	Total expenses	10,023.35	7,345.41
3	Profit before tax	1,221.63	1,292.48
4	Tax expense		
(a)	Current tax	278.31	227.87
(b)	Deferred tax credit	(39.68)	(21.82)
	Total tax expense	238.63	206.05
5	Net profit for the period	983.00	1,086.43
6	Earnings per share (Face value of Re. 1/- each) (not annualized)		
	Basic and diluted	8.31	9.08

Financial Performance

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

(FIGURES IN MN)

Particulars	Q3 2022		Q3 2021		Q2 2022	
	INR	US\$	INR	US\$	INR	US\$
Revenues	3,982.39	50.08	3,057.74	41.39	3,749.78	48.74
Cost of revenues	2,533.76	31.83	1,907.23	25.81	2,424.90	31.51
Gross margin	1,448.63	18.25	1,150.51	15.58	1,324.88	17.23
	36.38%		37.63%		35.33%	
SG & A Expenses	869.59	10.94	661.98	8.96	834.14	10.85
	21.84%		21.65%		22.24%	
EBITDA	579.04	7.31	488.53	6.62	490.74	6.38
	14.54%		15.98%		13.09%	
Depreciation and amortization	87.21	1.10	71.33	0.97	82.30	1.06
EBIT	491.83	6.21	417.20	5.65	408.44	5.32
Interest expense	(11.48)	(0.14)	(11.98)	(0.16)	(10.29)	(0.13)
Other income (net)	(25.73)	(0.34)	61.51	0.83	(5.55)	(0.08)
Income before income tax	454.62	5.73	466.73	6.32	392.60	5.11
Income tax provision	86.72	1.09	90.78	1.23	74.40	0.97
Net earnings	367.90	4.64	375.95	5.09	318.20	4.14

Financial Performance

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

(Figures in mn)

Particulars	Jan to Sep 2022		Jan to Sep 2021	
	INR	US\$	INR	US\$
Revenues	11,163.25	144.52	8,269.93	112.52
Cost of revenues	7,252.22	93.89	5,287.94	71.95
Gross margin	3,911.03	50.63	2,981.99	40.57
SG & A Expenses	35.03% 2,424.70 21.72%	31.39	36.06% 1,818.45 21.99%	24.74
EBITDA	1,486.33	19.24	1,163.54	15.83
Depreciation and amortization	13.31% 251.89	3.26	14.07% 197.32	2.69
Income from operations	1,234.44	15.98	966.22	13.14
Interest expense	(32.94)	(0.42)	(35.43)	(0.48)
Other income (net)	20.13	0.26	361.69	4.92
Income before income tax	1,221.63	15.82	1,292.48	17.58
Income tax expense	238.63	3.09	206.05	2.80
Net earnings	983.00	12.73	1,086.43	14.78

Financial Performance

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

(Rs. in mn)

	Particulars	As at	
		September 30, 2022	December 31, 2021
	ASSETS		
A.	Non-current assets		
	(a) Property, plant and equipment	619.01	583.58
	(b) Right-to-use assets	714.37	528.30
	(c) Capital work in progress	66.69	-
	(d) Investment property	17.79	18.90
	(e) Goodwill	99.86	97.54
	(f) Other Intangible assets	35.61	39.19
	(g) Financial assets		
	(i) Investment	0.03	0.03
	(ii) Other financial assets	59.61	88.64
	(h) Deferred tax assets (net)	190.66	174.08
	(i) Non-current tax assets (net)	43.38	22.59
	(j) Other non-current assets	90.65	12.78
	B. Total non-current assets (A)	1,937.66	1,565.63
	Current assets		
	(a) Financial assets		
	(i) Investments	136.45	132.25
	(ii) Trade receivables	2,359.52	1,779.76
	(iii) Cash and cash equivalents	1,816.18	2,043.68
	(iv) Other bank balances	314.50	235.99
	(v) Other financial assets	746.27	899.89
	(b) Other current assets	432.05	266.12
	Total current assets (B)	5,804.97	5,357.69
	Total assets (A+B)	7,742.63	6,923.32
	EQUITY AND LIABILITIES		
A.	Equity		
	(a) Equity share capital	118.31	118.31
	(b) Other equity	4,780.63	4,484.65
	(c) Non controlling interest	-	-
	Total equity (A)	4,898.94	4,602.96
B.	Liabilities		
	Non-current liabilities		
	(a) Financial liabilities		
	(i) Borrowings	11.11	6.46
	(ii) Lease liabilities	677.43	480.83
	(iii) Other financial liabilities	7.23	3.45
	(b) Deferred tax liabilities (net)	2.71	-
	(c) Provisions	194.62	193.98
	Total non-current liabilities (B)	893.10	684.72
C.	Current liabilities		
	(a) Financial liabilities		
	(i) Borrowings	5.94	4.15
	(ii) Lease liabilities	83.38	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	417.28	360.82
	(iv) Other financial liabilities	518.45	413.95
	(b) Provisions	318.57	253.95
	(c) Current tax liability (net)	71.98	65.45
	(d) Other current liabilities	534.99	451.45
	Total current liabilities (C)	1,950.59	1,635.64
	Total liabilities (B+C)	2,843.69	2,320.36
	Total equity and liabilities (A+B+C)	7,742.63	6,923.32

Consolidated Operational Data (Un-audited)

Profitability in Percentage	Quarter ended		
	Sep 30, 2022	Sep 30, 2021	Jun 30, 2022
Revenues	100.00	100.00	100.00
Gross margin	36.38	37.63	35.33
SG & A	21.84	21.65	22.24
EBITDA	14.54	15.98	13.09
EBIT	12.35	13.64	10.89
EAT	9.24	12.30	8.49

Revenue from Top 10 Clients	Quarter ended		
	Sep 30, 2022	Sep 30, 2021	Jun 30, 2022
Top 10 Clients	22.94%	23.42%	23.09%
Top 5 Clients	15.66%	15.55%	15.40%
Top 3 Clients	11.71%	11.87%	11.41%
Largest Client	6.42%	6.99%	6.71%

Revenues by Geographies	Quarter ended		
	Sep 30, 2022	Sep 30, 2021	Jun 30, 2022
North America	75.60%	70.21%	74.18%
Europe	9.01%	12.83%	10.79%
South East Asia	12.76%	13.66%	12.06%
India	1.62%	2.64%	2.24%
Others	1.01%	0.66%	0.73%
Total	100.00%	100.00%	100.00%

Utilization (excluding trainees)	Quarter ended		
	Sep 30, 2022	Sep 30, 2021	Jun 30, 2022
Onsite	97.96%	95.61%	98.02%
Offshore	73.28%	75.46%	74.18%
Blended	76.88%	77.53%	77.75%

Utilization (including trainees)	Quarter ended		
	Sep 30, 2022	Sep 30, 2021	Jun 30, 2022
Onsite	97.96%	95.61%	98.02%
Offshore	72.47%	74.78%	73.27%
Blended	76.15%	76.90%	76.94%

Consolidated Operational Data (Un-audited)

Human resources	As at		
	Sep 30, 2022	Sep 30, 2021	Jun 30, 2022
Technical	3,899	3,327	3,718
Software services			
Onsite	563	507	553
Offshore	2,499	2,200	2,441
BPO			
Offshore	802	593	687
Trainees	35	27	37
Support	563	469	549
Total count	4,462	3,796	4,267

(Rs. in mn, except DSO)

Key Balance Sheet Data	As at	
	Sep 30, 2022	Dec 31, 2021
Receivable including unbilled	3,117.05	2,308.34
Receivable in days (“DSO”)	61	52
Cash and bank balance #	2,294.16	2,774.47
Shareholders’ funds	4,898.94	4,602.96

excluding debt and like items.

Development/Service Centres Location	As on Sep 30, 2022	
	Covered areas in sq ft.	No. of seats
India		
Noida	202,220	3,165
Chennai	5,905	65
	208,125	3,230
North America		
Sacramento, CA	9,500	60
Chicago, IL	3,003	15
San Jose, CA	1,275	5
Ontario & Vancouver, Canada	1,734	16
	15,512	96
APAC		
Singapore	8,054	91
Malaysia	6,434	81
Thailand	1,534	13
Indonesia	2,571	58
China	1,675	13
	20,268	256
Europe		
Romania	23,659	177
Poland	11,143	93
Moldova	4,499	60
	39,301	330
Total	283,206	3,912



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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