



R Systems International Limited

NEXT-GEN DIGITAL EVOLUTION

Press Release Q4 & Year 2022



R Systems Reported Robust Revenue Growth of 31% Continues its Growth Journey

Noida, India – February 13, 2023

Highlights

Consolidated results for the FY ended December 31, 2022

- Revenue at Rs. 1,515.83 crores (US\$ 193.17 mn); YoY Growth 31.2%
- EBITDA at Rs. 208.29 crores (US\$ 26.54 mn) i.e.13.7% as against 14.0% during last year.
- Net profit after taxes at Rs. 139.68 crores (US\$ 17.80 mn).
- 32 key clients added during the year.
- Net addition of 385 associates during the year.

Consolidated results for the quarter ended December 31, 2022

- Revenue Rs. 399.51 crores (US\$ 48.66 mn); YoY Growth 21.6%.
- EBITDA Rs. 59.66 crores (US\$ 7.30 mn) i.e.14.9% as against 13.7% for Q4 2021.
- Net profit after taxes Rs. 41.38 crores (US\$ 5.07 mn).

Dr. Rekhi Singh, Managing Director and CEO said, "R Systems reported robust revenues growth during CY 2022 and surpassed the key revenue milestone of Rs. 1,500 crores. Revenue growth is on the back of good traction towards our product engineering and digital offerings, deepened relationship with existing customers along with decent deal flows. R Systems served 48 million dollars plus customers compared to 35 a year ago. CY 2022 EBIDTA margins were 13.7% compared to 14.0% last year. EBITDA margins were impacted by higher average salary and investment in sales and marketing as offset by better rate realization and exchange gains. We are committed for profitable growth through operational efficiencies, better price realisation & pyramid rationalisation."

Avirag Jain, CTO said, "We continued our growth journey during CY 2022 with addition of 32 key logos including 10 having potential to be million \$ accounts in a years' time. The Company added 385 net associates over the year. However, the utilization during CY 2022 was modest due to attrition challenges as we continued to maintain higher talent pool to fuel the growth momentum."



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 global leader in IT security solutions has engaged R Systems as their digital transformation partner to provide product engineering services.

A US based healthcare technology solution provider has mandated R Systems to digitalize their core applications using latest technologies.

A Canada based organization providing roadside assistance, insurance and related services have engaged R Systems to enhance their customer interactions using machine learning models.

One of the leading Telco's ISV and our existing customer has mandated R Systems to develop a real time data audit tool to collect and reconcile data from various sources and take corrective actions.

A Singapore based leading wine distributor has awarded R Systems to upgrade their current Microsoft NAV application to Microsoft Dynamics Business Central and to implement LS Retail to automate its various business operations.



Liquidity and Shareholder Funds

Free cash balances as of December 31, 2022, were Rs. 268.08 crores compared to Rs. 277.45 crores as of December 31, 2021. Total shareholder funds as of December 31, 2022, were Rs. 545.47 crores compared to Rs. 460.30 crores as of December 31, 2021.

Corporate and Other Matters

BCP Asia II Topco II Pte. Ltd. along with Blackstone Capital Partners Asia II L.P., private equity funds managed by Blackstone (“Blackstone”) have signed definitive agreements (“Agreement”) with the promoter and promoter group of R Systems International Limited (“R Systems”) to purchase up to their entire stake i.e. 51.67% in R Systems on the terms and conditions set out in the Agreement including Blackstone to complete a conditional delisting cum open offer to acquire remaining stake from the public shareholders (“Transaction”).

The Transaction is expected to be completed in the coming months, subject to necessary closing conditions and regulatory approvals.

Financial Performance

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

(As per Ind AS)

(Rs. in mn, except per share data)

Sr. No.	Particulars	Quarter Ended December 31,		Quarter Ended September 30, 2022
		2022	2021	
1	Income			
(a)	Revenue from operations	3,995.05	3,286.46	3,982.39
(b)	Other income	21.17	51.01	12.63
	Total income	4,016.22	3,337.47	3,995.02
2	Expenses			
(a)	Employee benefits expense	2,682.98	2,169.04	2,622.57
(b)	Finance costs	16.04	13.69	11.48
(c)	Depreciation and amortisation expense	97.89	79.61	87.21
(d)	Other expenses	739.37	666.89	819.14
	Total expenses	3,536.28	2,929.23	3,540.40
3	Profit before tax	479.94	408.24	454.62
4	Tax expense			
(a)	Current tax	108.88	99.76	97.86
(b)	Deferred tax credit	(42.75)	(19.45)	(11.14)
	Total tax expense	66.13	80.31	86.72
5	Net profit for the period	413.81	327.93	367.90
6	Earnings per share (not annualised) (Equity share of par value of Re. 1/- each)			
	Basic and diluted	3.50	2.77	3.11

Financial Performance

Consolidated Profit & Loss Statement for the Year Ended December 31, 2022

(As per Ind AS)

(Rs. in mn, except per share data)

Sr. No.	Particulars	Year Ended December 31,	
		2022	2021
1	Income		
(a)	Revenue from operations	15,158.31	11,556.39
(b)	Other income	102.89	418.96
	Total income	15,261.20	11,975.35
2	Expenses		
(a)	Employee benefits expense	10,194.05	7,798.25
(b)	Finance costs	48.98	49.12
(c)	Depreciation and amortisation expense	349.78	276.93
(d)	Other expenses	2,966.82	2,150.33
	Total expenses	13,559.63	10,274.63
3	Profit before tax	1,701.57	1,700.72
4	Tax expense		
(a)	Current tax	387.19	327.63
(b)	Deferred tax credit	(82.43)	(41.27)
	Total tax expense	304.76	286.36
5	Net profit for the period	1,396.81	1,414.36
6	Earnings per share (Equity share of par value of Re. 1/- each)		
	Basic and diluted	11.81	11.85

Financial Performance

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

(FIGURES IN MN)

Particulars	Q4 2022		Q4 2021		Q3 2022	
	INR	US\$	INR	US\$	INR	US\$
Revenues	3,995.05	48.66	3,286.46	44.01	3,982.39	50.08
Cost of revenues	2,582.59	31.45	2,143.49	28.71	2,533.76	31.83
Gross margin	1,412.46	17.21	1,142.97	15.30	1,448.63	18.25
	35.36%		34.78%		36.38%	
SG & A Expenses	815.84	9.91	691.94	9.26	869.59	10.94
	20.42%		21.05%		21.84%	
EBITDA	596.62	7.30	451.03	6.04	579.04	7.31
	14.93%		13.72%		14.54%	
Depreciation and amortization	97.89	1.20	79.61	1.07	87.21	1.10
EBIT	498.73	6.10	371.42	4.97	491.83	6.21
Interest expense	(16.04)	(0.20)	(13.69)	(0.18)	(11.48)	(0.14)
Other income (net)	(2.75)	(0.04)	50.51	0.66	(25.73)	(0.34)
Income before income tax	479.94	5.86	408.24	5.45	454.62	5.73
Income tax provision	66.13	0.79	80.31	1.08	86.72	1.09
Net earnings	413.81	5.07	327.93	4.37	367.90	4.64

Financial Performance

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

(Figures in mn)

Particulars	Year 2022		Year 2021	
	INR	US\$	INR	US\$
Revenues	15,158.31	193.17	11,556.39	156.52
Cost of revenues	9,834.81	125.33	7,431.44	100.65
Gross margin	5,323.50	67.84	4,124.95	55.87
	35.12%		35.69%	
SG & A Expenses	3,240.55	41.30	2,510.39	34.00
	21.38%		21.72%	
EBITDA	2,082.95	26.54	1,614.56	21.87
	13.74%		13.97%	
Depreciation and amortization	349.78	4.46	276.93	3.75
EBIT	1,733.17	22.08	1,337.64	18.12
Interest expense	(48.98)	(0.62)	(49.12)	(0.66)
Other income (net)	17.38	0.22	412.20	5.58
Income before income tax	1,701.57	21.68	1,700.72	23.04
Income tax expense	304.76	3.88	286.36	3.88
Net earnings	1,396.81	17.80	1,414.36	19.16

Financial Performance

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

(Rs. in mn)

	Particulars	As at	
		December 31, 2022	December 31, 2021
	ASSETS		
A.	Non-current assets		
	(a) Property, plant and equipment	705.95	583.58
	(c) Capital work in progress	25.38	-
	(d) Investment property	17.43	18.90
	(b) Right-to-use assets	692.40	528.30
	(e) Goodwill	108.62	97.54
	(f) Other Intangible assets	31.39	39.19
	(g) Financial assets		
	(i) Investment	0.03	0.03
	(ii) Other financial assets	65.57	88.64
	(h) Deferred tax assets (net)	219.87	174.08
	(i) Non-current tax assets (net)	53.46	22.59
	(j) Other non-current assets	108.91	12.78
B.	Total non-current assets (A)	2,029.01	1,565.63
	Current assets		
	(a) Financial assets		
	(i) Investments	138.65	132.25
	(ii) Trade receivables	2,570.88	1,779.76
	(iii) Cash and cash equivalents	2,062.30	2,043.68
	(iv) Other bank balances	242.90	235.99
	(v) Other financial assets	911.08	899.89
	(b) Other current assets	375.67	266.12
	Total current assets (B)	6,301.48	5,357.69
	Total assets (A+B)	8,330.49	6,923.32
	EQUITY AND LIABILITIES		
A.	Equity		
	(a) Equity share capital	118.31	118.31
	(b) Other equity	5,336.39	4,484.65
	(c) Non controlling interest	-	-
	Total equity (A)	5,454.70	4,602.96
B.	Liabilities		
	Non-current liabilities		
	(a) Financial liabilities		
	(i) Borrowings	13.23	6.46
	(ii) Lease liabilities	666.11	480.83
	(iii) Other financial liabilities	8.76	3.45
	(b) Provisions	207.95	193.98
	Total non-current liabilities (B)	896.05	684.72
C.	Current liabilities		
	(a) Financial liabilities		
	(i) Borrowings	7.21	4.15
	(ii) Lease liabilities	84.69	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	355.87	360.82
	(iv) Other financial liabilities	588.72	413.95
	(b) Other current liabilities	589.38	451.45
	(c) Provisions	303.70	253.95
	(d) Current tax liability (net)	50.17	65.45
	Total current liabilities (C)	1,979.74	1,635.64
	Total liabilities (B+C)	2,875.79	2,320.36
	Total equity and liabilities (A+B+C)	8,330.49	6,923.32

Consolidated Operational Data (Un-audited)

Profitability in Percentage	Quarter ended			Year ended	
	Dec 31, 2022	Dec 31, 2021	Sep 30, 2022	Dec 31, 2022	Dec 31, 2021
Revenues	100.00	100.00	100.00	100.00	100.00
Gross margin	35.36	34.78	36.38	35.12	35.69
SG & A	20.42	21.05	21.84	21.38	21.72
EBITDA	14.93	13.72	14.54	13.74	13.97
EBIT	12.48	11.30	12.35	11.43	11.57
EAT	10.36	9.98	9.24	9.21	12.24

Revenue from Top 10 Clients	Quarter ended			Year ended	
	Dec 31, 2022	Dec 31, 2021	Sep 30, 2022	Dec 31, 2022	Dec 31, 2021
Top 10 Clients	23.93%	22.65%	22.94%	22.81%	24.19%
Top 5 Clients	16.45%	15.05%	15.66%	15.25%	16.44%
Top 3 Clients	12.66%	11.12%	11.71%	11.59%	12.33%
Largest Client	6.87%	6.50%	6.42%	6.66%	7.14%

Revenues by Geographies	Quarter ended			Year ended	
	Dec 31, 2022	Dec 31, 2021	Sep 30, 2022	Dec 31, 2022	Dec 31, 2021
North America	75.15%	69.72%	75.60%	74.20%	68.86%
Europe	9.30%	12.98%	9.01%	10.39%	13.52%
South East Asia	13.03%	13.87%	12.76%	12.54%	14.55%
India	1.28%	2.55%	1.62%	1.88%	2.30%
Others	1.24%	0.88%	1.01%	0.99%	0.77%
Total	100.00%	100.00%	100.00%	100.00%	100.00%

Utilization (excluding trainees)	Quarter ended		
	Dec 31, 2022	Dec 31, 2021	Sep 30, 2022
Onsite	95.30%	96.64%	97.96%
Offshore	73.93%	74.87%	73.28%
Blended	76.98%	77.08%	76.88%

Utilization (including trainees)	Quarter ended		
	Dec 31, 2022	Dec 31, 2021	Sep 30, 2022
Onsite	95.30%	96.64%	97.96%
Offshore	73.18%	74.08%	72.47%
Blended	76.31%	76.35%	76.15%

Consolidated Operational Data (Un-audited)

Human resources	As at		
	Dec 31, 2022	Dec 31, 2021	Sep 30, 2022
Technical	3,874	3,548	3,899
Software services			
Onsite	558	537	563
Offshore	2,417	2,344	2,499
BPO			
Offshore	866	635	802
Trainees	33	32	35
Support	546	487	563
Total count	4,420	4,035	4,462

(Rs. in mn, except DSO)

Key Balance Sheet Data	As at	
	Dec 31, 2022	Dec 31, 2021
Receivable	2,570.88	1,779.76
Receivable in days (“DSO”)	52	50
Cash and bank balance #	2,680.79	2,774.47
Shareholders’ funds	5,454.70	4,602.96

excluding debt and like items.

Development/Service Centres Location	As on Dec 31, 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
San Jose, CA	1,275	5
Ontario & Vancouver, Canada	1,734	16
	12,509	81
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	280,203	3,897



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:

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