



R Systems International Limited

NEXT-GEN DIGITAL EVOLUTION

Press Release Q1 2023

R Systems Reports Revenue Growth of 17% during Q1-2023

Noida, India – May 03, 2023

Highlights

Consolidated results for the quarter ended March 31, 2023

- Revenue Rs. 404.07 crores (US\$ 49.16 mn); YoY Growth 17.77%.
- EBITDA Rs. 54.34 crores (US\$ 6.61 mn) i.e. 13.45% as against 12.14% for Q1 2022.
- Net profit after taxes Rs. 35.84 crores (US\$ 4.36 mn).
- 6 key clients added during the quarter.

Dr. Rekhi Singh, Managing Director and CEO stated, “We had a reasonable start of CY 2023. The changes in the macro-economic environment have softened the demand. We are re-engaging with customers for their immediate priorities to navigate them through these challenges. I am still optimistic for a profitable growth as the businesses will continue to invest for digital transformation to sustain through this fast changing economic and technology landscape.”

Avirag Jain, CTO said, “Amid the soft demand environment, we are targeting the profitable growth without scaling down our core investments in newer technologies, innovation, sales and presales for future growth.” He added. “We are focusing on larger deal size and served 50 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 seventeen development and service centres to serve customers in North America, Europe, and APAC.



The brief of few wins is listed below:

A US based organization in education sector designing innovative learning models has engaged R Systems to develop a digital solution using salesforce platform for learning, and training educators to serve as leaders in their schools and communities.

A leading cloud-based OTT technology provider has mandated R Systems to provide OTT software development & engineering services.

A Canada based leading E-learning provider has engaged R Systems to digitalize its legacy application through React Native framework and extending the support for mobile, web, & desktop applications.

One of largest grid operators for natural gas in Romania has engaged R Systems to provide intelligent document processing solution that helps to streamline the digital onboarding experience of their clientele.

A Singapore based manufacturer of confectionary and dairy products has awarded R Systems an intelligent automation project to automate certain critical processes along with data standardization across divisions to enhance operational efficiency.

Liquidity and Shareholder Funds

Cash and bank balances as of March 31, 2023, were Rs. 322.72 crores compared to Rs. 270.62 crores as of December 31, 2022. Total shareholder funds as of March 31, 2023, were Rs. 581.87 crores compared to Rs. 545.47 crores as of December 31, 2022.

Corporate and Other Matters

BCP Asia II Topco II Pte. Ltd., a private equity fund managed by Blackstone (“Blackstone”), has signed Share Purchase Agreement dated November 16, 2022, as amended on March 21, 2023 (“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.

Consequent to the Agreement, Blackstone has launched an Offer to Acquire up to 48.33% shares, held by the public shareholders of R Systems, which shall remain open till May 08, 2023.

Further, pursuant to the Agreement, Blackstone has acquired control of R Systems on and from April 5, 2023 in accordance with Regulation 22 and other applicable provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and has consequently become the promoter of the Company, as defined under the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018.

The transaction is expected to be completed in the coming days, subject to necessary closing conditions and regulatory approvals, if any.

Financial Performance

Consolidated Profit & Loss Statement for the Quarter Ended March 31, 2023

(As per Ind AS)

(Rs. in mn, except per share data)

Sr. No.	Particulars	Quarter Ended March 31,		Quarter Ended December 31,
		2023	2022	2022
1	Income			
(a)	Revenue from operations	4,040.71	3,431.09	3,995.05
(b)	Other income	52.13	43.22	21.17
	Total income	4,092.84	3,474.31	4,016.22
2	Expenses			
(a)	Employee benefits expense	2,819.84	2,392.73	2,682.98
(b)	Finance costs	15.94	11.17	16.04
(c)	Depreciation and amortisation expense	101.24	82.38	97.89
(d)	Other expenses	677.82	613.62	739.37
	Total expenses	3,614.84	3,099.90	3,536.28
3	Profit before tax	478.00	374.41	479.94
4	Tax expense			
(a)	Current tax	103.47	73.53	108.88
(b)	Deferred tax charge / (credit)	16.18	3.98	(42.75)
	Total tax expense	119.65	77.51	66.13
5	Net profit for the period	358.35	296.90	413.81
6	Earnings per share (not annualised) (Equity share of par value of Re. 1/- each)			
	Basic and diluted	3.03	2.51	3.50

Financial Performance

Consolidated Profit & Loss Statement for the Quarter Ended March 31, 2023 (Contribution Analysis Format)

(FIGURES IN MN)

Particulars	Q1 2023		Q1 2022		Q4 2022	
	INR	US\$	INR	US\$	INR	US\$
Revenues	4,040.71	49.16	3,431.09	45.69	3,995.05	48.66
Cost of revenues	2,681.88	32.63	2,293.56	30.54	2,582.59	31.45
Gross margin	1,358.83	16.53	1,137.53	15.15	1,412.46	17.21
	33.63%		33.15%		35.36%	
SG & A Expenses	815.44	9.92	720.98	9.60	815.84	9.91
	20.18%		21.01%		20.42%	
EBITDA	543.39	6.61	416.55	5.55	596.62	7.30
	13.45%		12.14%		14.93%	
Depreciation and amortization	101.24	1.23	82.38	1.10	97.89	1.20
EBIT	442.15	5.38	334.17	4.45	498.73	6.10
Interest expense	(15.94)	(0.19)	(11.17)	(0.15)	(16.04)	(0.20)
Other income (net)	51.79	0.63	51.41	0.68	(2.75)	(0.04)
Income before income tax	478.00	5.82	374.41	4.98	479.94	5.86
Tax expense	119.65	1.46	77.51	1.03	66.13	0.79
Net earnings	358.35	4.36	296.90	3.95	413.81	5.07

Financial Performance

Consolidated Balance Sheet as at March 31, 2023 (As per Ind AS)

		(Rs. in mn)	
	Particulars	As at	
		March 31, 2023	December 31, 2022
	ASSETS		
A.	Non-current assets		
	(a) Property, plant and equipment	711.74	705.95
	(c) Capital work in progress	0.33	25.38
	(d) Investment property	17.05	17.43
	(b) Right-to-use assets	683.44	692.40
	(e) Goodwill	107.88	108.62
	(f) Other Intangible assets	26.50	31.39
	(g) Financial assets		
	(i) Investment	0.03	0.03
	(ii) Other financial assets	68.26	65.57
	(h) Deferred tax assets (net)	206.22	219.87
	(i) Non-current tax assets (net)	51.71	53.46
	(j) Other non-current assets	102.41	108.91
B.	Total non-current assets (A)	1,975.57	2,029.01
	Current assets		
	(a) Financial assets		
	(i) Investments	194.25	138.65
	(ii) Trade receivables	2,509.07	2,570.88
	(iii) Cash and cash equivalents	2,261.94	2,062.30
	(iv) Other bank balances	353.05	242.90
	(v) Other financial assets	1,042.58	911.08
	(b) Other current assets	349.27	375.67
	Total current assets (B)	6,710.16	6,301.48
	Total assets (A+B)	8,685.73	8,330.49
	EQUITY AND LIABILITIES		
A.	Equity		
	(a) Equity share capital	118.31	118.31
	(b) Other equity	5,700.38	5,336.39
	(c) Non controlling interest	-	-
	Total equity (A)	5,818.69	5,454.70
B.	Liabilities		
	Non-current liabilities		
	(a) Financial liabilities		
	(i) Borrowings	17.53	13.23
	(ii) Lease liabilities	667.90	666.11
	(iii) Other financial liabilities	11.79	8.76
	(b) Provisions	223.43	207.95
	Total non-current liabilities (B)	920.65	896.05
C.	Current liabilities		
	(a) Financial liabilities		
	(i) Borrowings	9.01	7.21
	(ii) Lease liabilities	85.08	84.69
	(iii) Trade payables		
	- total outstanding dues of micro enterprises and small enterprises	-	-
	- total outstanding dues of creditors other than micro enterprises and small enterprises	379.50	355.87
	(iv) Other financial liabilities	413.43	588.72
	(b) Other current liabilities	643.80	589.38
	(c) Provisions	331.56	303.70
	(d) Current tax liability (net)	84.01	50.17
	Total current liabilities (C)	1,946.39	1,979.74
	Total liabilities (B+C)	2,867.04	2,875.79
	Total equity and liabilities (A+B+C)	8,685.73	8,330.49

Consolidated Operational Data (Un-audited)

Profitability in Percentage	Quarter ended		
	Mar 31, 2023	Mar 31, 2022	Dec 31, 2022
Revenues	100.00	100.00	100.00
Gross margin	33.63	33.15	35.36
SG & A	20.18	21.01	20.42
EBITDA	13.45	12.14	14.93
EBIT	10.94	9.74	12.48
EAT	8.87	8.65	10.36

Revenue from Top 10 Clients	Quarter ended		
	Mar 31, 2023	Mar 31, 2022	Dec 31, 2022
Top 10 Clients	24.67%	22.69%	23.93%
Top 5 Clients	17.22%	14.65%	16.45%
Top 3 Clients	13.12%	11.02%	12.66%
Largest Client	7.15%	6.62%	6.87%

Revenues by Geographies	Quarter ended		
	Mar 31, 2023	Mar 31, 2022	Dec 31, 2022
North America	74.63%	71.47%	75.15%
Europe	10.12%	12.83%	9.30%
South East Asia	12.45%	12.27%	13.03%
India	1.66%	2.49%	1.28%
Others	1.14%	0.94%	1.24%
Total	100.00%	100.00%	100.00%

Utilization (excluding trainees)	Quarter ended		
	Mar 31, 2023	Mar 31, 2022	Dec 31, 2022
Onsite	96.76%	96.53%	95.30%
Offshore	73.20%	72.17%	73.93%
Blended	76.47%	75.75%	76.98%

Utilization (including trainees)	Quarter ended		
	Mar 31, 2023	Mar 31, 2022	Dec 31, 2022
Onsite	96.76%	96.53%	95.30%
Offshore	72.54%	71.50%	73.18%
Blended	75.87%	75.14%	76.31%

Consolidated Operational Data (Un-audited)

Human resources	As at		
	Mar 31, 2023	Mar 31, 2022	Dec 31, 2022
Technical	3,921	3,632	3,874
Software services			
Onsite	538	550	558
Offshore	2,397	2,394	2,417
BPO			
Offshore	957	661	866
Trainees	29	27	33
Support	547	529	546
Total count	4,468	4,161	4,420

(Rs. in mn, except DSO)

Key Balance Sheet Data	As at	
	Mar 31, 2023	Dec 31, 2022
Receivable	2,509.07	2,570.88
Receivable in days (“DSO”)	56	54
Cash and bank balance #	3,227.25	2,706.17
Shareholders’ funds	5,818.69	5,454.70

including investment in debt mutual funds and treasury bills

Development/Service Centers Location	As on Mar 31, 2023	
	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
Ontario & Vancouver, Canada	1,734	16
	11,234	76
APAC		
Singapore	5,544	56
Malaysia	6,434	81
Thailand	1,534	13
Indonesia	2,571	58
China	1,675	13
	17,758	221
Europe		
Romania	23,659	177
Poland	11,143	93
Moldova	4,499	60
	39,301	330
Total	276,418	3,857



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 seventeen 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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