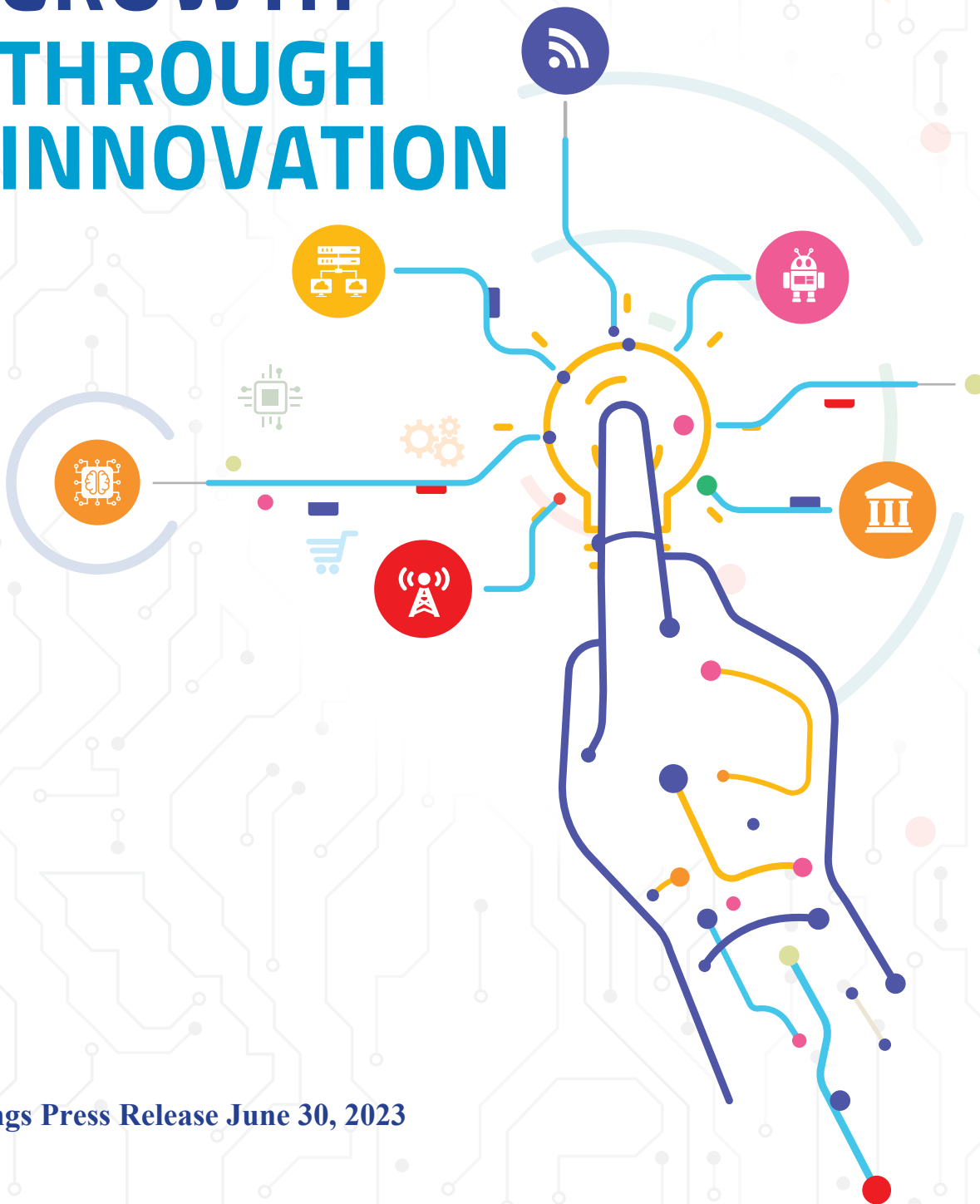


DRIVING GROWTH THROUGH INNOVATION





R Systems Reports 13% YoY Revenue Growth in H1-2023

Noida, India – July 31, 2023

Highlights

Consolidated results for the quarter ended June 30, 2023

- Revenue Rs. 4,067.80 mn (US\$ 49.51 mn); Growth of 8.5% YoY
- EBITDA Rs. 599.79 mn (US\$ 7.30 mn) i.e.14.7% as against 13.1% for Q2 2022; Growth of 22.2% YoY
- Net profit after taxes Rs. 144.25 mn (US\$ 1.76 mn)
- 8 key clients added during the quarter

Consolidated results for the half year ended June 30, 2023

- Revenue at Rs. 8,108.51 mn (US\$ 98.67 mn); Growth of 12.9% YoY
- EBITDA at Rs. 1,143.18 mn (US\$ 13.91 mn) i.e.14.1% as against 12.6% for H1 2022; Growth of 26.0% YoY
- Net profit after taxes at Rs. 502.60 mn (US\$ 6.12 mn)

Nitesh Bansal, Managing Director and CEO stated, “We concluded the quarter with revenue of INR 4,067 mn and 14.7% EBITDA. Quarterly revenue grew 8.5% year on year with margin improvements. Some of our existing clients are witnessing headwinds and are controlling discretionary spend amidst changes in the macro-economic situation, however still the deal flow has been relatively decent, and we have a robust pipeline. We are seeing good traction towards digital services and solutions using Generative AI, RPA, cloud, IOT, mobility, and analytics.”

He added, “R Systems also concluded the acquisition of Velotio, a product engineering and digital solutions provider, in the first week of July and this will deepen our engineering capabilities in Cloud, DevOps and data Engineering as well as Media and Storage tech sectors. Further, it will also expand our India delivery presence to Pune, a hub for product engineering talent.”

Nand Sardana, CFO said, “R Systems has expanded the EBITDA margins about 150 basis points from 12.6% in H1-22 to 14.1% in H1-23 despite the challenging business environment through efficient operations.” He added, “We have a strong balance sheet to fuel our future growth, including expansion of our delivery facilities, building niche capabilities and expanding sales and marketing spends.”



Some of the Key Deal Wins

A leading independent mental health services provider in the UK has engaged R Systems to digitalize its patient management system to support seamless interaction between patients and physicians.

A leading economy hotel chain in North America has engaged R Systems to redesign its existing mobile application with new functionality using new technology to enhance user experience.

One of the largest consumer network providers for digital survey-based research has partnered R Systems to provide data analytics services using Snowflake, SQL Server, Power BI Data Mart & SSRS technologies.

A leading supply chain service provider for temperature-sensitive materials has engaged R Systems to enhance one of its business applications used for serving the life sciences industry.

A Singapore based electrical equipment manufacturer has awarded R Systems to implement Microsoft Dynamics Business Central to optimize and digitalize its end-to-end business processes yielding financial visibility and operational excellence across the enterprise.

Liquidity and Shareholder Funds

Cash and bank balances, net of short-term borrowing as of June 30, 2023, were Rs. 3,816.96 mn compared to Rs. 2,706.17 mn as of December 31, 2022. Total shareholder funds as of June 30, 2023, were Rs. 5,950.87 mn compared to Rs. 5,454.70 mn as of December 31, 2022.

Other Corporate Matters

Pursuant to the Share Purchase Agreement dated November 16, 2022, as amended on March 21, 2023 (“Agreement”) executed between BCP Asia II Topco II Pte. Ltd., a private equity fund managed by Blackstone, (“Acquirer”) and the outgoing promoter and promoter group (“Sellers”) of R Systems International Limited (“Company”), Acquirer has completed the acquisition of 61,129,969 equity shares, representing 51.67% of the paid up share capital of the Company on May 10, 2023 from the Sellers and has consequently become the promoter of the Company. In addition, the Acquirer has also acquired 303,036 equity shares, from public shareholders, under the composite offer made vide Letter of Offer dated April 10, 2023. The current shareholding of Acquirer after the aforesaid transaction is 61,433,005 equity shares, representing 51.93% of the paid-up share capital of the Company.

Pursuant to the Share Purchase Agreement signed between the Company, Velotio Technologies Private Limited (“Velotio”) and its shareholders on June 07, 2023, the Company has completed the acquisition of 100% equity shares of Velotio on July 03, 2023. Velotio, with a team of 300+ engineers, provides product engineering and digital services and solutions delivering complex engineering, data expertise, cloud-native and design capabilities to build innovative products and solutions for customers across Technology, Media, Healthcare, and Enterprise SaaS verticals.

Financial Performance

Consolidated Profit & Loss Statement (Un-audited) for the Quarter Ended June 30, 2023

(As per Ind AS)

(Rs. in mn, except per share data)

Sr. No.	Particulars	Quarter Ended June 30,		Quarter Ended March 31, 2023
		2023	2022	
1	Income			
(a)	Revenue from operations	4,067.80	3,749.78	4,040.71
(b)	Other income	44.62	25.87	52.10
	Total income	4,112.42	3,775.65	4,092.81
2	Expenses			
(a)	Employee benefits expense	2,782.49	2,495.77	2,819.84
(b)	Finance costs	16.96	10.29	15.94
(c)	Depreciation and amortisation expense	101.16	82.30	101.24
(d)	Other expenses	756.68	794.69	677.79
	Total expenses	3,657.29	3,383.05	3,614.81
3	Profit before tax	455.13	392.60	478.00
4	Tax expense			
(a)	Current tax ^	311.86	106.92	103.47
(b)	Deferred tax charge / (credit)	(0.98)	(32.52)	16.18
	Total tax expense	310.88	74.40	119.65
5	Net profit for the period	144.25	318.20	358.35
6	Earnings per share (not annualised) (Equity share of par value of Re. 1/- each)			
	Basic and diluted	1.22	2.69	3.03

^ includes Rs. 200.54 million during Q2-23 provision for tax on dividend received from its wholly owned subsidiary.

Financial Performance

Consolidated Profit & Loss Statement (Un-audited) for the Six Months Ended June 30, 2023

(As per Ind AS)

(Rs. in mn, except per share data)

Sr. No.	Particulars	Six Months Ended June 30,	
		2023	2022
1	Income		
(a)	Revenue from operations	8,108.51	7,180.87
(b)	Other income	96.73	69.09
	Total income	8,205.24	7,249.96
2	Expenses		
(a)	Employee benefits expense	5,602.33	4,888.50
(b)	Finance costs	32.91	21.46
(c)	Depreciation and amortisation expense	202.40	164.68
(d)	Other expenses	1,434.47	1,408.31
	Total expenses	7,272.11	6,482.95
3	Profit before tax	933.13	767.01
4	Tax expense		
(a)	Current tax ^	415.33	180.45
(b)	Deferred tax charge / (credit)	15.20	(28.54)
	Total tax expense	430.53	151.91
5	Net profit for the period	502.60	615.10
6	Earnings per share (not annualised) (Equity share of par value of Re. 1/- each)		
	Basic and diluted	4.25	5.20

^ includes Rs. 200.54 million during Jan to June 23 provision for tax on dividend received from its wholly owned subsidiary.

Financial Performance

Consolidated Profit & Loss Statement (Un-audited) for the Quarter Ended June 30, 2023 (Contribution Analysis Format – Non-GAAP)

(FIGURES IN MN)

Particulars	Q2 2023		Q2 2022		Q1 2023	
	INR	US\$	INR	US\$	INR	US\$
Revenues	4,067.80	49.51	3,749.78	48.74	4,040.71	49.16
Cost of revenues	2,650.73	32.26	2,424.90	31.51	2,681.88	32.63
Gross margin	1,417.07	17.25	1,324.88	17.23	1,358.83	16.53
	34.84%		35.33%		33.63%	
SG & A Expenses	817.28	9.95	834.14	10.85	815.44	9.92
	20.09%		22.24%		20.18%	
EBITDA	599.79	7.30	490.74	6.38	543.39	6.61
	14.74%		13.09%		13.45%	
Depreciation and amortization	101.16	1.23	82.30	1.06	101.24	1.23
EBIT before non-recurring cost	498.63	6.07	408.44	5.32	442.15	5.38
Non-Recurring cost #	70.34	0.86	-	-	-	-
EBIT	428.29	5.21	408.44	5.32	442.15	5.38
Interest expense	(16.96)	(0.20)	(10.29)	(0.13)	(15.94)	(0.19)
Other income (net)	43.80	0.53	(5.55)	(0.08)	51.79	0.63
Income before income tax	455.13	5.54	392.60	5.11	478.00	5.82
Tax expense ^	310.88	3.78	74.40	0.97	119.65	1.46
Net earnings	144.25	1.76	318.20	4.14	358.35	4.36

Non-recurring Cost represents the recruitment fee for hiring of new CEO and one time joining fee paid to CEO.

^ includes Rs. 200.54 million during Q2-23 provision for tax on dividend received from its wholly owned subsidiary.

Financial Performance

Consolidated Profit & Loss Statement (Un-audited) for the Six Months Ended June 30, 2023 (Contribution Analysis Format – Non-GAAP)

(FIGURES IN MN)

Particulars	Jan to Jun 2023		Jan to Jun 2022	
	INR	US\$	INR	US\$
Revenues	8,108.51	98.67	7,180.87	94.43
Cost of revenues	5,332.61	64.89	4,718.46	62.05
Gross margin	2,775.90	33.78	2,462.41	32.38
	34.23%		34.29%	
SG & A Expenses	1,632.72	19.87	1,555.12	20.45
	20.14%		21.66%	
EBITDA	1,143.18	13.91	907.29	11.93
	14.10%		12.63%	
Depreciation and amortization	202.40	2.46	164.68	2.16
EBIT before non-recurring cost	940.78	11.45	742.61	9.77
Non-Recurring cost #	70.34	0.86	-	-
EBIT	870.44	10.59	742.61	9.77
Interest expense	(32.91)	(0.39)	(21.46)	(0.28)
Other income (net)	95.60	1.16	45.86	0.60
Income before income tax	933.13	11.36	767.01	10.09
Tax expense ^	430.53	5.24	151.91	2.00
Net earnings	502.60	6.12	615.10	8.09

Non-recurring Cost represents the recruitment fee for hiring of new CEO and one time joining fee paid to CEO.

^ includes Rs. 200.54 million during Jan to June 23 provision for tax on dividend received from its wholly owned subsidiary.

Financial Performance

Consolidated Balance Sheet as at June 30, 2023 (As per Ind AS)

(Rs. in mn)

	Particulars	As at	
		June 30, 2023	December 31, 2022
		Unaudited	Audited
	ASSETS		
A. Non-current assets			
(a) Property, plant and equipment	658.29	705.95	
(b) Capital work in progress	8.27	25.38	
(c) Investment property	16.69	17.43	
(d) Right-to-use assets	651.88	692.40	
(e) Goodwill	105.70	108.62	
(f) Other Intangible assets	20.88	31.39	
(g) Financial assets			
(i) Investment	0.03	0.03	
(ii) Other financial assets	62.14	65.57	
(h) Deferred tax assets (net)	206.98	219.87	
(i) Non-current tax assets (net)	56.47	53.46	
(j) Other non-current assets	84.52	108.91	
B. Total non-current assets (A)	1,871.85	2,029.01	
	Current assets		
(a) Financial assets			
(i) Investments	-	138.65	
(ii) Trade receivables	2,333.67	2,570.88	
(iii) Cash and cash equivalents	4,199.17	2,062.30	
(iv) Bank balances other than cash and cash equivalents	2.53	242.90	
(v) Other financial assets	975.65	911.08	
(b) Other current assets	375.45	375.67	
Total current assets (B)	7,886.47	6,301.48	
Total assets (A+B)	9,758.32	8,330.49	
	EQUITY AND LIABILITIES		
A. Equity			
(a) Equity share capital	118.31	118.31	
(b) Other equity	5,832.56	5,336.39	
(c) Non controlling interest	-	-	
Total equity (A)	5,950.87	5,454.70	
	Liabilities		
B. Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	15.93	13.23	
(ii) Lease liabilities	646.43	666.11	
(iii) Other financial liabilities	11.23	8.76	
(b) Provisions	223.24	207.95	
Total non-current liabilities (B)	896.83	896.05	
C. Current liabilities			
(a) Financial liabilities			
(i) Borrowings	528.71	7.21	
(ii) Lease liabilities	85.55	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	445.54	355.87	
(iv) Other financial liabilities	665.90	588.72	
(b) Other current liabilities	602.18	589.38	
(c) Provisions	357.89	303.70	
(d) Current tax liability (net)	224.85	50.17	
Total current liabilities (C)	2,910.62	1,979.74	
Total liabilities (B+C)	3,807.45	2,875.79	
Total equity and liabilities (A+B+C)	9,758.32	8,330.49	



Consolidated Operational Data (Un-audited)

Profit & Loss %	Quarter ended		
	Jun 30, 2023	Jun 30, 2022	Mar 31, 2023
Revenues	100.00	100.00	100.00
Gross margin	34.84	35.33	33.63
SG & A	20.09	22.24	20.18
EBITDA	14.74	13.09	13.45
EBIT #	12.26	10.89	10.94
EAT	3.55	8.49	8.87

Before non-recurring cost.

Revenue from Top 10 Clients	Quarter ended		
	Jun 30, 2023	Jun 30, 2022	Mar 31, 2023
Top 10 Clients	24.65%	23.09%	24.67%
Top 5 Clients	17.29%	15.40%	17.22%
Top 3 Clients	13.04%	11.41%	13.12%
Largest Client	7.05%	6.71%	7.15%

Revenues by Geographies	Quarter ended		
	Jun 30, 2023	Jun 30, 2022	Mar 31, 2023
North America	72.74%	74.18%	74.63%
Europe	10.78%	10.79%	10.12%
Southeast Asia	13.25%	12.06%	12.45%
India	1.82%	2.24%	1.66%
Others	1.41%	0.73%	1.14%
Total	100.00%	100.00%	100.00%

Utilization (excluding trainees)	Quarter ended		
	Jun 30, 2023	Jun 30, 2022	Mar 31, 2023
Onsite	95.85%	98.02%	96.76%
Offshore	74.25%	74.18%	73.20%
Blended	77.28%	77.75%	76.47%

Utilization (including trainees)	Quarter ended		
	Jun 30, 2023	Jun 30, 2022	Mar 31, 2023
Onsite	95.85%	98.02%	96.76%
Offshore	73.70%	73.27%	72.54%
Blended	76.78%	76.94%	75.87%

Consolidated Operational Data (Un-audited)

Human resources	As at		
	Jun 30, 2023	Jun 30, 2022	Mar 31, 2023
Technical	3,927	3,718	3,921
Software services			
Onsite	541	553	538
Offshore	2,359	2,441	2,397
BPO			
Offshore	1,002	687	957
Trainees	25	37	29
Support	539	549	547
Total count	4,466	4,267	4,468

(Rs. in mn, except DSO)

Key Balance Sheet Data	As at	
	Jun 30, 2023	Dec 31, 2022
Receivable	2,333.67	2,570.88
Receivable in days (“DSO”)	56	54
Cash and bank balance, net of short-term borrowings	3,816.96	2,706.17
Shareholders’ funds	5,950.87	5,454.70

Development/Service Centres Location	As on Jun 30, 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, USA	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. The previous period's figures have been regrouped wherever applicable, to the extent possible, to conform to the current period presentation.

About R Systems:

R Systems is a leading digital product engineering company that designs and builds next-gen products, platforms, and digital experiences, empowering clients across various industries to overcome digital barriers, put their customers first, and achieve higher revenues and operational efficiency. Further, our knowledge service offerings cover revenue cycle management, back office service, technical support, and customer care using multi-lingual capabilities and global delivery platform.

We constantly innovate and bring fresh perspectives to harness the power of the latest technologies like cloud, automation, AI, ML, analytics, Mixed Reality, etc. Our 4,400+ technology expeditioners across seventeen development and service centres are driven to explore new digital paths, leaving no stone unturned in our quest to deliver services and solutions that drive meaningful impact.

Our product mindset and engineering capabilities allow us to partner with the key players in the Tech industry, including ISVs (independent software vendors), SaaS companies, and product companies in Telecom, Media, FinTech, InsureTech, and HealthTech verticals.

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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