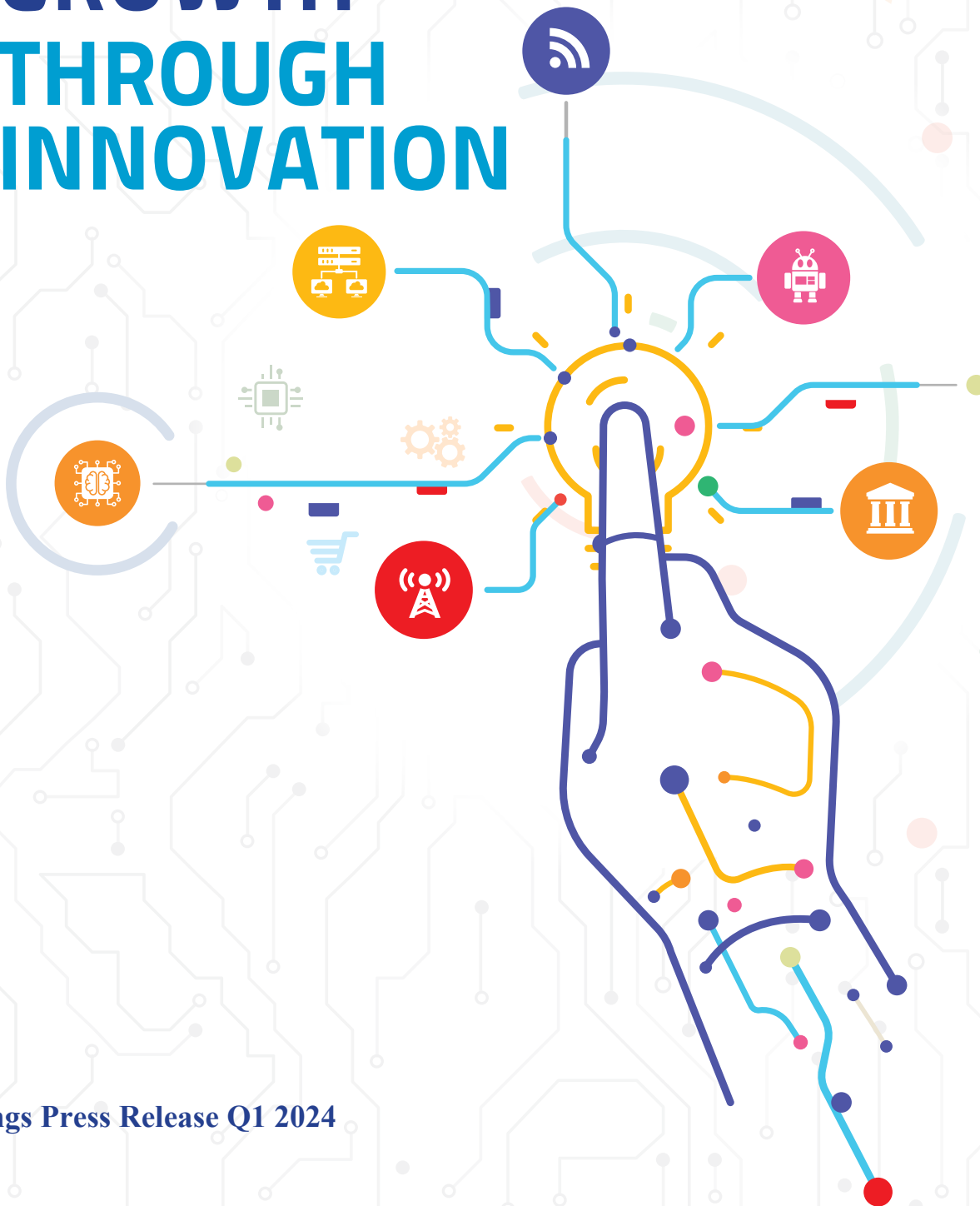


DRIVING GROWTH THROUGH INNOVATION





R Systems Announces Results for Q1 2024
Revenues: Rs. 4,166 mn with Adj. EBITDA Margin of 14.4%

Noida, India – May 02, 2024: R Systems International Limited (BSE- 532735; NSE- RSYSTEMS), a leading digital product engineering company that designs and builds next-gen products, platforms, and digital experiences, empowering clients across various industries to achieve revenue growth and operational efficiency.

Highlights for the quarter ended March 31, 2024

- Revenue Rs. 4,166 mn (US\$ 50.2 mn); YoY Growth of 3.1%.
- Adj. EBITDA 600 mn (US\$ 7.2 mn) i.e 14.4% as against 13.4% for Q1 2023 [#].
- Net profit after taxes Rs. 275 mn (US\$ 3.3 mn).
- 6 key clients added during the quarter.

Nitesh Bansal, Managing Director, and CEO stated, “We have stepped into CY 2024 with excitement about our GTM motion, with vertical and horizontal alignment of delivery and sales operations to develop more meaningful relationships with our customers. We are also developing partnerships with ecosystem players such as hyper scalers, automation & AI technology providers and global enterprise software providers. Our AI and Cloud first approach is helping us bring positive traction on large deals and building robust sales funnel for large deals.”

He added, “We welcome Mr. Sanjay Sahay as Chief Marketing Officer and I am sure that his marketing acumen will be instrumental in elevating our brand as well as create more digital engagement for our customers. I am also delighted to share that R Systems has been recognised as a major contender in our first ever Everest Peak Matrix Assessment for software product engineering. Getting recognised by leading research analyst and deal advisory agencies is an important part of growth strategy and this is the first step towards the same.”

Nand Sardana, CFO said, “We expanded our sustainable operating margins, excluding the RSU expense, through improved utilization. In this current challenging environment, we are continuing to invest in newer technologies, innovation, sales engine, and branding for long term profitable growth.”

[#] Adj. EBITDA is before considering the share-based payment expense amounting to Rs. 65 mn relating to restricted stock units (“RSUs”) granted to the employees.



Key Deal Wins

US based behavioral healthcare solution provider trusted R Systems to set up a COE for its product engineering and digital transformation needs including data science and analytics to augment operational efficiency and value-based care.

One of the leading fire safety solution providers based in Canada has engaged R Systems to develop a mobility app using .NET Multi-platform App UI, digitalizing their operations for enhanced business efficiency.

US based digital marketing solution provider has engaged R Systems to upgrade their content management product along with assisting in consolidating their engineering teams for product engineering and modern data platforms/AI needs.

One of the largest privately owned general insurance companies has engaged R Systems to provide product engineering services to digitalize its in-house products.

One of the leading distributors of live and frozen seafood in Singapore has engaged R Systems to implement Microsoft Dynamics Business Central and CRM 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 and amount set aside for dividend as of March 31, 2024, were Rs. 1,147 mn compared to Rs. 1,338 mn as of December 31, 2023. Total equity attributable to shareholders as of March 31, 2024, was Rs. 5,707 mn compared to Rs. 6,114 mn as of December 31, 2023.

Financial Performance

Consolidated Profit & Loss Statement for the Quarter Ended March 31, 2024

(As per Ind AS)

(Rs. in mn, except per share data)

Sr. No.	Particulars	Quarter Ended		
		March 31, 2024	December 31, 2023	March 31, 2023
1	Income			
(a)	Revenue from operations	4,166.41	4,163.20	4,040.71
(b)	Other income	24.69	17.73	52.13
	Total income	4,191.10	4,180.93	4,092.84
2	Expenses			
(a)	Employee benefits expense @	2,949.34	2,840.52	2,819.84
(b)	Finance costs	28.42	28.94	15.94
(c)	Depreciation and amortization expense*	165.61	169.20	101.24
(d)	Other expenses	683.88	694.32	677.82
	Total expenses	3,827.25	3,732.98	3,614.84
3	Profit before tax and Share in Profit / (Loss) of Associate (1-2)	363.85	447.95	478.00
4	Share of net profit / (loss) of associates accounted for using the equity method	-	(3.03)	-
5	Profit before tax (3+4)	363.85	444.92	478.00
6	Tax expense			
(a)	Current tax ^	131.55	(1.80)	103.47
(b)	Deferred tax charge / (credit)	(42.57)	(11.99)	16.18
	Total tax expense / (credit)	88.98	(13.79)	119.65
7	Net profit for the period (5-6)	274.87	458.71	358.35
8	Earnings per share (not annualized) (Equity share of par value of Re. 1/- each)			
(a)	Basic	2.32	3.88	3.03
(b)	Diluted	2.32	3.88	3.03

@ including share-based payment expense of Rs. 64.65 mn in Q1 2024 w.r.t. RSUs.

* Depreciation and amortization expense includes INR 62.33 mn for Q1 2024 (INR 61.08 for Q4 2023) for amortization of intangibles such as customer contracts, non-compete capitalized under Velotio and ScaleWorx acquisitions.

^ Q4 2023 includes Rs. 114.46 mn reversal of tax provisions related to dividend received from subsidiary, pursuant to declaration of the interim dividend by the Company.

Financial Performance

Consolidated Profit & Loss Statement for the Quarter Ended March 31, 2024 (Contribution Analysis Format – Non-GAAP)

(FIGURES IN MN)

Particulars	Q1 2024		Q4 2023		Q1 2023	
	INR	US\$	INR	US\$	INR	US\$
Revenues	4,166.41	50.17	4,163.20	50.00	4,040.71	49.16
Cost of revenues	2,761.75	33.26	2,749.39	33.03	2,681.88	32.63
Gross margin	1,404.66	16.91	1,413.81	16.97	1,358.83	16.53
	33.71%		33.96%		33.63%	
SG & A Expenses	804.91	9.69	771.08	9.25	815.44	9.92
	19.32%		18.52%		20.18%	
Adj. EBITDA	599.75	7.22	642.73	7.72	543.39	6.61
	14.39%		15.44%		13.45%	
Cost of RSUs	64.65	0.78	-	-	-	-
EBITDA	535.10	6.44	642.73	7.72	543.39	6.61
	12.84%		15.44%		13.45%	
Depreciation and amortization *	165.61	1.99	169.20	2.04	101.24	1.23
EBIT before non-recurring cost	369.49	4.45	473.53	5.68	442.15	5.38
Non-Recurring cost [#]	-	-	11.93	0.14	-	-
EBIT	369.49	4.45	461.60	5.54	442.15	5.38
Interest expense	(28.42)	(0.34)	(28.94)	(0.35)	(15.94)	(0.19)
Other income (net)	22.77	0.27	15.29	0.18	51.79	0.63
Income before income tax and share of profit / (loss) in associates	363.84	4.38	447.95	5.37	478.00	5.82
Share of net profit / (loss) of associates accounted for using the equity method	-	-	(3.03)	(0.04)	-	-
Income before income tax	363.84	4.38	444.92	5.33	478.00	5.82
Tax expense / (credit) [^]	88.98	1.07	(13.79)	(0.19)	119.65	1.46
Net earnings	274.86	3.31	458.71	5.52	358.35	4.36

* Depreciation and amortization expense includes INR 62.33 mn for Q1 2024 (INR 61.08 for Q4 2023) for amortization of intangibles such as customer contracts, non-compete capitalized under Velotio and ScaleWorx acquisitions.

Non-recurring cost represents professional fee paid w.r.t. acquisition of Scaleworx and charges paid to Noida Authority for change in constitution of the Company.

[^] Tax expenses in Q4 2023 include Rs. 114.46 mn reversal of tax provisions related to dividend received from subsidiary, pursuant to declaration of the interim dividend by the Company.

Financial Performance

Consolidated Balance Sheet as at March 31, 2024 (As per Ind AS)

(Rs. in mn)

	Particulars	As at	
		March 31, 2024	December 31, 2023
	ASSETS		
A.	Non-current assets		
	(a) Property, plant and equipment	623.28	607.41
	(b) Capital work in progress	1.03	1.64
	(c) Investment property	15.58	15.96
	(d) Right-to-use assets	622.54	628.55
	(e) Goodwill	2,834.33	2,836.58
	(f) Other Intangible assets	2,116.50	2,181.20
	(g) Financial assets		
	(i) Investment	0.03	0.03
	(ii) Other financial assets	111.95	115.14
	(h) Deferred tax assets (net)	352.97	313.44
	(i) Non-current tax assets (net)	43.72	58.12
	(j) Other non-current assets	52.46	126.59
	B. Total non-current assets (A)	6,774.39	6,884.66
	Current assets		
	(a) Financial assets		
	(i) Trade receivables	2,660.06	2,503.99
	(ii) Cash and cash equivalents	1,764.62	1,573.50
	(iii) Bank balances other than cash and cash equivalents	714.89	943.69
	(iv) Other financial assets	660.23	805.52
	(b) Other current assets	381.42	435.06
	Total current assets (B)	6,181.22	6,261.76
	Total assets (A+B)	12,955.61	13,146.42
	EQUITY AND LIABILITIES		
A.	Equity		
	(a) Equity share capital	118.31	118.31
	(b) Other equity	5,588.91	5,996.06
	(c) Non controlling interest	2,407.00	2,407.00
	Total equity (A)	8,114.22	8,521.37
	Liabilities		
B.	Non-current liabilities		
	(a) Financial liabilities		
	(i) Borrowings	16.80	16.94
	(ii) Lease liabilities	623.11	631.14
	(iii) Other financial liabilities	13.29	12.01
	(b) Provisions	296.70	282.00
	Total non-current liabilities (B)	949.90	942.09
C.	Current liabilities		
	(a) Financial liabilities		
	(i) Borrowings	707.54	562.24
	(ii) Lease liabilities	112.78	101.45
	(iii) Trade payables	408.29	370.76
	(iv) Other financial liabilities	1,279.92	1,535.15
	(b) Other current liabilities	871.64	634.21
	(c) Provisions	370.94	342.15
	(d) Current tax liability (net)	140.38	137.00
	Total current liabilities (C)	3,891.49	3,682.96
	Total liabilities (B+C)	4,841.39	4,625.05
	Total equity and liabilities (A+B+C)	12,955.61	13,146.42



Consolidated Operational Data (Un-audited)

Profitability in Percentage	Quarter ended		
	Mar 31, 2024	Dec 31, 2023	Mar 31, 2023
Revenues	100.00	100.00	100.00
Gross margin	33.71	33.96	33.63
SG & A	19.32	18.52	20.18
Adj. EBITDA	14.39	15.44	13.45
EBITDA #	12.84	15.44	13.45
EBIT #	8.87	11.37	10.94
EAT	6.60	11.02	8.87

Before non-recurring cost.

Revenue from Top 10 Clients	Quarter ended		
	Mar 31, 2024	Dec 31, 2023	Mar 31, 2023
Top 10 Clients	22.66%	22.30%	24.67%
Top 5 Clients	15.19%	15.35%	17.22%
Top 3 Clients	11.74%	11.86%	13.12%
Largest Client	6.20%	6.24%	7.15%

Revenues by Geographies	Quarter ended		
	Mar 31, 2024	Dec 31, 2023	Mar 31, 2023
North America	74.53%	73.75%	74.63%
Europe	9.80%	9.96%	10.12%
Southeast Asia	12.24%	12.96%	12.45%
India	2.18%	1.95%	1.66%
Others	1.25%	1.38%	1.14%
Total	100.00%	100.00%	100.00%

Utilization (including trainees)	Quarter ended		
	Mar 31, 2024	Dec 31, 2023	Mar 31, 2023
Onsite	96.89%	96.21%	96.76%
Offshore	77.42%	76.16%	72.54%
Blended	80.37%	79.11%	75.87%

Consolidated Operational Data (Un-audited)

Human resources	As at		
	Mar 31, 2024	Dec 31, 2023	Mar 31, 2023
Technical	3,644	3,643	3,921
Software services			
Onsite	564	539	538
Offshore	2,368	2,436	2,397
KS			
Offshore	699	644	957 [#]
Trainees	13	24	29
Support	541	548	547
Total count	4,185	4,191	4,468

[#] includes 416 counts transferred under BOT in September 2023.

(Rs. in mn, except DSO)

Key Balance Sheet Data	As at	
	Mar 31, 2024	Dec 31, 2023
Receivable including unbilled	3,318.68	3,222.94
Receivable in days (“DSO”) including unbilled	62	64
Cash and bank balance [#]	1,146.81	1,338.32
Total equity attributable to shareholders	5,707.21	6,114.37

[#] net of short-term borrowing and amount set aside for dividend

Development/Service Centers Location	As on Mar 31, 2024	
	Covered areas in sq. ft.	No. of seats
India		
Noida	202,220	3,165
Pune	15,810	150
Chennai	5,905	65
	223,935	3,380
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	10,756	94
Moldova	4,499	60
	38,914	331
Total	291,841	4,008



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

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 4,100+ technology expeditioners across eighteen (18) 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, Insurtech, 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.

For further information, please contact:

Nand Sardana
Chief Financial Officer
Tel # 0120 – 430 3506
Email: nand.sardana@rsystems.com

Kumar Gaurav
VP Finance & Accounts
Tel # 0120 – 408 2650
Email: kumar.gaurav@rsystems.com

Bhasker Dubey
Company Secretary & Compliance Officer
Tel # 0120 – 430 3566
Email: bhasker.dubey@rsystems.com