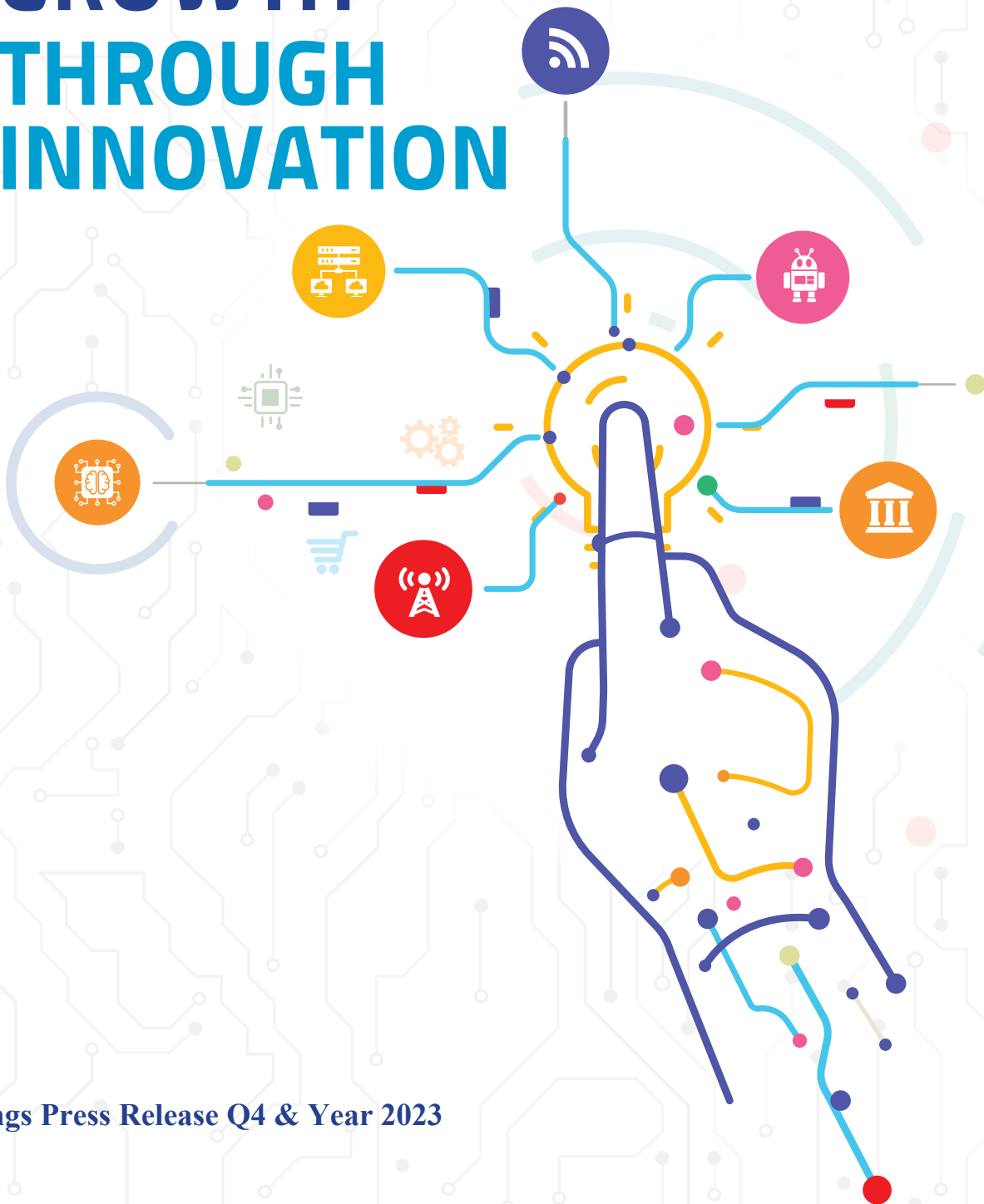


DRIVING GROWTH THROUGH INNOVATION





R Systems Reports 11% Revenue Growth During CY 2023

Noida, India – February 15, 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 Year ended December 31, 2023

- Revenue at Rs. 16,845 mn (US\$ 204.0 mn); YoY Growth 11.1% (9.9% net of one-time fee)[#].
- EBITDA at Rs. 2,645 mn (US\$ 32.0 mn) i.e.15.7% (14.7% margin net of one-time fee)[#] as against 13.7% during last year. YoY increase of 27.0%[#].
- Net profit after taxes at Rs. 1,401 mn (US\$ 17.0 mn).
- Continue to add new logos with traction in large deal wins.

Highlights for the quarter ended December 31, 2023

- Revenue Rs. 4,163 mn (US\$ 50.0 mn); YoY Growth of 4.2%.
- EBITDA Rs. 643 mn (US\$ 7.7 mn) i.e.15.4% margin as against 14.9% for Q4 2022; YoY increase of 7.7%.
- Net profit after taxes Rs. 459 mn (US\$ 5.5 mn).

Nitesh Bansal, Managing Director, and CEO stated, “CY 2023 was a transformation year for R Systems to become a Blackstone portfolio company followed by industry vertical and horizontal alignment of delivery and sales operations to deliver successful digital transformation for our marquee customers. We are seeing early signs of these changes bringing us positive traction on large deals, with few wins already during last year, along with building robust sales funnel for large deals to deliver profitable growth in CY 2024”.

He added, “The Company expanded the management bandwidth with the induction of Chief Customer Officer, among others and continued our investment in sales and building competencies around new technologies. The Company has set up a centre of excellence on applied AI for sustainable systems in partnership with IIT Delhi. I am delighted to share that our Company has been certified as a Great Place To Work® in the countries where we have permanent employees – this includes India, USA, Romania, Poland and Singapore”.

Nand Sardana, CFO said, “Macro-economic situation has impacted the revenue growth over the year, but the Company has been able to expand the sustainable operating margins through efficient operations and cost optimization. We are committed to resilient, agile, and efficient ways of working to continue our margin expansion program”.



Key Deal Wins

A globally recognized climate technologies powerhouse based in USA has engaged R Systems in migrating their legacy application to Azure along with rearchitecting & modernizing it using Cloud-native services.

A large government agency serving the healthcare needs of American citizens has awarded R Systems a project to provide technical expertise for systems involved in provider payments.

A leading commercial and industrial building contractor in North America has chosen R Systems to provide a comprehensive digital support service along with mobile app development.

A US-based multifamily asset management company has engaged R Systems to provide services in data engineering along with evaluation & recommendation for next-gen toolsets needed to process large volumes of data.

A Thailand based biomass energy producer has awarded R Systems to implement Microsoft Dynamics Cloud based ERP (Business Central) to automate and integrate their key business processes.

Liquidity and Shareholder Funds

Cash and bank balances, net of short-term borrowing and amount set aside for dividend as of December 31, 2023, were Rs. 1,338 mn compared to Rs. 2,704 mn as of December 31, 2022. Total equity attributable to shareholders as of December 31, 2023, was Rs. 6,114 mn compared to Rs. 5,455 mn as of December 31, 2022.

[#] One-time build-operate-transfer (BOT) fee of Rs. 193 mn (US\$ 2.3 mn) from Knowledge Service (KS) Client augmented the growth.

Financial Performance

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

(As per Ind AS)

(Rs. in mn, except per share data)

Sr. No.	Particulars	Quarter Ended December 31,		Quarter Ended September 30, 2023
		2023	2022	
1	Income			
(a)	Revenue from operations	4,163.20	3,995.05	4,573.47
(b)	Other income	17.73	21.17	1.27
	Total income	4,180.93	4,016.22	4,574.74
2	Expenses			
(a)	Employee benefits expense	2,840.52	2,682.98	2,892.50
(b)	Finance costs	28.94	16.04	27.65
(c)	Depreciation and amortisation expense	169.20	97.89	172.44
(d)	Other expenses	694.32	739.37	857.97
	Total expenses	3,732.98	3,536.28	3,950.56
3	Profit before tax and Share in Profit / (Loss) of Associate (1-2)	447.95	479.94	624.18
4	Share of net profit / (loss) of associates accounted for using the equity method	(3.03)	-	(2.01)
5	Profit before tax (3+4)	444.92	479.94	622.17
6	Tax expense			
(a)	Current tax ^	(1.80)	108.88	200.06
(b)	Deferred tax	(11.99)	(42.75)	(17.64)
	Total tax expense / (credit)	(13.79)	66.13	182.42
7	Net profit for the period (5-6)	458.71	413.81	439.75
8	Earnings per share (not annualised) (Equity share of par value of Re. 1/- each)			
	Basic and diluted	3.88	3.50	3.72

^ Q4 2023 includes Rs. 114.46 million 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 Year Ended December 31, 2023

(As per Ind AS)

(Rs. in mn, except per share data)

Sr. No.	Particulars	Year Ended December 31,	
		2023	2022
1	Income		
(a)	Revenue from operations	16,845.18	15,158.31
(b)	Other income	115.33	102.89
	Total income	16,960.51	15,261.20
2	Expenses		
(a)	Employee benefits expense	11,335.35	10,194.05
(b)	Finance costs	89.50	48.98
(c)	Depreciation and amortisation expense	544.04	349.78
(d)	Other expenses	2,986.36	2,966.82
	Total expenses	14,955.25	13,559.63
3	Profit before tax and Share in Profit / (Loss) of Associate (1-2)	2,005.26	1,701.57
4	Share of net profit / (loss) of associates accounted for using the equity method	(5.04)	-
5	Profit before tax (3+4)	2,000.22	1,701.57
6	Tax expense		
(a)	Current tax ^	613.59	387.19
(b)	Deferred tax credit	(14.43)	(82.43)
	Total tax expense	599.16	304.76
7	Net profit for the period (5-6)	1,401.06	1,396.81
8	Earnings per share (Equity share of par value of Re. 1/- each)		
	Basic and diluted	11.84	11.81

^ includes Rs. 86.09 million provisions for tax on dividend received from wholly owned subsidiary during the year 2023.

Financial Performance

Consolidated Profit & Loss Statement for the Quarter Ended December 31, 2023 (Contribution Analysis Format – Non-GAAP)

(Figures in mn)

Particulars	Q4 2023		Q4 2022		Q3 2023	
	INR	US\$	INR	US\$	INR	US\$
Revenues	4,163.20	50.00	3,995.05	48.66	4,573.47	55.34
Cost of revenues	2,749.39	33.03	2,582.59	31.45	2,822.41	34.14
Gross margin	1,413.81	16.97	1,412.46	17.21	1,751.06	21.20
	33.96%		35.36%		38.29%	
SG & A Expenses	771.08	9.25	815.84	9.91	891.99	10.80
	18.52%		20.42%		19.50%	
EBITDA	642.73	7.72	596.62	7.30	859.07	10.40
	15.44%		14.93%		18.78%	
Depreciation and amortization	169.20	2.04	97.89	1.20	172.44	2.09
EBIT before non-recurring cost	473.53	5.68	498.73	6.10	686.63	8.31
Non-Recurring cost [#]	11.93	0.14	-	-	36.46	0.44
EBIT	461.60	5.54	498.73	6.10	650.17	7.87
Interest expense	(28.94)	(0.35)	(16.04)	(0.20)	(27.65)	(0.33)
Other income (net)	15.29	0.18	(2.75)	(0.04)	1.66	0.02
Income before income tax and share of profit / (loss) in associates	447.95	5.37	479.94	5.86	624.18	7.56
Share of net profit / (loss) of associates accounted for using the equity method	(3.03)	(0.04)	-	-	(2.01)	(0.03)
Income before income tax	444.92	5.33	479.94	5.86	622.17	7.53
Tax expense / (credit) [^]	(13.79)	(0.19)	66.13	0.79	182.42	2.21
Net earnings	458.71	5.52	413.81	5.07	439.75	5.32

Non-recurring cost represents:

For Q4 2023, professional fee paid w.r.t. acquisition of Scaleworx and charges paid to Noida Authority for change in constitution of the Company.

For Q3 2023, professional fee paid w.r.t. acquisition of Velotio and charges paid to Noida Authority due to change in shareholding of the Company.

[^] Q4 2023 includes Rs. 114.46 million 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 Year Ended December 31, 2023

(Contribution Analysis Format – Non-GAAP)

(FIGURES IN MN)

Particulars	Year 2023		Year 2022	
	INR	US\$	INR	US\$
Revenues	16,845.18	204.01	15,158.31	193.17
Cost of revenues	10,904.40	132.06	9,834.81	125.33
Gross margin	5,940.78	71.95	5,323.50	67.84
SG & A Expenses	35.27% 3,295.79	39.91	35.12% 3,240.55	41.30
	19.57%		21.38%	
EBITDA	2,644.99	32.04	2,082.95	26.54
Depreciation and amortization	15.70% 544.04	6.59	13.74% 349.78	4.46
EBIT before non-recurring cost	2,100.95	25.45	1,733.17	22.08
Non-Recurring cost [#]	118.73	1.44	-	-
EBIT	1,982.22	24.01	1,733.17	22.08
Interest expense	(89.50)	(1.08)	(48.98)	(0.62)
Other income (net)	112.54	1.36	17.38	0.22
Income before income tax and share of profit / (loss) in associates	2,005.26	24.29	1,701.57	21.68
Share of net profit / (loss) of associates accounted for using the equity method	(5.04)	(0.06)	-	-
Income before income tax	2,000.22	24.23	1,701.57	21.68
Tax expense [^]	599.16	7.26	304.76	3.88
Net earnings	1,401.06	16.97	1,396.81	17.80

Non-recurring Cost for year 2023 represents professional fee paid w.r.t. acquisition of Velotio, acquisition of Scaleworx, charges paid to Noida Authority for change in shareholding and constitution of the Company, recruitment fee paid for hiring of new CEO and one time joining fee paid to CEO.

[^] Tax expense includes Rs. 86.09 million during year 2023 provision for tax on dividend received from wholly owned subsidiary.

Financial Performance

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

		(Rs. in million)	
Particulars		As at December 31, 2023	As at December 31, 2022
		(Audited)	(Audited)
ASSETS			
A.	Non-current assets		
	(a) Property, plant and equipment	607.41	705.95
	(b) Capital work in progress	1.64	25.38
	(c) Investment property	15.96	17.43
	(d) Right-of-use assets	628.55	692.40
	(e) Goodwill	2,836.58	108.62
	(f) Other intangible assets	2,181.20	31.39
	(g) Financial assets		
	(i) Investment	0.03	0.03
	(ii) Other financial assets	115.14	65.57
	(h) Deferred tax assets (net)	313.44	219.87
	(i) Non-current tax assets (net)	58.12	53.46
	(j) Other non-current assets	126.59	108.91
	Total non-current assets (A)	6,884.66	2,029.01
B.	Current assets		
	(a) Financial assets		
	(i) Investments	-	138.65
	(ii) Trade receivables	2,503.99	2,570.88
	(iii) Cash and cash equivalents	1,573.50	2,062.30
	(iv) Bank balances other than cash and cash equivalents	943.69	242.90
	(v) Other financial assets	805.52	911.08
	(b) Other current assets	435.06	375.67
	Total current assets (B)	6,261.76	6,301.48
	Total assets (A+B)	13,146.42	8,330.49
EQUITY AND LIABILITIES			
A.	Equity		
	(a) Equity share capital	118.31	118.31
	(b) Other equity	5,996.06	5,336.39
	(c) Non controlling interests (refer to Note 6)	2,407.00	-
	Total equity (A)	8,521.37	5,454.70
	Liabilities		
B.	Non-current liabilities		
	(a) Financial liabilities		
	(i) Borrowings	16.94	13.23
	(ii) Lease liabilities	631.14	666.11
	(iii) Other financial liabilities	12.01	8.76
	(b) Provisions	282.00	207.95
	Total non-current liabilities (B)	942.09	896.05
C.	Current liabilities		
	(a) Financial liabilities		
	(i) Borrowings	562.24	7.21
	(ii) Lease liabilities	101.45	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	370.76	355.87
	(iv) Other financial liabilities	1,535.15	588.72
	(b) Other current liabilities	634.21	589.38
	(c) Provisions	342.15	303.70
	(d) Current tax liabilities (net)	137.00	50.17
	Total current liabilities (C)	3,682.96	1,979.74
	Total liabilities (B+C)	4,625.05	2,875.79
	Total equity and liabilities (A+B+C)	13,146.42	8,330.49



Consolidated Operational Data (Un-audited)

Profitability in Percentage	Quarter ended			Year ended	
	Dec 31, 2023	Dec 31, 2022	Sep 30, 2023	Dec 31, 2023	Dec 31, 2022
Revenues	100.00	100.00	100.00	100.00	100.00
Gross margin	33.96	35.36	38.29	35.27	35.12
SG & A	18.52	20.42	19.50	19.57	21.38
EBITDA #	15.44	14.93	18.78	15.70	13.74
EBIT #	11.37	12.48	15.01	12.47	11.43
EAT	11.02	10.36	9.62	8.32	9.21

Before non-recurring cost.

Revenue from Top 10 Clients	Quarter ended			Year ended	
	Dec 31, 2023	Dec 31, 2022	Sep 30, 2023	Dec 31, 2023	Dec 31, 2022
Top 10 Clients	22.30%	23.93%	25.75%	23.70%	22.81%
Top 5 Clients	15.35%	16.45%	19.17%	16.87%	15.25%
Top 3 Clients	11.86%	12.66%	15.18%	12.73%	11.59%
Largest Client	6.24%	6.87%	6.54%	6.55%	6.66%

Revenues by Geographies	Quarter ended			Year ended	
	Dec 31, 2023	Dec 31, 2022	Sep 30, 2023	Dec 31, 2023	Dec 31, 2022
North America	73.75%	75.15%	74.74%	73.99%	74.20%
Europe	9.96%	9.30%	9.44%	10.05%	10.39%
Southeast Asia	12.96%	13.03%	12.51%	12.78%	12.54%
India	1.95%	1.28%	2.09%	1.88%	1.88%
Others	1.38%	1.24%	1.22%	1.30%	0.99%
Total	100.00%	100.00%	100.00%	100.00%	100.00%

Utilization (including trainees)	Quarter ended		
	Dec 31, 2023	Dec 31, 2022	Sep 30, 2023
Onsite	96.21%	95.30%	97.20%
Offshore	76.16%	73.18%	75.90%
Blended	79.11%	76.31%	78.69%



Consolidated Operational Data (Un-audited)

Human resources	As at		
	Dec 31, 2023	Dec 31, 2022	Sep 30, 2023
Technical	3,643	3,874	3,740
Software services			
Onsite	539	558	536
Offshore	2,436	2,417	2,550
KS #			
Offshore	644	866	628
Trainees	24	33	26
Support	548	546	557
Total count	4,191	4,420	4,297

(Rs. in mn, except DSO)

Key Balance Sheet Data	As at	
	Dec 31, 2023	Dec 31, 2022
Receivable including unbilled	3,222.94	3,277.25
Receivable in days (“DSO”) including unbilled	62	58
Cash and bank balance #	1,338.32	2,703.62
Total equity attributable to shareholders	6,114.37	5,454.70

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

Development/Service Centres Location	As on Dec 31, 2023	
	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, 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	292,228	4,007



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 4,100+ 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, 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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