



Q1 CY 2024 Investor Presentation

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Disclaimer

“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.”

Agenda

We plan to discuss...



Key Highlights



Building for the Future



Financials Trend



Key Wins



Operating Metrics



Summing Up Looking Ahead

Key Highlights Q1 2024



Revenue

₹ 4,166M

(US\$ 50.2M)



YoY Revenue Growth

3.1%

YoY Adj. EBITDA Growth

10.4%



Net Profit

₹ 275M

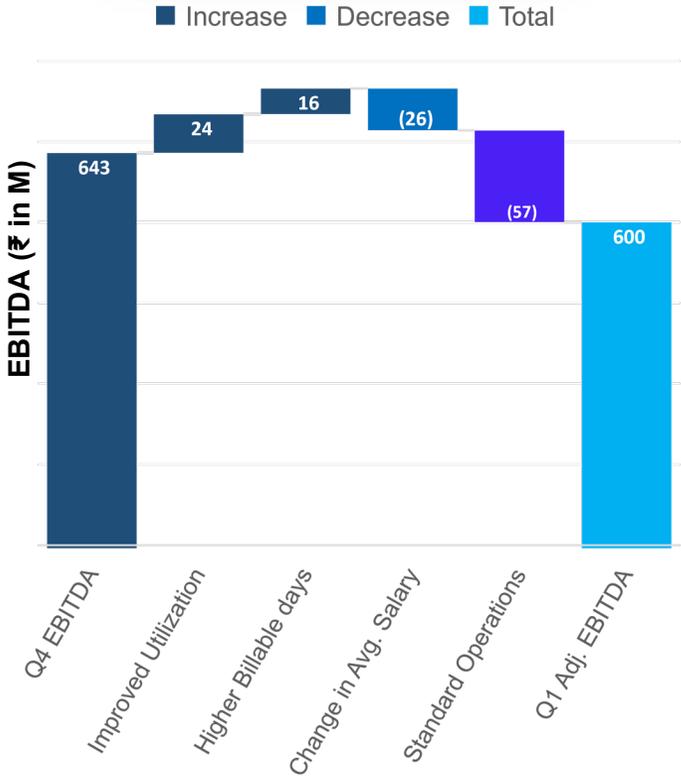
(US\$ 3.3M)

Adj. EBITDA : ₹600M (US\$ 7.2M)



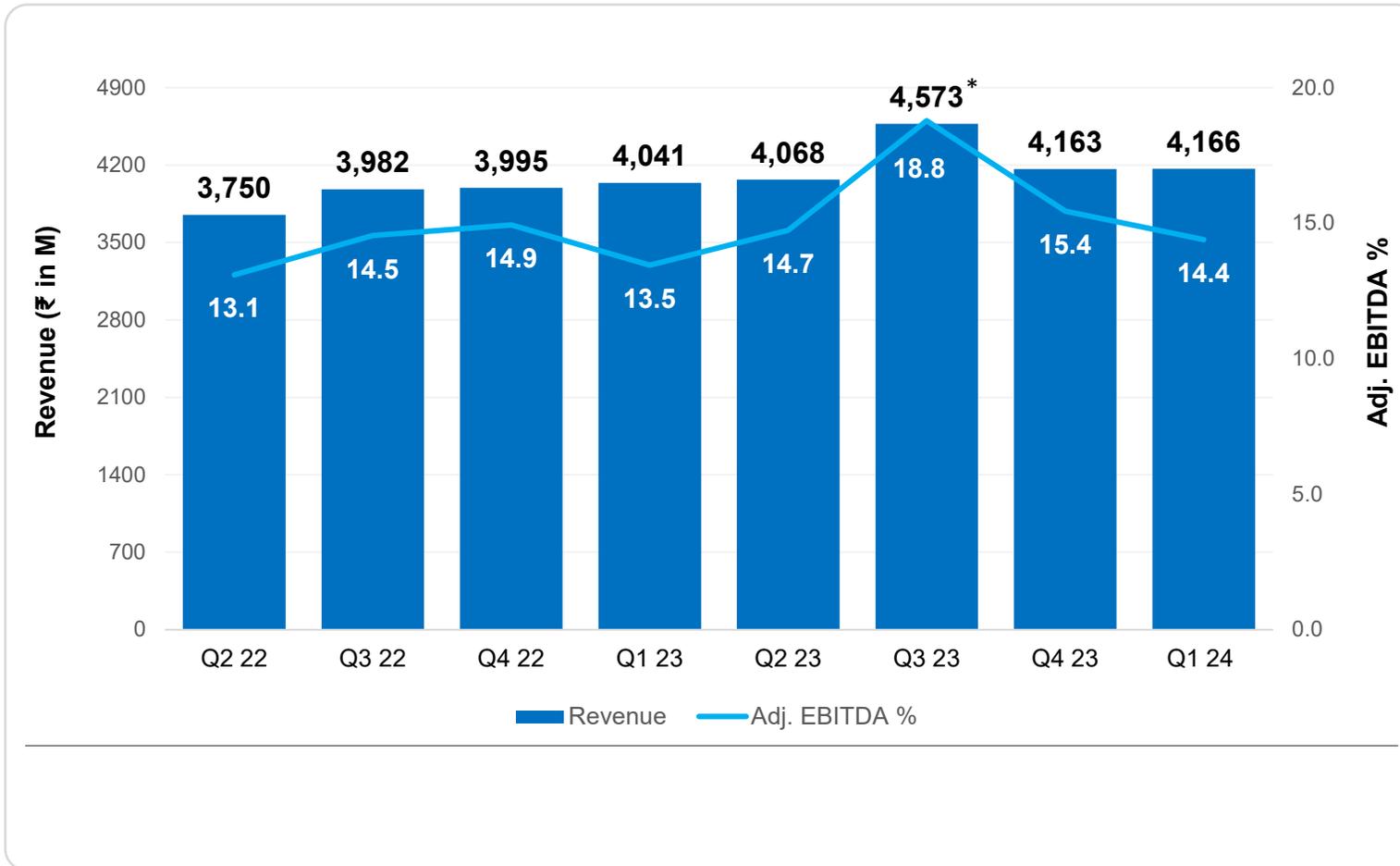
* Before considering share-based payment expense amounting to Rs. 65 mn relating to restricted stock units (“RSUs”) granted to the employees. After such expenses, the EBITDA for Q1-24 is Rs. 535 mn (US\$ 6.4 mn) i.e. 12.8% of revenue.

Adj. EBITDA Bridge



Financials Trend - Revenue & Adj. EBITDA %age – 8 Qtr.

The 8 Quarter trend of Revenue build up in INR and corresponding Adj. EBITDA percentage



Revenue CQGR 1.5%

The Company crossed quarterly run rate of ₹ 4,000 M and has grown at a CQGR Of 1.5% over last 8 quarters

₹ 4,166 M
↑
₹ 3,750 M

Adj. EBITDA CQGR 2.9%

The Company has delivered CQGR of 2.9% Adj. EBITDA growth over last 8 quarters compared to 1.5% revenue CQGR over the same period

₹ 600 M
↑
₹ 491 M

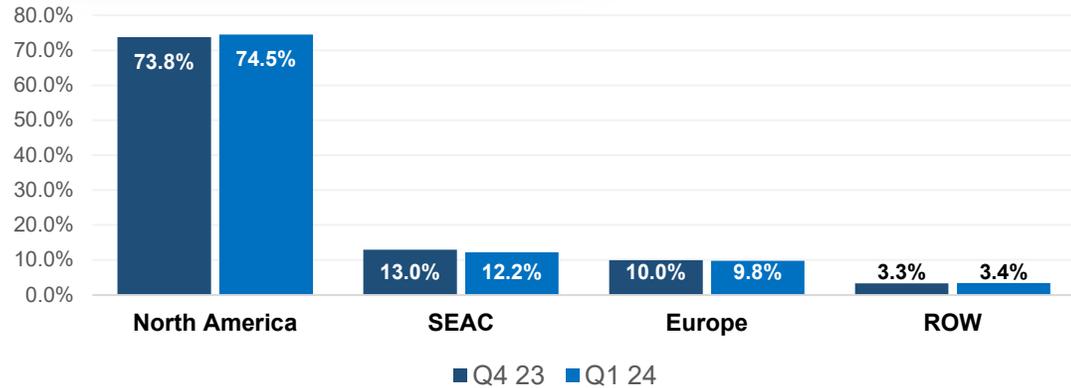
Quality of Revenue

Focused approach begins to bear fruits with green shoots in form of winning deals focused on Cloud, Data & AI

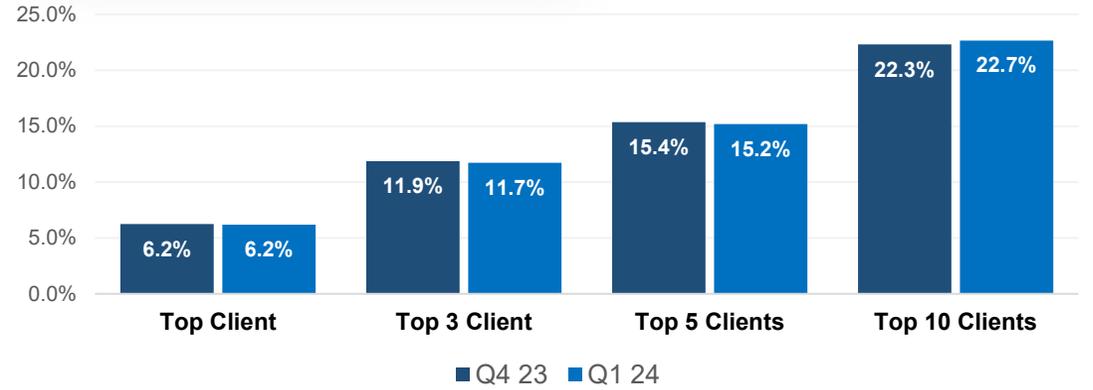
*Excluding one time BOT Fee for a Knowledge Service Customer, Revenue will be ₹ 4,380 mn (US\$ 53.0 mn) with 15.2% EBITDA.

Operations Metrics

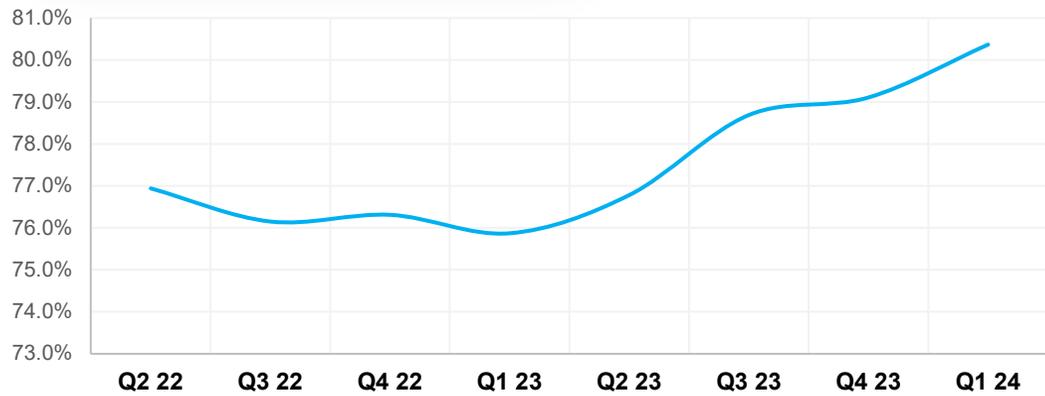
Revenue by Geography (%)



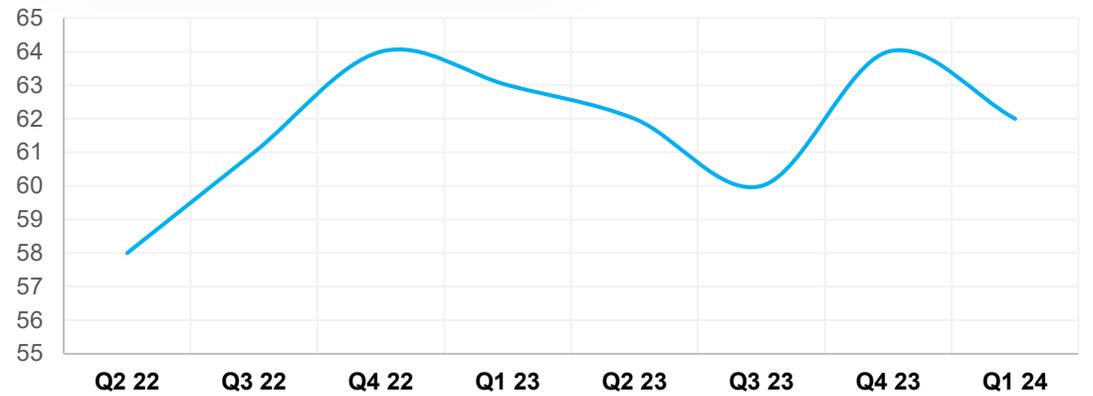
Client Concentration (%)



Utilization (%)



DSO (Days)



Building for the future



Go to Market

- Sales and delivery organization has been reorganized on vertical lines to create a sharper focus on target industries where we have developed differentiated capabilities over the years
- Focused account management has been initiated for key accounts under leadership of our new CCO – Arun who has joined in January this year



Offerings & Positioning

- Offering & solutions rolled out on cloud platforms related to Gen AI for smart manufacturing and AI for automation
- We have been rated as “major contender” in the Everest Peak Matrix for Software Product Engineering Services



Partnerships

- Investing in partnerships and events to showcase our expertise in AI-powered intelligent integration and automation
- Increased traction with both Microsoft and AWS with 4 solutions registered on AWS marketplace and joint opportunities together with Microsoft in APAC



Leadership

- Chief Marketing Officer (CMO) – Sanjay Sahay joined in April - will bring marketing focus and help elevate our brand

Key Wins Q1 2024

- 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.

Summing Up And Looking Head



Focused account management beginning to shows results with increased client traction and pipeline generation through proactive proposals

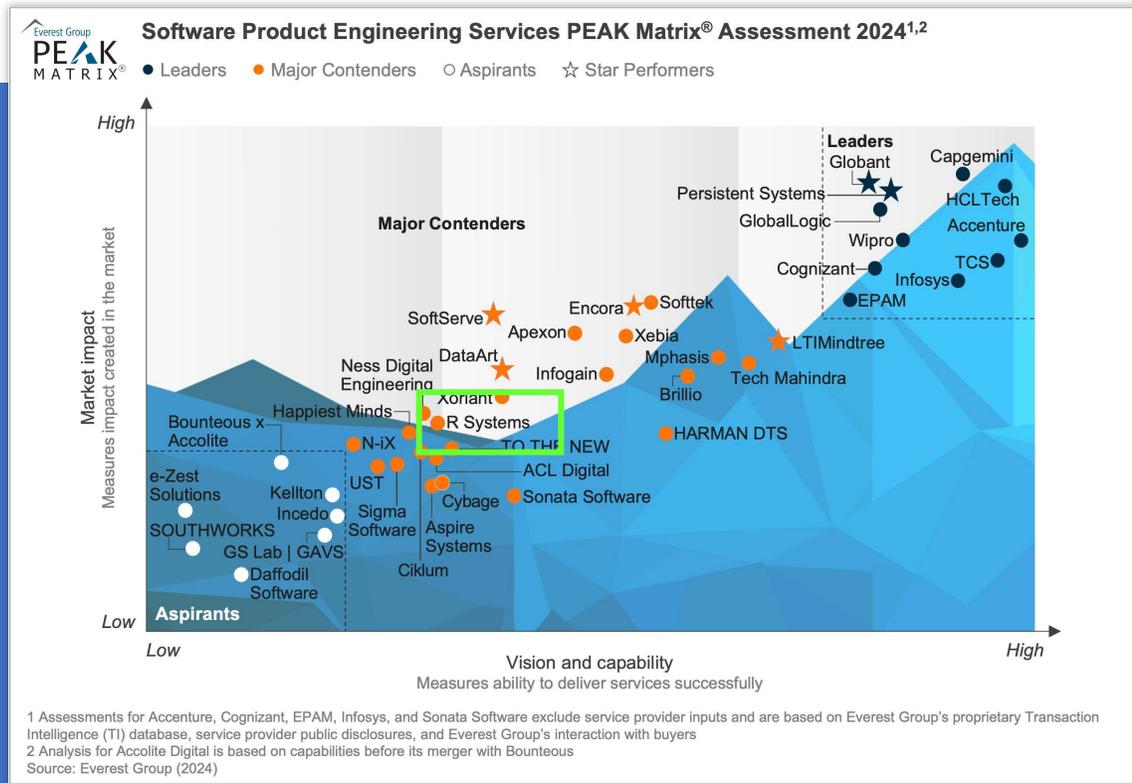


We have signed a strategic partnership with IIT Delhi to create a joint COE for research towards Applied AI and Sustainable solutions

Trends shaping in 2024

- There is increased focus on India as offshoring destination, with clients choosing options like setting up Captives, partnering with Service Providers and quite often both.
- Gen AI will get embedded in the software lifecycle, changing the way we develop software – we have rolled out co-pilot trainings and licenses to our workforce
- While there are sectoral nuances with some evergreen sectors like TMT or BFS being slow, our balanced portfolio across verticals continues to keep us resilient
- We are optimistic of the market sentiment improving in second half of calendar year

Recognition



R Systems have been rated as “Major Contenders” in Software Product Engineering Services Everest PEAK Matrix® Assessment 2024

Key strengths

-  Balanced portfolio across buyer sizes as well as geographies
-  Strong Partner Ecosystem comprising Hyperscalers, data engineering partners & enterprise technology providers
-  Dedicated services for private equity firms and willingness to engage in emerging deal constructs
-  Client appreciation feedback for its technical expertise, effective project management practices & proactiveness in pitching innovative solutions

Everest Group PEAK Matrix® is a proprietary framework for assessment of market impact and vision & capability

- Measure Market impact through sub dimension as Market adoption, portfolio mix across geographies & types of engagement & Value delivered to client base
- Measure ability to deliver services successfully – through Vision for the client and itself; future roadmap and strategy, Depth and breadth of services portfolio across service, Innovation and investment in the enabling areas, e.g., technology IP, industry/domain etc. and Delivery footprint and global sourcing mix.



Annexure

Financial Performance – Contribution Analysis – Q1 2024

Q1 2024

Q4 2023

Q1 2023

Particulars	₹ in M	US\$ in M	₹ in M	US\$ in M	₹ in M	US\$ in M
Revenues	4,166.4	50.2	4,163.2	50.0	4,040.7	49.2
Cost of revenues	2,761.7	33.3	2,749.4	33.0	2,681.9	32.7
Gross margin	1,404.7	16.9	1,413.8	17.0	1,358.8	16.5
<i>% of Revenue</i>	33.7%		34.0%		33.6%	
SG&A Expenses	804.9	9.7	771.1	9.3	815.4	9.9
<i>% of Revenue</i>	19.3%		18.5%		20.2%	
Adj. EBITDA	599.8	7.2	642.7	7.7	543.4	6.6
<i>% of Revenue</i>	14.4%		15.4%		13.5%	
Cost of RSUs	64.7	0.8	-	-	-	-
EBITDA	535.1	6.4	642.7	7.7	543.4	6.6
<i>% of Revenue</i>	12.8%		15.4%		13.5%	
Depreciation and amortization *	165.6	2.0	169.2	2.0	101.2	1.2
EBIT before non-recurring cost	369.5	4.4	473.5	5.7	442.2	5.4
Non-recurring Cost #	-	-	11.9	0.1	-	-
EBIT	369.5	4.4	461.6	5.6	442.2	5.4
Interest expense	(28.4)	(0.3)	(29.0)	(0.4)	(16.0)	(0.2)
Other income (net)	22.7	0.3	15.3	0.2	51.8	0.6
Income before share in associates	363.8	4.4	447.9	5.4	478.0	5.8
Share in associates	-	-	(3.0)	(0.1)	-	-
Income before income tax	363.8	4.4	444.9	5.3	478.0	5.8
Tax expense ^	88.9	1.1	(13.8)	(0.2)	119.6	1.4
Net Earnings	274.9	3.3	458.7	5.5	358.4	4.4

* Depreciation and amortization expense includes INR 62.3 mn for Q1-24 (INR 61.1 for Q4-23) 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 includes Rs. 114.5 mn reversal of tax provisions related to dividend received from subsidiary, pursuant to declaration of the interim dividend by the Company.





**THANK
YOU**