



# R SYSTEMS INTERNATIONAL LIMITED

Corporate Identity Number : L74899DL1993PLC053579  
[CMMI Level 5, PCMM Level 5, ISO 9001:2015 & ISO 27001:2013 Company]  
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REF: SECT/11/2023/12

DATE: NOVEMBER 08, 2023

To, The Managing Director <b>National Stock Exchange of India Limited</b> Exchange Plaza, Bandra Kurla Complex, Bandra – East, Mumbai – 400 051  NSE Symbol – RSYSTEMS	To, The General Manager <b>BSE Limited</b> Corporate Relationship Dept. Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001  BSE Scrip Code - 532735
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Dear Sir/ Madam,

**SUB: SUBMISSION OF PRESENTATION MADE TO ANALYSTS/ INVESTORS**

This is with reference to our letter reference No. SECT/11/2023/03 dated November 03, 2023 regarding Investors/ Analysts call of R Systems International Limited (“the Company”) on Wednesday, November 08, 2023.

In this regard, as per Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed presentation made to Analysts/ Investors on November 08, 2023 on the financial results for the quarter and nine months ended on September 30, 2023.

This is for your information and records.

Thanking you,

Yours faithfully,

**For R Systems International Limited**

Bhasker Dubey  
(Company Secretary & Compliance Officer)



# Q3 2023 Investor Presentation

By : Nitesh Bansal (CEO & MD)

# 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."



# Engineering Services Market

## We play in 3 out of 4 key segments

### ER&D services market consists of 4 major segments

ER&D services include preparation, design and consulting work to support engineering projects undertaken by enterprises

#### Mechanical Engineering

Design and development of physical products such as cars, aircraft, medical devices and consumer electronics

#### Embedded Engineering

Design and development of embedded systems that reside inside devices such as mobile phones & wearables

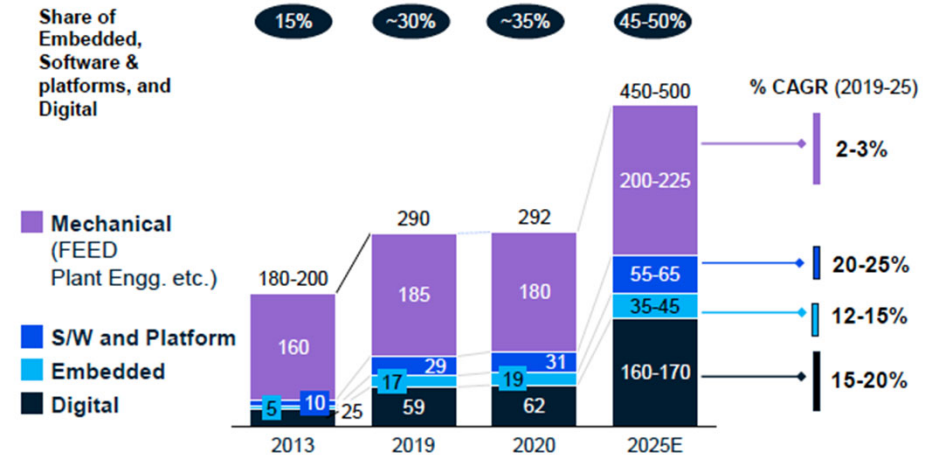
#### Software Product Engineering

Design, development, product management of software PDLC for ISVs and internet companies

#### Digital Engineering

Design & development of digital infrastructure (IoT, AR/VR, AI, etc.) for use-cases such as industry 4.0

## Global Outsourced engineering services spend (USD billion)



- The Global outsourced engineering services spend is slated to become \$450-500 B
- The SW, Platform, Embedded and Digital Engineering is slated to grow at a faster pace than Mechanical Engineering

# We are well poised to take advantage of current trends



## Demand and supply-side trends shaping the engineering services market

Deep dives ahead

### Demand-side

We have a mature Embedded and Digital engineering practice and are continuing to deepen our footprint and are helping us address that market along with our CX practice  
**Ex. Mixing live feeds from video, audio sources for a Media broadcasting software provider**

IOT and Servitization have seen a lot of traction and our years of experience is helping us address that market along with our CX practice  
**Ex. Large affordable hotel chain in NA**

With our existing footprint in CE and APAC we are well poised to take advantage of this trend  
**Ex. Utility provider in CE**

1. **Embedded, software & platforms, and digital engineering to be key growth drivers of the outsourced engineering services market (50% share by 2025)**

2. **Industry 4.0, 5G and rise of ecosystems, CX, sustainability and servitization ("as-a-service" model) to be the key themes driving spend**

3. Demand in APAC likely to outstrip demand in Europe by 2025 given the product engineering focus (SW, embedded and digital engineering) of firms in the region

### Supply-side

4. **Pure play digital product engineering players have witnessed highest growth in the market – Leaders winning on the back of deep expertise, experience and delivery capability within a few areas**

5. **As engineering services largely consists of short one-time project, companies are evolving commercial models to address the "lumpiness" of the revenue model**

6. **Top players (both pure-play and SIs) have followed a programmatic M&A strategy to consolidate their share from 0.9% in 2016 to 1.2% in 2018 to 1.5%+ in 2022 (of global ER&D spend) through large acquisitions**

# Key Highlights Q3 2023



Revenue\*

₹ 4,573M  
(US\$ 55.3M)



YoY Revenue\*  
Growth

14.84%  
(10% net of one-time  
fee)

YoY EBITDA\*  
Growth

48.36%  
(15% net of one-time  
fee)



Net Profit

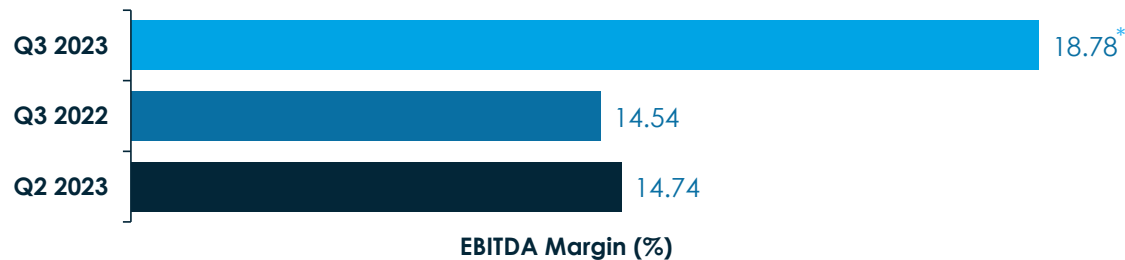
₹ 440M  
(US\$ 5.3M)



Earnings  
Per Share

₹ 3.72

**EBITDA : ₹859M (US\$ 10.4M)**



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

## Key Balance Sheet

As of Sep 30, 2023	In ₹	In US\$
Equity attributable to shareholders	₹ 6,394M	US\$ 77.0M
Cash Balance #	₹ 1,622M	US\$ 19.5M

# Net of short-term borrowings

# Key Highlights Jan-Sep 2023



Revenue\*

₹ 12,682M  
(US\$ 154.0M)



YoY Revenue\*  
Growth

13.60%  
(11.9% net of one-time  
fee)



Net Profit

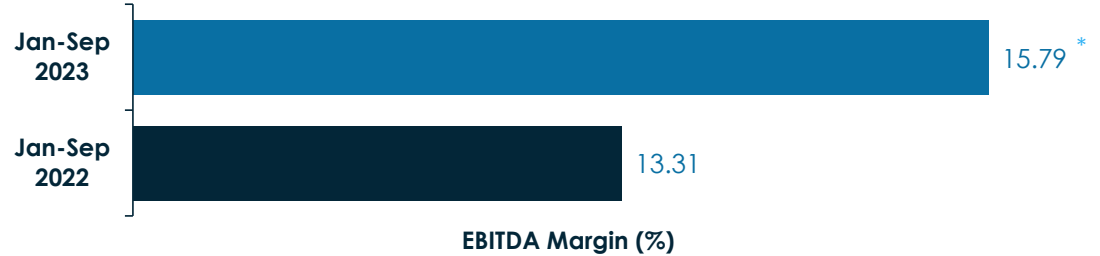
₹ 942M  
(US\$ 11.4M)



Earnings  
Per Share

₹ 7.97

**EBITDA : ₹2,002M (US\$ 24.3M)**



\* Excluding one time BOT Fee for a Knowledge Service Customer, Revenue will be ₹ 12,489 mn (US\$ 151.7 mn) with 14.5% EBITDA

## Key Highlights (Continued...)

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- Market continues to be challenging with continued headwinds from customers.

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- Deepening our engagement with customers and helping them with their immediate priorities of reducing cost of product development and leveraging Cloud, Data and AI to differentiate themselves.

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- Served 51 customers with US\$1 Million+ revenue on a run rate basis.

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- Velotio has been both growth and margin accretive. Moving in right direction to integrate Velotio with larger R Systems to accelerate growth through cross-sell and up-sell.

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- Strategic realignment of our Go to Market with focus on key verticals to become more relevant to customers leveraging specialized offerings on Cloud, Data, Experience, Embedded Systems, Automation and AI.

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- Committed to preserve the margins through efficient operations.



# Financial Performance –Contribution Analysis – Q3 2023

● ————— **Q3 2023** ————— ●     
 ● ————— **Q3 2022** ————— ●     
 ● ————— **Q2 2023** ————— ●

Particulars	₹ in M	US\$ in M	₹ in M	US\$ in M	₹ in M	US\$ in M
<b>Revenues</b>	4,573.47	55.34	3,982.39	50.08	4,067.80	49.51
<b>Cost of revenues</b>	2,822.41	34.14	2,533.76	31.83	2,650.73	32.26
<b>Gross margin</b>	1,751.06	21.20	1,448.63	18.25	1,417.07	17.25
<i>% of Revenue</i>	38.29%		36.38%		34.84%	
<b>SG&amp;A Expenses</b>	891.99	10.80	869.59	10.94	817.28	9.95
<i>% of Revenue</i>	19.50%		21.84%		20.09%	
<b>EBITDA</b>	859.07	10.40	579.04	7.31	599.79	7.30
<i>% of Revenue</i>	18.78%		14.54%		14.74%	
<b>Depreciation and amortization</b>	172.44	2.09	87.21	1.10	101.16	1.23
<b>EBIT before non-recurring cost</b>	686.63	8.31	491.83	6.21	498.63	6.07
<b>Non-recurring Cost #</b>	36.46	0.44	-	-	70.34	0.86
<b>EBIT</b>	650.17	7.87	491.83	6.21	428.29	5.21
<b>Interest expense</b>	(27.65)	(0.33)	(11.48)	(0.14)	(16.96)	(0.20)
<b>Other income (net)</b>	1.66	0.02	(25.73)	(0.34)	43.80	0.53
<b>Income before income tax and share of profit / (loss) in associates</b>	624.18	7.56	454.62	5.73	455.13	5.54
<b>Share of net profit/ (loss) of associates accounted for using the equity method</b>	(2.01)	(0.03)	-	-	-	-
<b>Income before income tax</b>	622.17	7.53	454.62	5.73	455.13	5.54
<b>Tax expense ^</b>	182.42	2.21	86.72	1.09	310.88	3.78
<b>Net earnings</b>	<b>439.75</b>	<b>5.32</b>	<b>367.90</b>	<b>4.64</b>	<b>144.25</b>	<b>1.76</b>

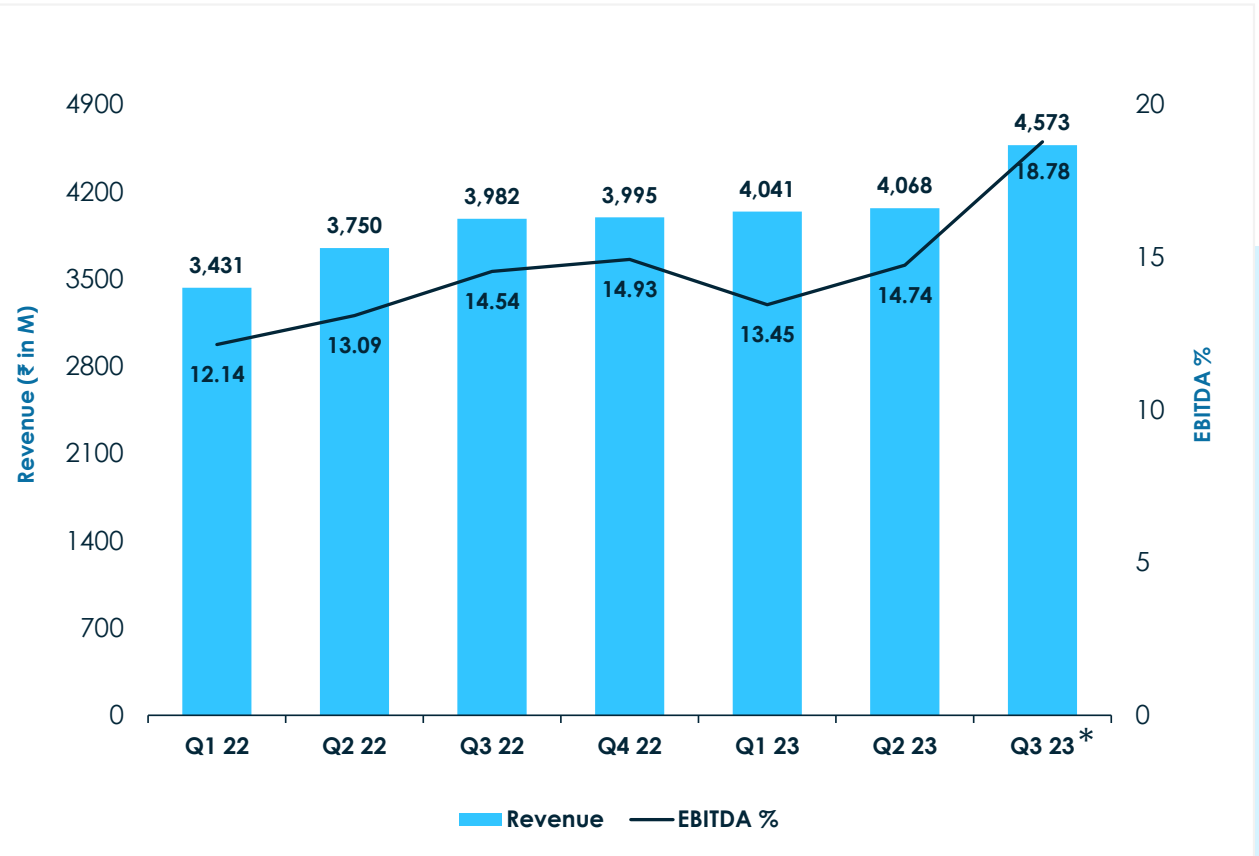
# Non Recurring cost represents :

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.

For Q2 2023, recruitment fee paid for hiring of new CEO and one time joining fee paid to CEO.

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

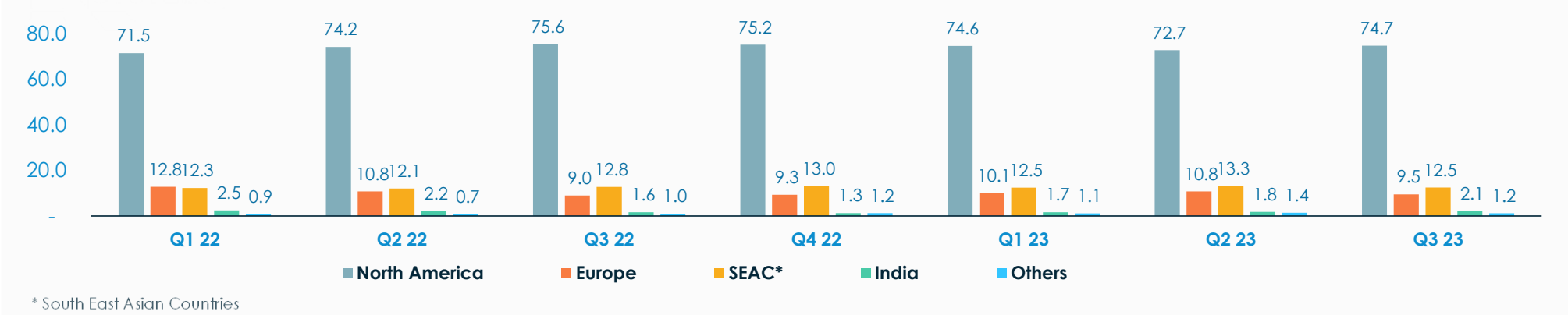
# Big Picture – Revenue & EBITDA %age – Quarter wise



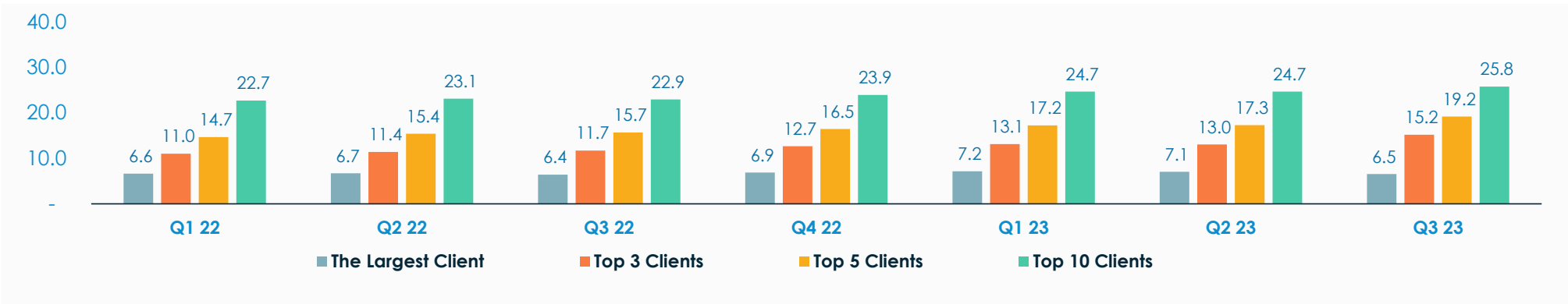
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# Quarterly Revenue Breakdown

By Geography (%) – based on location of customer



Client Concentration (Revenue %)



# Summing Up and Looking Ahead



Q3 2023 has been an exciting quarter, with large deal wins and successful initiation of GTM alignment based on industry verticals.



As customers face headwinds, we deepen our relationships through better relationship management (farming) and sharper offerings addressing their immediate needs with adopting Cloud, Data, Automation and AI.



## Developing new success stories – Jul -Sep 2023

- Strategic partnership with a Global leader in Access Control systems.
- A leading provider of Digital Marketing services has engaged us to build the frontend, backend and integrate Generative AI capabilities in the platform.
- A US based precision engineering company is leveraging our expertise to gain insights through data using Power BI and Snowflake.
- A leader in power generation and distribution in Europe has partnered with us to significantly reduce the complexity of new customer identification, validation and onboarding leveraging a suite of digital technologies.



# Thank You

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