



R Systems International Limited

NEXT-GEN DIGITAL EVOLUTION

ANNUAL
REPORT
2021



At R Systems, we are enabling organisations to bring digital transformations to market faster, do more with existing resources, create dramatically reimagined experiences, and reduce tech development costs. We are positioned to create tangible value in positive demand environment.

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Corporate Overview



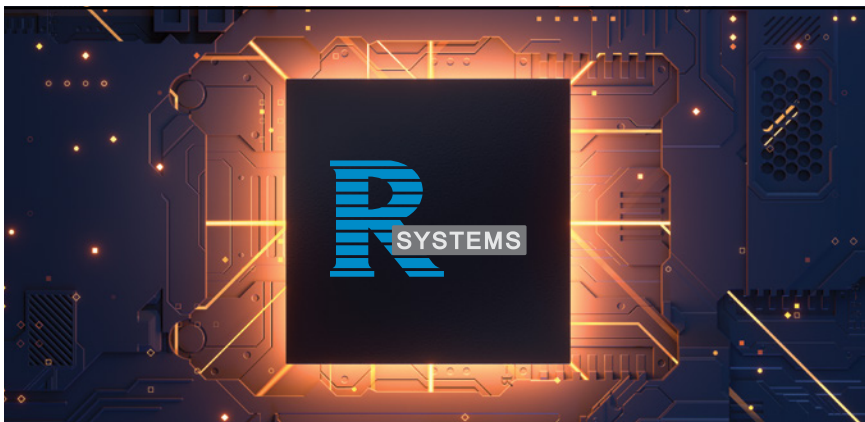
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Forward-Looking Statement

This document contains statements about expected future events, financial and operating results of R Systems International Limited, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is a significant risk that the assumptions, predictions and other forward-looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed or implied in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in R Systems International Limited Annual Report 2021.

NEXT-GEN DIGITAL EVOLUTION

Fast-paced Digital innovation is profoundly changing existing industries and markets at a rate never experienced before. With rapidly maturing new technologies like Artificial Intelligence, Machine Learning and Edge Computing, companies can now redesign the value propositions of existing services and solutions with renewed business models to create a competitive edge.

Trying to stay in sync with rapidly evolving technology and changing business landscapes is not easy. It often results in highly scattered IT environments. This makes it particularly difficult and expensive for companies to ensure business continuity and launch new features to meet the business demands.



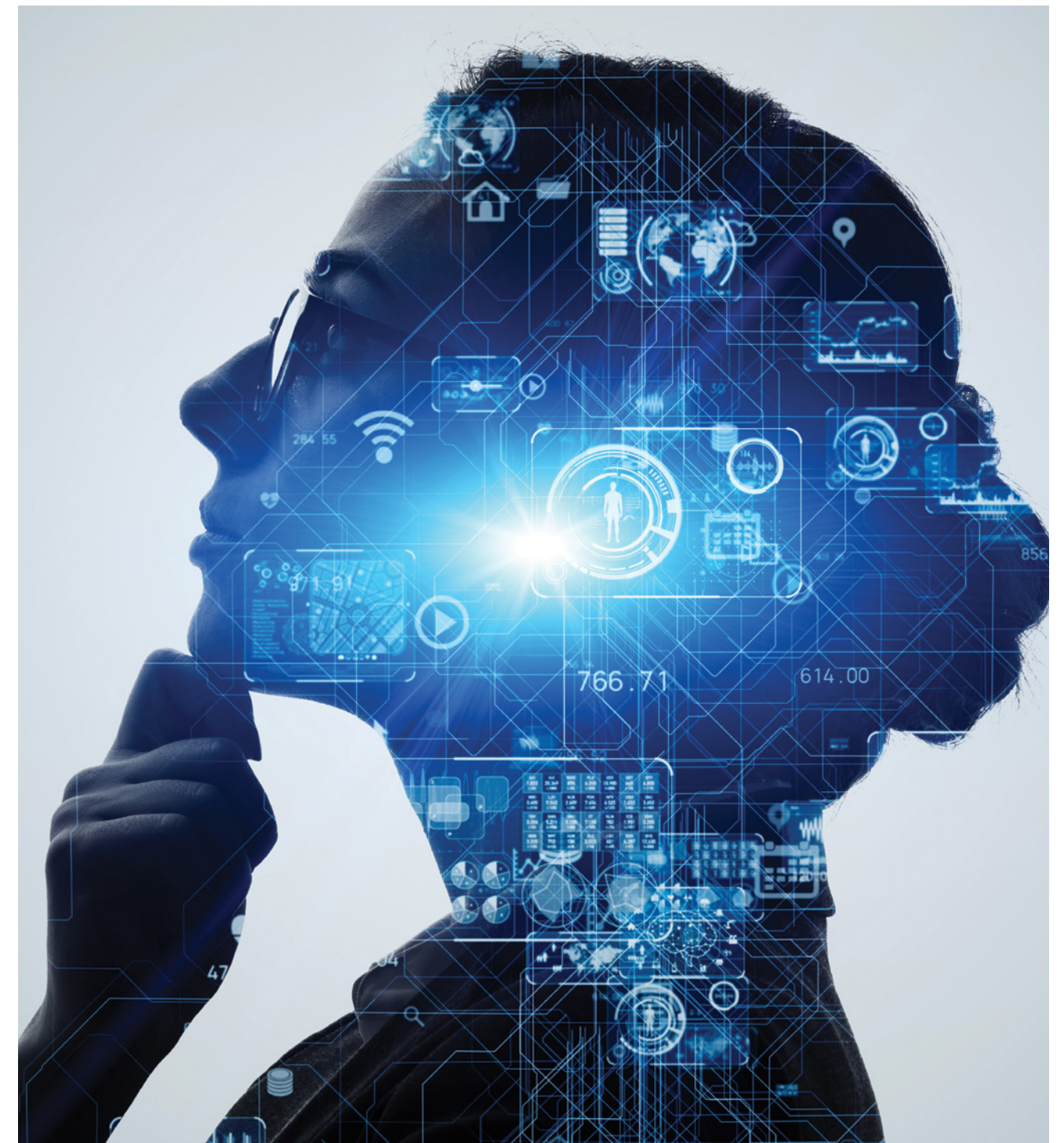
Our success in this arena is tangibly evident. During the year, we added 30+ key customers under Digital and Product Engineering BU, and our revenue from this segment grew by a record 35% YoY.

At R Systems', NextGen IT is not about Information Technology. It is all about the end consumer. It is about ISVs and enterprises using technology intelligently to provide an unmatched customer experience. Our Next-Gen Digital Transformation Service offers solutions to the key challenges that companies face today. As a leading digital services and solutions provider, we harness technologies to deliver business outcome-driven successful digital transformation.

This results in data-driven and agile business operations with much faster time-to-market, built on cost-optimised, resilient, secure and scalable operations.

Our success in this arena is tangibly evident. During the year, we added 30+ key customers under Digital and Product Engineering BU, and our revenue from this segment grew by a record 35% YoY.

We have strategically invested in our talent pool and systematically expanded our technological capabilities to meet the demands of this growing industry which we believe in having great longevity and vast potential going forward.



CREATING TANGIBLE VALUE IN AN ERA OF UNPRECEDENTED GROWTH

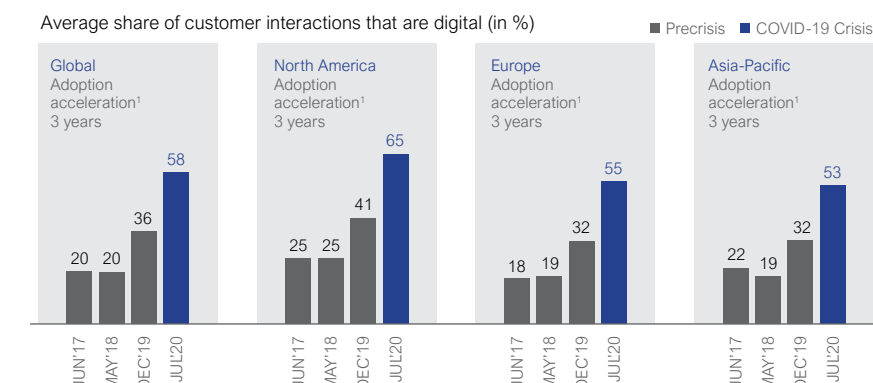
The past year has intensified the importance of digital transformation for companies across all industries. The unprecedented outbreak of the health crisis, COVID-19, has forced even the most significant global businesses to re-think their business models to remain agile and resilient in this constantly evolving world.



Studies suggest that the pandemic-led crisis has sped up the adoption of digital technologies by several years, and many of these changes are here for the long period. The rise in new digital experiences, products and services is the result of an increasing shift in consumer behaviour and their expectations from technology.

Looking towards 2022 and beyond, most companies will need to build digital businesses to stay economically viable.

The COVID-19 crisis has accelerated the digitization of customer interactions by several years.



¹ Years ahead of the average rate of adoption from 2017 to 2019

Source: McKinsey & Company

As we ride this growth trajectory, we continue to fortify our digital competencies and specialised sales and pre-sales team in the North America and Europe to help our clients thrive by tapping into the immense potential of cloud, mobility, intelligent automation, and AI/ML. Moreover, our robust sales pipeline for digital and technology services is a testament to this shift in demand. It has motivated us to partner with leading ISVs and enterprise customers to accelerate our growth momentum in the coming years.

In addition to this, we have been strategically leveraging our alliances with leading technology giants to deliver outstanding products and solutions to our customers. To extract maximum value from these partnerships, we have blended our engineering DNA with advanced technologies to spearhead impactful digital transformation for our clients.

As we ride this unprecedented upward demand trajectory, we are reaping the benefits of our investments and are proving ourselves to be a capable converter of value in this great opportunity of transformation.

MESSAGE FROM THE MANAGING DIRECTOR & CEO

Fellow Shareholders,

We have concluded another challenging yet exciting year in 2021, which started with the most challenging peak of this pandemic, trembling the foundation of the global healthcare infrastructure. Prioritising our employees' well-being and their families during these unprecedented times became a strategic priority for us at R Systems. We have implemented several strategic initiatives to help us achieve this goal. These initiatives included organizing vaccination camps in our offices to support our employees and their families to get vaccinated as per the guidelines, urgent health care support to our employees and their families and conducting several health seminars to raise awareness about COVID-19. We are fortunate that the Omicron variant has turned out to be less severe than previous variants. The efficient rollout of vaccines and strengthened global health care systems have helped gain considerable control over the situation. We now seem to be moving towards a renewed sense of normalcy.



Dr. Satinder Singh Rekhi, Managing Director and CEO



This strong performance has given us momentum to unleash a next-gen digital evolution. We have partnered with leading ISVs, enterprises and early-stage companies across industries to achieve their digital transformation goals.

This pandemic has globally transformed the dynamics of business operations. It has exposed a dependency on physical infrastructure as a core weakness in business models across verticals and emphasized opportunities to digitalise business operations through the adoption and integration of digital technologies. At R Systems, we are well equipped to understand these limitations and offer systemic and strategic services and solutions to our clients.

Every business faces different sets of challenges. These may include constraints in scaling sales operations, inefficient enterprise collaboration, or the inability to receive actionable business insights on time. This range of issues means that a successful digital transformation solution needs to handle challenges specific to a business segment, while also considering the industry in which it operates. R Systems' services portfolio brings together our technical expertise from design to platform and mobile to cloud to intelligent Automation. Our domain experts speak the language of "business" as

fluently as that of "technology". This proficiency effectively enables us to translate specific business goals into coherent technology solutions that help our customers overcome their business challenges.

Furthermore, we find that businesses usually possess vast volumes of enterprise data, the size of which grows exponentially. Generally, most of these Data Sets are not streamlined and as a consequence are not monetised to provide powerful business insights. Our AI, big data, ML, and data analytics services and solutions enable businesses to generate actionable business insights, which have a significant positive impact on their business outcomes.

We ended the year at ₹1,155.6 Cr. (US\$156.5 mn.) revenue, representing +31% growth year on year, surpassing the critical milestone of US\$150 mn. in annual revenues. We attribute this robust performance to an increased demand for our product engineering and digital offerings, a deepened relationship with existing customers, and a decent flow of sizable new deals. We are currently serving 40



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customers with contracts worth more than a million dollars, including six accounts contributing more than three million dollars in revenues on a run-rate basis.

Furthermore, we improved our EBITDA margins from 13.3% in FY 2020 to 14% in FY 2021 amid the attrition challenges in the industry. We also strengthened our human capital by onboarding 900+ associates to support the strong sales funnel, especially for our digital and technology services and solutions. We also have incentivised key talent sets to offset attrition challenges in the industry to pursue our growth journey seamlessly.

Our Net Profit after taxes was ₹141.4 Cr. (US\$19.2 mn.) during FY 2021, which amounted to a year on year

growth of 73%. The resultant EPS was ₹11.8 against ₹6.8 in FY 2020. We rewarded our shareholders with dividend of ₹68 Cr. and a buyback of ₹37 Cr. last year for their ongoing support. We continue to have a strong balance sheet with a net worth of ₹460 Cr. including a cash and bank balance of ₹277 Cr. to support liquidity and business growth.

This strong performance has given us momentum to unleash a next-gen digital evolution. We have partnered with leading ISVs, enterprises and early-stage companies across industries to achieve their digital transformation goals. Our collaborations with leading technology giants like Microsoft, Salesforce, AWS, Automation Anywhere and Dell Boomi, along with smaller niche players, ensure that we are well-positioned to

offer cutting edge solutions to solve the most pressing business and technology issues.

As the pandemic continues to ease, we have commenced hybrid-working in our overseas offices and planned to start work-from-office or hybrid-working at our India centres, in line with government guidelines. We are also expanding our Greater Noida SEZ delivery centre by 48,000 square feet to facilitate work-from-office along with catering to our growth aspirations.

While we advance ourselves and prepare R Systems for the future, we are equally focused on driving value for the communities that surround us. We believe that not only can businesses co-exist with society, but they can also uplift each other in times of need. As a purpose-driven organisation, we have continued to contribute towards promoting initiatives in the areas of education, welfare, and sports. By supporting the next generation in education and sports, we hope that they will be able to handle new challenges and build a happy and agile society.

The world is now facing another geopolitical challenge in Eastern Europe. I would also like to take this opportunity to extend my sympathy and support to millions of innocent people who are suffering due to this conflict. I am hopeful that the relevant political leaders can resolve this conflict in a peaceful and diplomatic manner.

In closing, I am thankful to all of our shareholders, business partners, customers, employees, and all the government agencies for their much-needed support and faith in R Systems.

Sincere Regards,
Dr. Satinder Singh Rekhi
 Managing Director and CEO



We have partnered with leading ISVs, enterprises and early-stage companies across industries to achieve their digital transformation goals.

FROM THE DESK OF SARTAJ REKHI



Dear Stakeholders,

Your Company has passed through another successful transformation and is geared up for its Next-Gen Digital Transformation journey. Our innovative and agile DNA has been instrumental in navigating our customers through the last two years of the pandemic. As technology has been the lifeline for businesses and society at large, it has given them access to education and healthcare, making it possible for business operations to continue amid physical isolation. Even though the after effects of the pandemic ease, we believe that the technological impact on how we do business will remain significant.

At R Systems, we have transformed ourselves into providing digital eco-systems like our data-driven digital marketing services, and our coordinated sales efforts

have fueled our deal conversion. The demand generation to demand capture metrics are all captured and generated in our Salesforce CRM system, which enhances the visibility in the entire sales cycle. Another important aspect of our digital transformation services is to continuously hire, retain and train the right skills and monitor their deployment on the projects. We have digitally aligned our talent acquisition team with Salesforce CRM so that they work seamlessly to hire the niche skill sets needed to deliver digital transformation successfully. These changes have helped us cater to the growth opportunities.

Another interesting challenge last year was the high attrition rates faced by the IT Industry. As a leading digital technology services company, we believe that employees are our intellectual capital. To keep up with the changing technology scene, we help

to train our employees and up-skill/cross-skill them with related domains and various technologies, giving them new career opportunities with more growth options. We also re-aligned our compensation matrix with the current market conditions to retain good talent. Although we faced certain challenges, we maintained a competent talent pool to pursue growth opportunities amid this high attrition. This has impacted our offshore utilisation during FY 2021 but gave us much needed agility in pursuing our growth aspirations.

As per market studies, the digital transformation market is expected to grow from US\$ 521.5 billion in 2021 to US\$ 1,247.5 billion by 2026, at a CAGR of 19.1% during the forecasted period. Furthermore, North America is expected to have the largest market share in the digital transformation market. Over the last few years, your Company has delivered sizeable

digital transformation projects and is advantageously placed to navigate businesses in their digital transformation goals. These are now testimonials for our niche competencies and committed team. We are confident in working as an accelerator to fuel growth in this conducive demand environment.

I am incredibly grateful to all stakeholders for their continued trust and support, making R Systems stronger with each passing day.

Regards,
Sartaj Rekhi



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WHO WE ARE

We are a global digital transformation leader providing AI-driven solutions to clients across industries, through a broad range of technology and AI/ Analytics services. Over 25+ years, we have been empowering organisations with our 18 delivery centres, 25+ offices worldwide and a workforce of 4,000+ professionals ensuring seamless services to our clients across the globe.



Our narrative...

... is to generate business value for our clients through technology, data/analytics and design.



Our vision...

...is to become an end-to-end digital transformation partner for our clients.



Our mission...

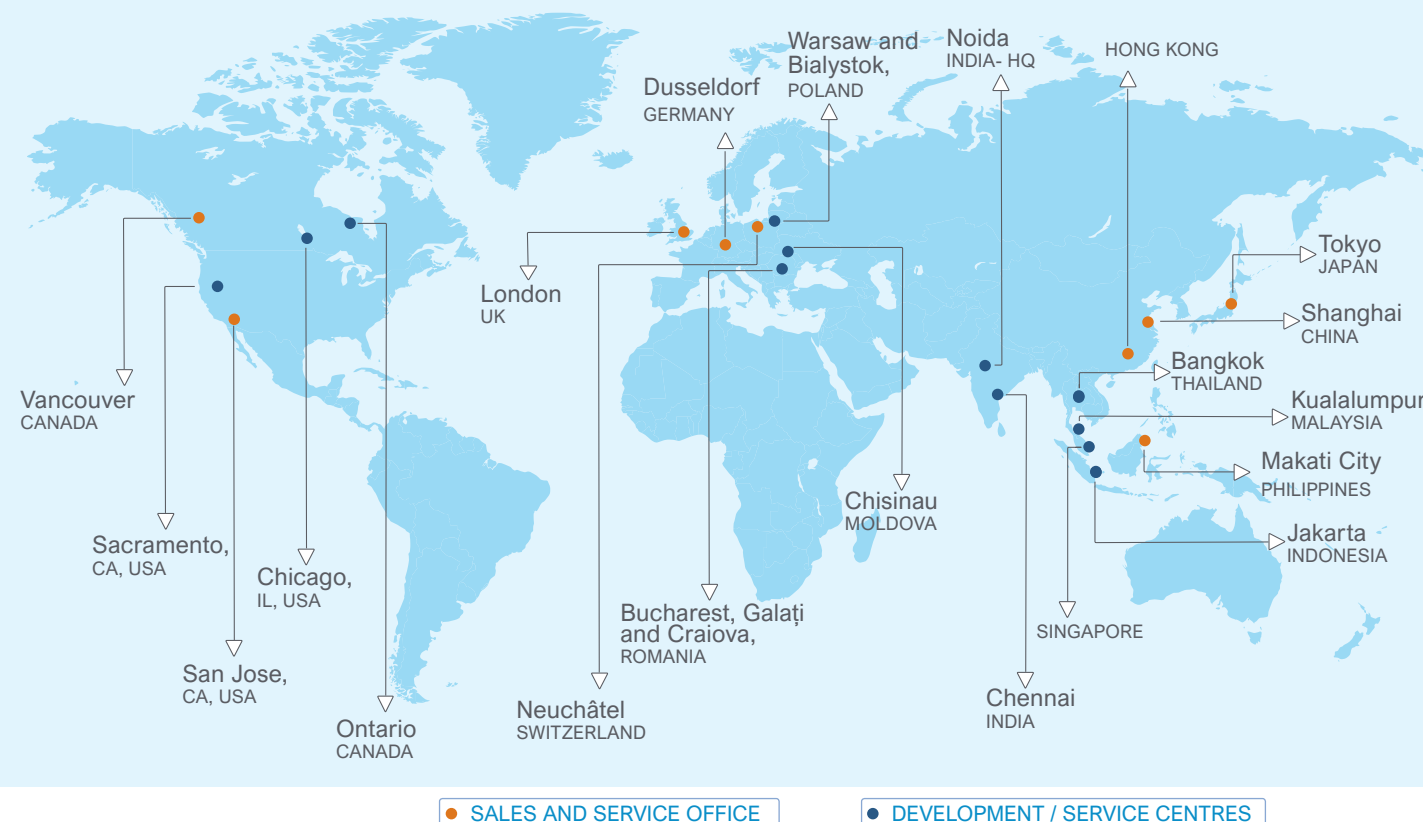
... is to deliver the promise of digital transformation through services driven by new technologies and AI/Analytics.



Our values...

...are to put our clients' success first and focus on staying ahead of the curve with continuous R&D.

OUR GLOBAL FOOTPRINT



25+
Offices
worldwide

4000+
Professionals ensuring
seamless services

18
Development and
Service Centres

17
Countries

3
Continents

250+
Active Clients

OUR SOLUTIONS AND SERVICES PORTFOLIO

TECHNOLOGY

R Systems' technology solutions are devised to meet business' technological challenges arising from the continuously evolving digital landscape. We ensure that Independent Software Vendors (ISVs) and enterprises produce sustainable innovation backed by big data, analytics and the cloud.

Our Offerings

- Product Engineering
- Digital Platforms & Solutions
- QA Testing
- Cloud Enablement
- Internet of Things (IoT)

AUTOMATION AI AND DATA

Our mission is to help enterprises derive intelligent insights and monetise their data for their business success. We help clients build AI-driven products and provide machine learning and advanced analytics expertise, to fuel their digital transformation.

Our Offerings

- Advanced Analytics
- Business Analytics
- Data Monetisation and Modernisation
- AI/ Machine Learning
- Intelligent Automation
- Modern Data Management

DESIGN

At R Systems, we endeavour to break down more significant issues into smaller and more realistic deliverables by applying the fundamentals of Design Thinking to Digital Transformation.

Our Offerings

- Experience Re-Engineering
- UX Engineering
- Mobile User Experience
- Visual Design

KNOWLEDGE SERVICES

R Systems knowledge services support our clients in upgrading their organisational efficiency and effectiveness. It is equipped with multi-lingual prowess, a global delivery platform and diversified services.

Our Offerings

- Revenue Cycle Management
- Technical Support
- Back Office Service
- Customer Care

OUR CERTIFICATIONS

- CMMI Level 5
- PCMM Level 5
- ISO 27001:2013
- ISO 9001:2015
- PCI DSS
- HIPAA Compliant
- SOC 2 Type 2 Compliant