REF: SECT/11/2026/09

DATE: NOVEMBER 10, 2026

To,
The Managing Director
National Stock Exchange of India Limited
Exchange Plaza,
Bandra Kurla Complex,
Bandra – East, Mumbai – 400 051

NSE Symbol – RSYSTEMS

To,
The General Manager
BSE Limited
P.J. Towers,
Dalal Street,
Mumbai - 400001

BSE Scrip Code – 532735; 977286

Dear Sir/ Madam,

SUB: SUBMISSION OF TRANSCRIPT OF THE INVESTORS/ ANALYSTS CALL FOR THE QUARTER AND NINE MONTHS ENDED SEPTEMBER 30, 2026

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of the Investors/ Analysts Call held on Wednesday, November 4, 2026, in relation to the financial results of the Company for the quarter and nine months ended September 30, 2026.

Further, please note that the transcript of the aforesaid Investors/ Analysts Call is also being made available on the website of the Company at the following link:

https://www.rsystems.com/investors-analysts-call/

This is for your information and records.

Thanking you,

Yours faithfully,

For **R Systems International Limited**

Gurprit Singh
Digitally signed by Gurprit Singh
Date: 2026.11.10 18:49:08 +05'30'

Gurprit Singh
Company Secretary & Compliance Officer

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"R Systems International Limited

Q3 FY 2026 Earnings Conference Call"

November 04, 2026

MANAGEMENT: MR. NITESH BANSAL – MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER

MR. NAND SARDANA – CHIEF FINANCIAL OFFICER

MR. GIRIRAJ MAHESHWARI – VICE PRESIDENT, FINANCE & ACCOUNTS

Notes: 1. Please note that no unpublished price sensitive information was shared/ discussed during or in pursuance to this Earnings Call.
2. This transcript has been edited for readability purposes and may contain errors. The Company takes no responsibility for such errors, although an effort has been made to ensure high level of accuracy.

Moderator: Ladies and gentlemen, good day, and welcome to the R Systems Q3 FY 2026 Earnings Conference Call. As a reminder, all participants lines will be in the listen only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touch-tone phone.

I now hand the conference over to Mr. Giriraj. Thank you, and over to you, sir.

Giriraj Maheshwari: Thank you, Iqra. Good Morning everyone, and welcome to R Systems Q3 2026 Earnings Conference Call. Before we begin, on behalf of the entire R Systems' team, I would like to wish all of you and your family a very happy and prosperous Diwali. May this festive season bring happiness and good health and continued success to everyone.

As R Systems follows the calendar year as its financial year, the July to September period represents the third quarter of 2026. Today, we have with us Mr. Nitesh Bansal, Managing Director and CEO of R Systems; Mr. Nand Sardana, CFO of R Systems. We have shared the investor presentation yesterday evening and have also uploaded it on the company website and the stock exchange website.

We hope you have had an opportunity to review it. We will begin the call with the opening remarks from Nitesh on the company performance, followed by a financial overview from Nand. Nitesh will share his closing remarks, after which we will open the floor for the Q&A session. Before I hand over the call, let me read out the customary disclaimer on behalf of the company. Investors are cautioned that this presentation and the discussion during the call may contain certain forward looking statements that involve risks and uncertainties.

Actual results, performance or achievement could differ materially from those expressed or implied in such forward looking statements. The company undertakes no obligation to publicly update or revise any forward looking statements, whether as a result of new information, future events or otherwise.

With that, I will now hand over the call to Nitesh for his opening remarks. Thank you, and over to you, sir.

Nitesh Bansal: Thank you, Giri, and good morning, everyone. Thank you for joining our call. Like I've always said, it's a pleasure for me to be doing these calls and getting your questions. Like Giri said, we circulated the presentation in advance. So those who are referring to the presentation, I will mention the slide number from time to time.

Otherwise, any which way, I'll provide the commentary on how the quarter has been. So beginning with Slide number 4 for the financial performance of the third quarter ended September 2026. We closed with a strong revenue of INR 615.2 crores or $64.4 million, which reflects a 23.4% year over year increase or 2.2% quarter over quarter.

The adjusted EBITDA stood at INR 124.4 crores or $13 million, which is at an all-time high of 20.2% as a percentage of revenue and records a year over year growth of 47.4% or a quarter over quarter growth of 3.1%. The adjustments, as we have maintained, are largely related to

RSUs costs and any other non-recurring items, which is then carried forward into net profits, which stands at INR 66.5 crores or $6.9 million, which is 10.8% of revenue or 53.1% growth year over year, which results in adjusted EPS of INR 5.6, which is a 53% growth over the last year.

If you look at the performance over the last 8 quarters, this is 7 continuous quarters of growth that we have delivered as an organization while not just maintaining but improving our margins performance in a very sustainable manner. If you look at the margin bridge, of course, currency helped quite a bit, adding about INR 7 crores to the net EBITDA increase.

A slight dip in operating margin comes largely from the higher hiring costs, etc., of AI talent as a very large part of the revenues that we are now getting is influenced or led by AI. Moving to Slide number 5, If I look at because this is 3 quarters ending, so this is Jan to September 2026 performance compared to Jan to September 2025.

Revenues for the 3 quarters ending stood at INR 1,791.7 crores or $190.7 million, which is a year over year increase of 27.7%. Corresponding adjusted EBITDA stood at INR 360.9 crores or $38.4 million as a percentage of revenue at 20.1% and 49.7% increase year over year. Corresponding adjusted net profit stood at INR 205.1 crores or $21.8 million, which is adjusted net profit of 11.5%, an increase of 54% over the previous year and 3 quarter adjusted EPS of INR 17.3 or a growth of 53.8%.

And this EBITDA bridge, of course, makes things clearer in terms of that we are as we have increased our revenues, it has contributed to the margins as well as got gains due to the currency amounting to over INR 78 crores, leading to the 3 quarters adjusted EBITDA of INR 360.9 crores. Providing a comparative on Slide number 6 for those who are referring to the slides, if we just look at it, this is a quarter-on-quarter comparison with the same quarter last year and then with the previous quarter.

Revenue stood at INR 615.2 crores compared to INR 498.6 crores in the same quarter last year, which is 23.4% increase or INR 601.7 crores in the last quarter, which is a 2.2% increase. Adjusted EBITDA of INR 124.4 crores which is compared to INR 84.4 crores in the same quarter last year, which is a 47.4% increase or INR 120.7 crores in the previous quarter, which is Q2 of 2026, which is a 3.1% increase. The adjusted EBITDA percentage corresponding to it is 20.2% compared to 16.9% in the same quarter last year or 20.1% last quarter.

Adjusted net profit stood at INR 66.5 crores compared to INR 43.4 crores in the same quarter last year, which was a 53.1% increase or INR 62.9 crores previous quarter, which is a 5.7% increase. And the adjusted basic EPS stood at INR 5.6 compared to INR 3.7 in the same quarter last year, which is 53% increase or INR 5.3 last quarter, which is a 5.7% increase.

Similar analysis on a 9-months basis, continuing to Slide number 7, where our 9-months revenue comes to INR 1,791.7 crores in 2026, which was INR 1,403.1 crores in the same period last year, which is a 27.7% growth year-over-year. Corresponding adjusted EBITDA stands at INR 360.9 crores or 20.1% for the 9 months this year compared to INR 241 crores or 17.2% in the corresponding 9 months previous year, which is a 49.7% increase year-over-year. Adjusted net

profit of INR 205.1 crores compared to INR 133.2 crores for the 9 months last year, which is a 54% increase. And adjusted basic EPS of INR17.3 compared to INR 11.3 for the same period last year, which is a 53.8% increase.

Coming to our operating metrics on Slide number 8, revenue distribution by geography. No major change. Americas continues to contribute over 70% at 70.6%. APAC has grown slightly from 15.3% to 16%. Europe correspondingly has slightly fallen down. This is just adjustment of numbers across the geographies from 9.7% to 9.4%.

And Middle East and Africa, which contributed 3.6% has grown to about 4%. So broad distribution remains the same. Quarterly changes happen because of a project here or a project there. Similarly, on a client concentration perspective, our top 10 clients continue to contribute 24.4% of our revenues. Our top client continues to be in the 5.8%, which is the 5.8% to 6% bracket.

Top three clients provide 11.9%; and top 5, 16.8%. Again, no major change in that distribution. We have picked up on utilization as we started winning more and more AI and data & AI transformation projects. As you would remember, two quarters ago, we had talked about consciously building capacity and bench for our data for AI and AI projects, which we had done. And that bench has obviously become useful and utilized for us in this quarter.

But having said that, what that means is we will further invest in expanding that team, maybe add to a little bit of bench on that so that we can continue to win and serve more and more projects in those spaces. But as the company's strategy, we've continued to maintain our utilization above 80%, which we believe is healthy and for us, a great place to be in order to deliver sustained margin performance.

On the DSO front, it's pretty much the same. We maintained 55 days of billed DSO and when combined with unbilled about of 76 days, which is similar to a pretty standard from previous bunch of quarters. Coming to Slide number 9, talking about some of the key wins, and this has clearly been a quarter of, where we've seen our quality of wins go up and our AI strategy beginning to play out in terms of the nature of deals that we see in the market.

The first one is a leading European telecom player who've asked us to modernize their mission critical telecom services as part of creating a next-gen network transformation initiative. And this will basically require us to modernize and transition a lot of their legacy applications to modern cloud-based architectures, improve scalability, operational efficiency, service reliability, etc., and doing it very fast using AI in order to kind of enable faster innovation for their services.

Second one is where we have collaborated with a world-leading global management consulting firm in the Middle East to deliver a data lake house for a leading housing and real estate organization in the Middle East. This engagement will help establish a unified enterprise-grade data foundation that accelerates AI adoption. So this is all our data for AI readiness offerings that are coming into play.

And that enhances data-driven decision-making and unlocks scalable business value through advanced analytics, machine learning and agentic AI for the client organization.

The third one that we're talking about is where we worked with a large financial services provider in Saudi, where we are building a new-gen based core lending platform. So this is where AI or automation is getting into the core of the business, where we have built the solution architecture, created the digital transformation road map. We are doing the application development, tech modernization services, all of which where the engagement spans across innovation engineering, platform operations, enhanced digital customer experience, etc., to provide scalability, resilience and continuity of business critical lending services across both physical and digital channels.

The fourth one is very interesting where we are working with a large global entertainment and games, both manufacturing and distribution type of a company, where we are helping them use Salesforce to transform their commercial and customer-facing operations.

And with this initiative, they'll be able to unify their key business processes, enhance data visibility, deliver seamless experiences across sales, service and partner channels and eventually, with that unified data layer, be ready for more and more AI into their products.

And last but not least, we're working with a large insurance service provider where we are building their host-to-host and connectivity solutions to deliver straight-through processing, intelligent payment orchestration, automated file processing, treasury workflows, operational resilience and efficiency and maintaining, of course, because it is a regulated industry, governance and regulation across their entire payment ecosystem.

All in all, high-quality wins with decent penetration into the core of the businesses of the clients. And these are great leading indicators that obviously, we are very excited about. Moving to the next slide, the trailing 12-month ACV of bookings as we have been sharing for the last few quarters.

We continued our momentum on bookings quarter-over-quarter, maintaining in this quarter, again. We have $82.9 million in TTM ACV of bookings. And this is while changing the business mix significantly with not just AI and SDLC, but seeing modernization as well as agentic AI business ops types of wins come through. I think with that, I'll hand over to Nand to talk through the detailed financials before I come back to sum up and provide a bit of qualitative commentary and then take the questions. Nand, over to you.

Nand Sardana: Thank you, Nitesh. Good morning to all. This presentation gives detail of quarter 3 performance. For those referring to investor presentation, Slide number 13. Revenue for the quarter was INR 615.2 crores or $64.4 million as against INR 601.7 crores or $63.6 million last quarter and INR 498.6 crores, that is $57.2 million in the same quarter last year.

This is year-on-year growth of 23.4%. This is on account of volume growth as supported by rupee depreciation. We have started witnessing the results from our investment in cloud, AI and automation in terms of large deal conversion, which is supporting sustainable revenue growth. The gross margin was 38.6% compared to 39.2% last quarter and 35.5% in the same quarter last

year. Our quarterly margins have decreased due to change in revenue mix, lower utilization in Europe due to holiday season as offset by rupee depreciation.

SG&A expenses have decreased by INR 2.2 crores from INR 115.3 crores in last quarter to INR 113 crores this quarter. This is primarily due to support count optimization. The adjusted EBITDA was 20.2% as against 20.1% last quarter and 16.9% in the same quarter last year. The company has been able to report robust margins percentage through operational leverages and favorable exchange rate. We have started getting the fruits of our investment in AI.

The RSUs cost under management incentive plan is INR 3.2 crores compared to INR 6.2 crores in last quarter. The reduction is due to reduction in counts to whom RSU had been issued. EBITDA net of RSU expense is 19.7% compared to 19% last quarter. Getting on to depreciation and amortization, the total expense was INR 22.9 crores compared to INR 22 crores last quarter. This includes INR 10.6 crores for intangible amortised on account of past acquisition.

Non-recurring expenses are on account of severance payment for certain redundant positions. The interest expense is INR 9.6 crores compared to INR 9.5 crores last quarter. Other income was INR 53 lakhs compared to negative INR 87 lakhs in last quarter. During the first quarter of the year, the company adopted hedge accounting for its forward covers. Overall, we had an exchange loss of INR 2.1 crores, which is almost same as last quarter.

Further, the other income comprised of interest income of INR 1.2 crores this quarter compared to INR 78 lakhs last quarter. As at quarter end, we had forward cover of $46.75 million with average rate of 95.79. Our tax expense was INR 23.9 crores this quarter as against INR 24.9 crores last quarter. Our effective tax rate is around 27%. Our normalised effective tax rate, as I have said earlier also is between 28% to 29%.

Net profit after tax was INR 64.2 crores or $6.7 million compared to INR 55.6 crores or $5.9 million last quarter. Basic EPS for the quarter was INR 5.42 compared to INR 4.69. Adjusted EPS for the quarter is INR 5.6 as compared to INR 5.3 last quarter. With that, let me hand over back to Nitesh for his summing up slide.

Nitesh Bansal: Yes. Thank you. Coming to the summing up, how the quarter has been and looking ahead, what the trends are telling us. First and foremost, very happy with how EXIQO, our AI studio, and our library of usable industry templates and agent frameworks have been received by the market. It has strengthened our position across the key markets and industry verticals, and that is reflected in the quality of recent wins and the pipeline that's building up.

A number of clients are moving from experimentation to production-grade deployments, which, of course, helps us because these are our clients, and they're moving into production. And our focus on building the scaled enterprise-grade AI solutions leveraging EXIQO with these successful productive implementations is helping clients achieve measurable business outcomes.

So we are now beginning to see clients achieve ROIs and clearly move more strongly towards adopting AI. In terms of trends that we see shaping not just the remaining part of this quarter, but the year to come, AI PDLC, which is the AI in product development life cycle is fast

replacing the SDLC as it used to be a software development life cycle across the board. Client organizations want to adopt AI PDLC.

They are struggling to, in some manner to change their entire organization to embed AI PDLC in their ways of working. And a lot of them are turning towards people like us, like RSI to set up the tools, the trainings, bring in the best practices and run parallel AI pods in order to be the catalysts to be able to enable that change. And this is happening across HQs and GCCs taken together. The engineering velocity parameters that we have launched into the market, bringing AI EV as a technology has continued to be a key differentiator. It will continue to remain so for enterprises who are focused on achieving return on investment from AI initiatives.

I think more and more organizations are looking at ensuring velocity as a key vector. Legacy modernization continues to be a very large total addressable market, a large TAM across legacy code bases, across large data estates and large reporting landscapes. We have continued to see those wins, and we believe that market is just beginning to kind of open up to the possibilities. We also had a lot of interactions with private equity operating partners. And one of the trends as it seems emerging for us based on our discussions is that most of the PE guys are inclined towards using more custom AI development and implementations for bringing agentic transformation into their portfolio companies rather than adopting or buying vertical AI platform solutions, which claim to solve for the industry.

So we believe these are trends which we are observing, which we obviously are taking note of and will help us shape our offerings and the narratives in the market to take advantage of the market in the coming quarters and year. With that, I will finish this presentation and talking about the results and be open for Q&A. Looking forward to it.

Moderator: Thank you very much sir. We will now begin the question-and-answer session. The first question is from the line of Anmol Garg from DAM Capital.

Anmol Garg: I have a couple of questions I wanted to understand. Number one is, over the last few quarters, has our portfolio or particularly, let's say, the net new wins has seen a shift from pure play OPD kind of work to deals to more towards operations data or more holistic IT services kind of work? Have you seen that kind of trend?

Nitesh Bansal: Anmol, thanks for joining and your question. There is a shift for sure because the traditional product development work definitely is, I won't say shrinking but is delayed for 2 reasons. Number one, a lot of tech companies once again are in the layoff mode and their investments in AI infrastructure, etc., is causing them to do that. But also, they are large adopters of AI PDLC themselves. But having said that, the positive shift that we are seeing in our business mix is -- and especially in the NN is more towards data readiness for AI. We are seeing more shift towards also agentic implementations and, of course, modernization, which is different from the traditional product development as to set up a pod with a bunch of Java engineers or testers, etc., It is a very different kind of work where we are actually helping companies transform their data landscapes, modernize stuff or build the agentic system with accountability to deliver. Whether we do it on fixed price, outcome-based, etc., those are commercial terms. But definitely, there has been a shift.

Anmol Garg: Second question is, we are seeing a lot of pressure in high-tech vertical like you also indicated and some of our peers have also indicated that indication is that productivity ask here is one of the highest. So in our existing portfolio, which still remains skewed towards high tech, are we seeing that kind of pressure, particularly for the book that is going for renewals?

Nitesh Bansal: Because of our work, which is largely project driven, we haven't seen the ask come back in terms of productivity as being highest. But having said that, the pressure is there. These are companies who are themselves adopting AI in PDLC. They understand that they can gain significant productivity gains over there. And our approach -- and I've talked about it in the last couple of quarters as well, our approach has been to proactively reach out for new projects and new work with these clients with an enhanced productivity commitment.

So our newer estimates that we submit to them, the way we work with them is AI-enabled with a lot of engineering velocity put in, with a lot of reusable agents that we have built, which actually enable us to deliver 2x or sometimes even more than 2x productivity to our clients. Having said that, we have also been successful in shifting our focus slightly from purely tech-based clients to also enterprises, and that's beginning to play out. That's where we are seeing a lot of modernization and agentic AI play come in for us.

Anmol Garg: Just one last thing that I wanted to understand is on our TTM ACV, what we declared kind of flattish from last 3 quarters. Now I understand that we are now signing towards different kind of deals than particularly OPD, so that makes the division different. However, considering that still ACV has been kind of flattish, do you see that we'll still be able to accelerate growth from here?

And maybe if you can guide for that what kind of growth that we may expect over the next 1 or 2 years?

Nitesh Bansal: So Anmol, the observation is right. I mean our TTM ACV win has been flattish, and you're absolutely right in also saying that this is despite a significant change in the mix. So now we are getting this ACV with lesser number of deals and also these deals are far more transformative in nature. And this is kind of changing the tyres as the vehicle is moving, and we are learning the motion in terms of how to expand these deal sizes and how to make them more longer duration while they can actually be delivered very quickly using AI.

So while that is happening, good news is all the leading indicators tell us that we're winning and we're winning enough to not have a negative impact with the change of the mix. Also, the positive news is that the pipeline is better quality. But in order to create growth, we will have to win more. I mean that's given. So we will have to increase this. But having said that, in the near term, we believe because of the shorter duration of these ACVs, while it's called an ACV, sometimes these can be delivered in 3 months and 4 months.

So there's a shorter revenue realization cycle, so that can give us a little bit of the revenue density which is higher, and hence, we can see that reflected in the results as we build on it. Clearly, we avoid putting a guidance in place. So I would not go down the path of providing the guidance on that. But I think the leading indicators give us high conviction that we are moving in the right direction.

Anmol Garg: Just on data point, what is the organic growth for this quarter?

Nitesh Bansal: Again, we do not separate it out. But like I mentioned last time, together with Novigo, we are kind of moving in locking step. While Novigo, because of the Middle East war going on, there is a certain amount of tentativeness over there, but they have managed to deliver growth largely in line with us. So without separating things out, you can directionally assume that we are locking step.

Moderator: Next question is from the line of Sandeep Shah from Equirus Securities.

Sandeep Shah: Sir, just wanted to understand second quarter of the calendar year and third quarter of the calendar year are generally seasonally strong quarters. However, in both quarters, we have delivered closer to a 1% Q-on-Q growth. So whether this quarter's growth was in line with your expectation or lower than the expectation. And we may enter a seasonally soft period going forward.

So the reason why I'm asking is, sir, if I strip out the Novigo acquisition, based on my estimate, the organic growth is still hovering around mid-single digit to closer to that plus or minus 1 or 2 percentage points. So when do you expect this organic growth rate to accelerate? The first question is about that.

Nitesh Bansal: So Sandeep, fairly right in saying that both the quarters we've delivered Q-o-Q basis, it's about 2.2%, so not really remarkable one. But yes, in that range, low single-digit range growth. And this is along with the change in mix. If you ask me, was it in line with my expectation or slightly lower or better? It has been slightly lower than expectation, but then we're talking about a quarter. And given that we did a bunch of these AI agentic workflows and business ops kind of deals, deal closure time has been longer than anticipated. So some of the deals got shifted to next quarter and so on. So, I'm not even a bit disappointed by that simply because we have seen the pipeline conversion take place even if it took a slightly longer route. And hence, some of those adjustments to quarterly expectations do take place. For the growth to turn to double digits, well, the industry keeps coming back with newer surprises.

We still believe that we've got all the ingredients in place and the kind of market reception we are seeing with whatever we have forayed into, both in terms of whatever we did earlier with AI PDLC, then we did with modernization and now we are doing with AI-based business ops or agentic flows.

I think we have got all the right ingredients and the motions currently in the market to help us get there. And we are delivering and your estimates are as good as anybody's in terms of if organically, you're seeing high single-digit kind of a percentage. It's still better than industry average, not really to our ambition, and we do want to get to double-digit growth, and we'll get there.

Sandeep Shah: We are also carrying a lot of churn and the restructuring in the sales and marketing team, delivery team, practice heads and all that. So just a related question to previous participant. When do you expect these investments will lead to better ACV for a new business, which we disclosed?

Because for the last 3 quarters, it has been stagnant. So do you believe the new changes which we might have done in the leadership, especially on sales and marketing will lead to better results going forward?

Nitesh Bansal: I just want to correct that there's not been a lot of churn or change. We hired a Chief Revenue Officer 2 quarters ago. And that is it, right? I mean we haven't really -- our leadership team has been stable. And what we have achieved in the last bunch of quarters with all the new capabilities and our market motions is a result of this team getting embedded in and working towards it.

Having said that, we are obviously refreshing some of our feet on the ground, go-to-market people because like I was answering earlier, we are also actively pivoting from higher reliance on pure tech ecosystem to moving more towards enterprises. And hence, we need people who are capable of selling an enterprise motion. Novigo acquisition helped us in that case.

We've built a bunch of enterprise motions and now we are taking it to the market. So it's a continuous thing in motion. And I definitely believe that this will start showing results, both in terms of ACV wins and revenue numbers in the quarters to come.

Sandeep Shah: Okay. And lastly, if I can squeeze. Sir, even some of the very large system integrators globally and India are announcing their intent to enter into small and medium-sized enterprises. So do you believe heightened competition is happening in an AI-led product development life cycle? Second, if you can give us some color about the AI revenue scale, which we have currently.

And last, looking at the results in the Middle East, Africa segment, which we reported, it looks like Novigo might have done better than the company average. So is it fair to assume the worst related to geopolitical issue in Novigo is largely behind?

Nitesh Bansal: Sandeep. Let me try and cover your questions one by one. So in terms of increased competition, yes, I mean, it is obviously bound to happen if the entire narrative around the world is around AI, and AI is leveling the field, it is increasing the competition.

And so is it giving us newer avenues to play into. It can't be that we start playing in their space and they will not play in ours, right? And it's not just large size, but it also is AI born or Silicon Valley born AI native platform companies and then there are the open weight players and the frontier model players and all. So competition is intensifying, and we will essentially win on the strengths that we bring to the table, which we have talked about earlier. And I think, like I said, our early indicators tell us that we are doing the right things.

The whole AI revenue as we track, and we will probably, once we have 3, 4 quarters of data, we'll start reporting. But we are getting towards a place where we believe we are now well over 35% of our overall revenues coming through AI, which is a combination of AI, PDLC and all the agentic and machine learning work that we do. Middle East segment, like I said, it's not a material change from quarter-to-quarter. They've continued to grow in tandem with us. And I don't think the crisis is over yet because there is no certainty, and we believe that the midterm election results in the U.S. will have something to do with it, either it will stabilize or further destabilize the situation, and we'll all have to just keep our fingers crossed and watch out. But despite that, I think our teams have continued to work on the ground and deliver to the clients,

and the clients have continued to keep in touch with us and provide us business and business extensions as needed.

Moderator: Next question is from the line of Vinay Menon from Monarch Capital.

Vinay Menon: A couple of questions. One is in terms of the base, now from Q4 onwards, Novigo's numbers will start coming into the base. So how do we look at growth going ahead in dollar terms, are we looking to accelerate from that 1%, 1.5%? And just wanted some color on that.

Nitesh Bansal: So Vinay, yes, it will be part of base and for all practical purposes, we count it together even today. And all the work that we're doing is in order to accelerate from that 1%, 1.5% to get to a secular 3% or more 3% to 4% so that we can get into the double-digit year-over-year growth range. So yes, I mean, that's our endeavor. That's what we are working towards. And we have conviction that we will get there.

Vinay Menon: Okay. And in terms of renewals, because as we understand that renewals are around the corner, what kind of trend are we seeing? Are we seeing clients looking for some like productivity gains being passed on in terms of prices? And we typically have like an 85%, 90% renewal rate. What are we expecting for 2027?

Nitesh Bansal: So I will once again just remind everyone, and I know you know this already, our business is not sustain and maintain services kind of things. So renewals for us is essentially about winning new projects, right? And like I've stated multiple times earlier, when we are bidding for new projects, we are obviously offering our clients AI PDLC, along with our Optima AI agents and other things, which essentially, our proposition to the clients is extremely attractive, very heavy on AI and extremely good in terms of productivity gains that they already get. It's not a discount ask. It's not a productivity ask because it's not compared to what they were paying yesterday for the same service, right?

Because they paid something for a project, now they're paying something for a project, right? So for us, renewals is winning every project every time. And like you said, we have maintained an 85-plus percent renewal rate, winning more projects from the same clients, and we continue to see that.

Vinay Menon: Okay. And in terms of growth going ahead, like is it going to be more wallet share gains? Or are we looking at more in terms of the new deals? Where do you think the growth is going to come from?

Nitesh Bansal: Wallet share gains, certainly in our larger accounts will happen because those are places where we were earlier doing PD work and now, we're doing transformation work, and that does give us additional wallet. But also from a net new perspective, opening enterprise logos, the new TAM that we are going after, both in terms of data as well as modernization, I think those are the avenues that we are looking at, which will contribute to our heightened growth posture.

Vinay Menon: Okay. And one last question. In terms of margins, last 2 years, margin improvement has been quite good from 13%, 14% EBITDA to almost 19% to 20%. At what point are we looking to

kind of max out and then maybe focus? Where do you feel that this could kind of -- in the long run, like where could we end up?

Or is there more left to kind of go?

Nitesh Bansal: No, I think from my perspective, even 3 quarters ago, we had said that we would like to maintain our margins at about high 18s, right, 18.6%, 18.7%, which I think is the most sustainable and respectable margin in the industry. We did not know of how much the currency will move and quite a lot of currency movement benefit has come to us.

We have carefully maintained the currency movement as a margin uplift so that we don't end up consuming that and later have a dip in the margin, right? So, we have not consumed the currency changes and put them into investments, etc., But we continue to invest, and we think that whatever we make over high 18s will give us enough cushion to continue to invest in our AI journey as we move forward.

Moderator: Next question is from the line of Aditya from AK Investment.

Aditya: Firstly, my question to Nitesh is what are the top priorities for us going for next year?

Nitesh Bansal: Aditya, thanks for the question. Our top priorities for us continue to be obviously profitable growth, but also strategically bringing that in the direction where the motion that we started this year as becoming an AI-first company can actually be embedded in what we do and our revenue mix and the client feedback starts reflecting the same.

Aditya: And also, how much currently -- I mean, enterprise is very small, right? Now we want to focus on enterprises, then what kind of projects are we looking at? I mean, because the consolidated margin should be -- get impacted when we are taking any enterprise accounts? Or what is the thought process behind that? And where do we see next year enterprise or in 2 to 3 years, how much of the revenue should come from enterprise? What are you envisaging about?

Nitesh Bansal: Yes. Great question. Enterprises is a new motion for us, and we are looking at slowly increasing the revenue mix from enterprises. In 2 to 3 years, in order to really make it meaningful, we would assume that we should be above 25% i.e., 25% to 35% revenue coming from the enterprises so that we are reasonably derisked from the TMT side of things.

From a profitability perspective, our leading indicators say that we do not have a huge profitability gap in that because when we are selling to enterprises who are far more used to buying on fixed price and gearing towards outcome-based, I think we have the levers to be able to not just retain but sometimes even demand better margins versus the tech sector, which has been extremely used to just buying on a time and material basis. So we do not know how it will play out, but that's what we are currently seeing.

Aditya: Currently, what is the percentage we have on overall revenue from enterprises?

Nitesh Bansal: I think it would just be a guess on my part because I don't think we have started tracking it separately, but we probably are about 15%.

Aditya: Since it's been a good time you spent in R System, I just wanted to ask what is your vision for the company that you would be happy with the growth rates, I mean, going forward because we are very agile and we are very small relative to the larger companies. So the agility to build AI or to enhance our AI systems. And I think what kind of growth rates are you happy with going forward? I mean, what is the vision for you in this company?

Nitesh Bansal: Yes. So for me, which is also, to a large extent, what all investors want, and we have a very large investor, a very large private equity investor also and what they want. I think all of us are pretty much unified in that vision to see that we should create sustainable double-digit growth rates. We also have to be aware of the fact that the industry average growth rates in the last years or this year hasn't been anywhere in that range, while we are delivering high single digits. We have a small bridge to cross over.

But clearly, there are changes happening every quarter in the industry. But short answer to your question, yes, we not only have to be better than in the industry, but get to essentially double-digit growth rates in the near future.

Aditya: And also, since we wanted to focus on the enterprise and sales division, right, do you think that should we go after an acquisition so that it gives us a booster to that customer and clients and then we can showcase our capabilities to them and we can get the much larger deals going forward? What is your thought on acquisition also? Because we are very open being Blackstone as our promoter, right? So what are your thoughts...

Nitesh Bansal: Yes. I mean we've always been open to acquisitions. Inorganic growth is core part of the strategy. And we did, right? I mean it's been less than 3 quarters or just 3 quarters actually since we acquired Novigo.

So we continue to acquire whenever there is the right opportunity in front of us and which will enable us to further enhance our strategic motion or give us better standing in the market or better capability to deliver. So we are open to that. And if you had any particular company in mind or something, then separately on a one-on-one, do definitely suggest and we are always scanning the market and looking at whatever comes up.

Moderator: Next question is from the line of Ashis Dash from Systematix Group.

Ashis Dash: So my question is around your outlook across your verticals. So what I see BFSI continues to deliver growth for the last 2 quarters sequentially. I just wanted to understand the drivers for the growth and what's the medium outlook for this vertical?

Also on year-on-year basis, if you look at, health care and manufacturing are dragging your growth. So what are the headwinds in those verticals? And if you can highlight the North America growth was flat sequentially. So what is happening? So are you winning some deals or we see some challenges there? So that's my first question.

Nitesh Bansal: Okay. Ashish, good observation on BFSI, and we believe that BFSI is also leading the AI adoption and spending on AI in building their core platforms, etc., across industries. And with our increased focus towards enterprises, we've seen that to become a lead vertical for us in

penetrating. And you would have seen in our deal announcements, etc, as well in the last couple of quarters, we've consistently had at least one or two BFSI deals that got announced. So that -- it all goes in tandem as we have stepped up to focus on enterprises.

BFSI sector has been a first mover in adopting a lot of the modern technologies, including AI. I think we are kind of taking advantage of that. And our propositions are resounding or resonating with them for which we are winning those deals. So we believe that will continue to be the case.

The health care and manufacturing are equally important, more health care focus for us than manufacturing, but some temporary blips here or there, which are largely related to projects ending or whatever else. But it's a strong space. And I think our motion into agentic RCM or doing a lot of machine learning and AI activity for wearables, etc. In fact, we recently won the award for best AI implementation in health care space. And that was for a diagnostic device, which is able to detect peripheral arterial disease using artificial intelligence, the device is built by the OEM. The data, etcetera, the algorithms are built by us.

And so I think that continues. Going forward, we believe our enterprise motion will obviously increase in the BFSI health care space, and we'll continue to see the benefits of that. North America growth, if I understand your question, right, I think you're reflecting on a 0.4% change in North America percentage quarter-over-quarter, which is, like I always say, given the small dollar value, I mean, reasonably small dollar value in a quarter, a project here or a project there can make that quarterly shift. There's no structural change. We are winning deals in North America, larger deals. It's our largest market. And we believe that we'll continue to operate at probably the highest growth rate in North America than others. And with their adoption of AI, I think we also see that, that will probably lead the growth for us.

Ashis Dash: My second question is what I observed that your number of on-site employees has grown quarter-on-quarter. And so just wanted to understand, do you see any demand picking up in certain geographies so your hiring has picked up in on-site locations?

Nitesh Bansal: It's a simple correlation of doing more AI projects, you need some FTEs, and FTE deployment becomes important because if you're doing transformation, you've got to sit with the business and understand the business and be able to implement if you're putting agentic ecosystem in place, some FTEs will have to make it work. So it's a clear outcome of how we have shifted in our positioning and the kind of offerings and we're building our FTE talent and building that capability mostly on site in North America.

Ashis Dash: Perfect. And my third question is on margin side. So what I see you have done good execution on the margin that I agree. Last quarter, you mentioned that you would make higher investments on AI, sales and marketing. But what I see, though you mentioned that currency is helping you, so SG&A as a percentage of revenue has declined.

Also ESOP expenses, RSU expenses has also declined. So I just wanted to understand the outlook like how SG&A expenses could be there in medium term as well as -- so do you expect that ESOP expenses would remain at this level?

Nitesh Bansal: So ESOP expenses largely have stabilized and will stay at this level, were declined because maybe a couple of people who were granted RSUs left and then more recent hires have not been given RSUs until, of course, we give them a year, they prove themselves, etc., So that's a more or less stable thing. SG&A, I think Nandji observed in his remarks.

As we've become an AI-first organization, we've also implemented AI as a customer zero for a lot of our operations. We are ourselves using agentic operations internally, and that has led to a certain amount of optimization in our G&A side, whether it's finance or HR or other things.

And hence, the total SG&A looks down, whereas our sales hiring is picking up, and we are hiring more people for enterprise sales and other things. So again, it's a quarterly movement based on when somebody was added or not added. But overall, we believe we are doing well with our SG&A, and we will be able to maintain that percentage spend as a percentage of revenue and continue to work with it.

Ashis Dash: Okay. Just my last question, one observation was that the other financial liabilities has increased to INR 268 crores from INR 136 crores as of December 2025. So what is the reason if you can highlight that?

Nitesh Bansal: I'll let Nand answer it, but I'm assuming this is largely because of the cost of debentures, which we've taken. But Nandji, what exact line item can you look at?

Nand Sardana: It's second interim dividend of INR 96 crores, which was declared during last week of September 2026 and deposited in separate bank account, The payment was done on October 16.

Moderator: All right. So we will take that as the last question. And I would now hand the conference over to Mr. Nitesh for closing comments.

Nitesh Bansal: Well, thank you, and thanks, everyone, for joining in, and thank you for all the questions, which give us a lot of insight and also ideas on what we can be doing better. But there hasn't been a more turbulent time or more exciting time in the industry. And I'm always on the excitement side to look at the opportunities and the possibilities that opens up.

And like I said during the call, we have a high conviction that our strategies are beginning to play out, and we're seeing right kind of leading indicators, and we'll continue to work through it and hopefully be able to show them as good lagging indicators as well in the time to come. Thank you so much for joining in, and looking forward to connecting with all of you in the next call.

Nand Sardana: Thank you, everybody.

Moderator: Thank you very much. On behalf of R Systems, that concludes this conference. Thank you all for joining us today, and you may now disconnect your lines.