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SYSTEMATIX INSTITUTIONAL EQUITIES

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Institutional Equities

## R Systems International

17 September 2025

## Strategic reset to drive the next leg of growth

## INITIATING COVERAGE

Sector: IT &amp; ITES

Rating: BUY

CMP: Rs 439

Target Price: Rs 507

## Stock Info

Sensex/Nifty	82,381/24,973
Bloomberg	RSYS IN
Equity shares (mn)	118
52-wk High/Low	558 / 274
Face value	Re 1
M-Cap	Rs 52bn/USD 0.59bn
3-m Avg turnover	USD 3.05mn

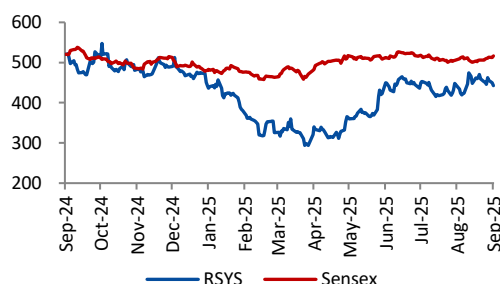
## Financial Snapshot (Rs mn)

Y/E Mar	CY24	CY25E	CY26E
Net sales	17,417	19,550	24,047
EBITDA	2,910	3,336	4,285
EBITDA (%)	16.7%	17.1%	17.8%
PAT	1,316	2,054	2,226
EPS	11.1	17.3	18.8
P/E (x)	41.2	26.4	24.4
P/B (x)	8.7	6.5	5.2
EV/EBITDA (x)	18.0	16.8	12.6
RoE (%)	21.3%	28.3%	23.7%
RoCE (%)	30.4%	28.2%	27.6%

## Shareholding Pattern (%)

	Jun'25	Mar'25	Dec'24
Promoter	51.9	51.9	51.9
- Pledged			
FII	3.6	4.0	4.0
DII	8.8	8.7	7.4
Others	35.7	35.5	36.7

## Stock Performance (1-year)



R Systems (RSYS IN) is entering a new growth phase, supported by renewed leadership, operational focus, and the strategic backing of its new promoter, Blackstone. The company has steadily moved beyond its legacy image to become a credible player in product engineering, digital transformation, and AI adoption. Developments over the last year include a) client additions through the Blackstone network, b) strengthening of leadership, and c) launch of OptimaAI, its proprietary AI platform, which is gaining early traction. Their recent acquisition of Novigo Solutions adds strong Agentic AI and automation capabilities, enhancing cross-sell potential and deepening presence in the Middle East and South India. We expect growth to accelerate meaningfully over CY25-26, supported by a) increased client activity, b) better deal wins, and c) expansion in high-potential areas like GCC setups and AI solutions. We estimate 17%/21/30% CAGR in revenue/EBITDA/PAT, respectively, over CY24–26E, with EBITDA margin expected to remain stable. The company is strategically reinvesting gains towards strengthening its technology offerings, driving deal conversions, and expanding its client base. We initiate coverage on RSYS with a BUY rating and a target price of Rs 507, based on 27x PE on CY26E EPS. Key risks: weaker client budgets, slower scale-up of new platforms like OptimaAI, and delays in turning recent acquisitions margin-accretive.

## Niche leadership in product engineering services

The global product engineering market, currently at USD 1,300+ bn, is expected to grow at a 6.4% CAGR over CY25–30E, offering a long runway for scalable expansion. RSYS specializes in end-to-end digital product engineering, serving ISVs and clients across tech, healthcare, telecom, media, and auto. Its cloud and digital transformation strengths are supported by key hyperscaler partnerships (Microsoft, AWS, Google, Salesforce). With 75% of revenue from North America, potential US Fed rate cuts could boost growth.

## GCC, IoT and AI hold immense growth potential for RSYS

RSYS is well-positioned to benefit from the expanding IoT ecosystem, leveraging its expertise in embedded systems, edge computing, and cloud-native solutions. This would help businesses in building and scaling intelligent connected systems. The company is also capitalizing on the rapid growth of Global Capability Centers (GCCs) in India, particularly among mid-sized firms, by providing end-to-end set-ups, leadership hiring, and EOR support. RSYS could become a strategic long-term partner in outsourcing, as it presents strong opportunity (25–45% of GCC capacity).

## Valuation &amp; outlook

RSYS currently trades at 25.3x one-year forward P/E, close to its five-year historical average. We see scope for a modest multiple expansion to 27x CY26E EPS, supported by stronger growth visibility under Blackstone's ownership, structural demand drivers, and an improving margin trajectory. This reflects our conviction in RSYS's strategic shift and its ability to sustain high return ratios (RoCE ~30%) and improving revenue mix. This yields a target price of Rs 507, implying a 16% upside from CMP.

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Investors are advised to refer disclosures made at the end of the research report.

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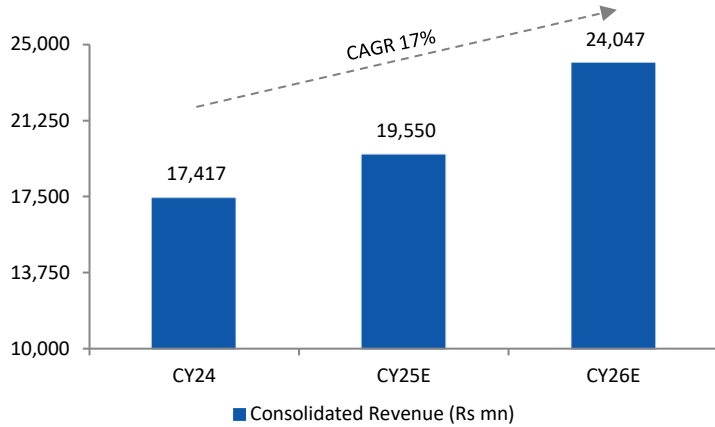
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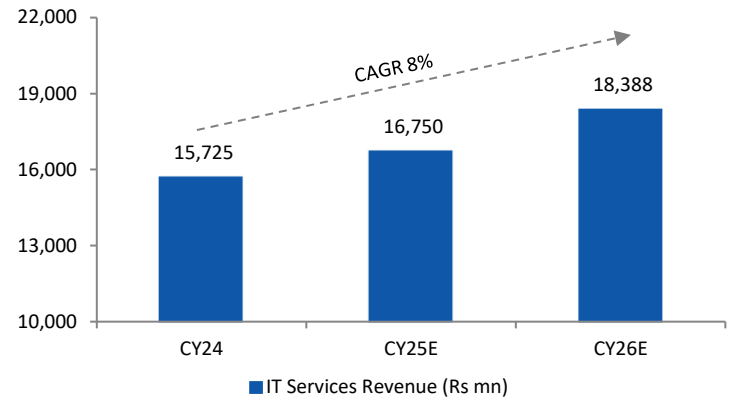
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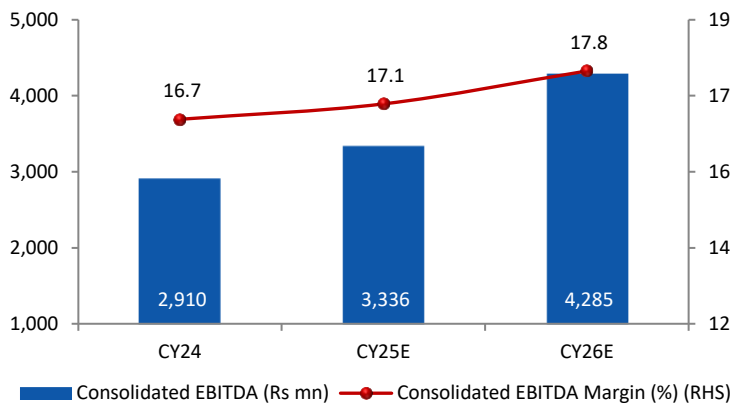
## Story in Charts

**Exhibit 1: Consolidated revenue trend**


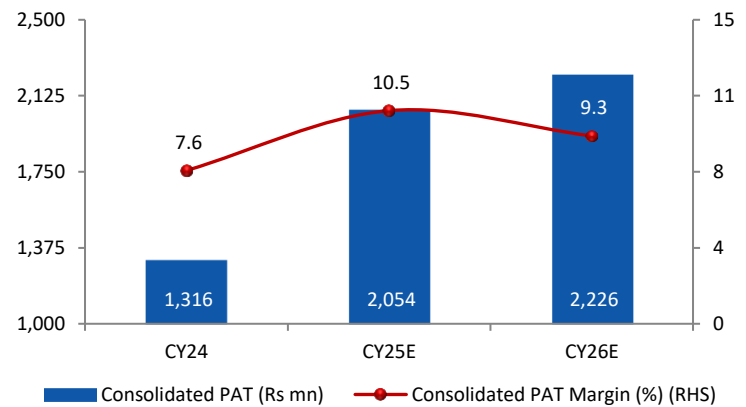
Source: Company, Systematix Institutional Research

**Exhibit 2: IT Services revenue trend**


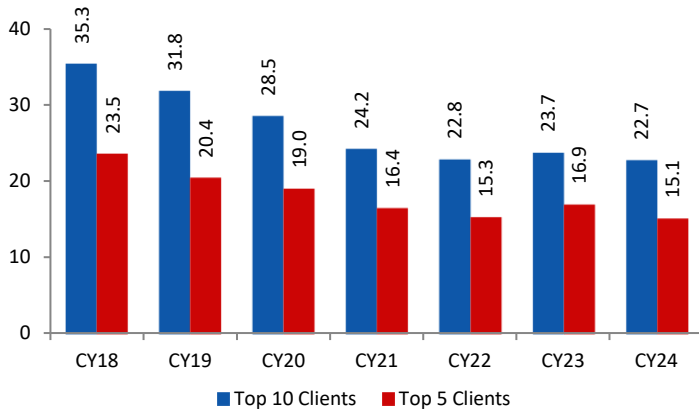
Source: Company, Systematix Institutional Research

**Exhibit 3: Consolidated EBITDA margin trend**


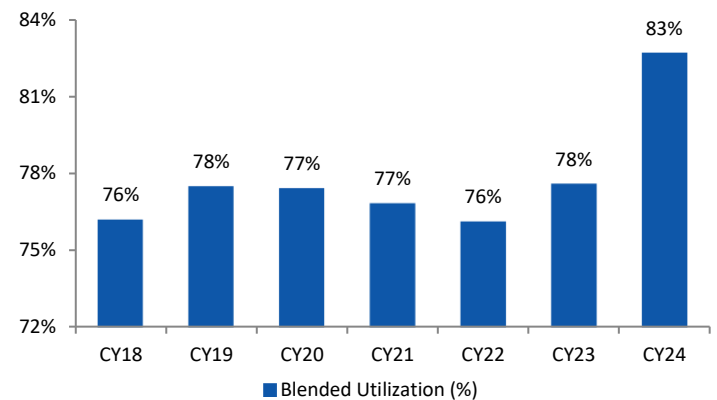
Source: Company, Systematix Institutional Research

**Exhibit 4: Consolidated PAT margin trend**


Source: Company, Systematix Institutional Research

**Exhibit 5: Top clients trend**


Source: Company, Systematix Institutional Research

**Exhibit 6: Utilization Trend**


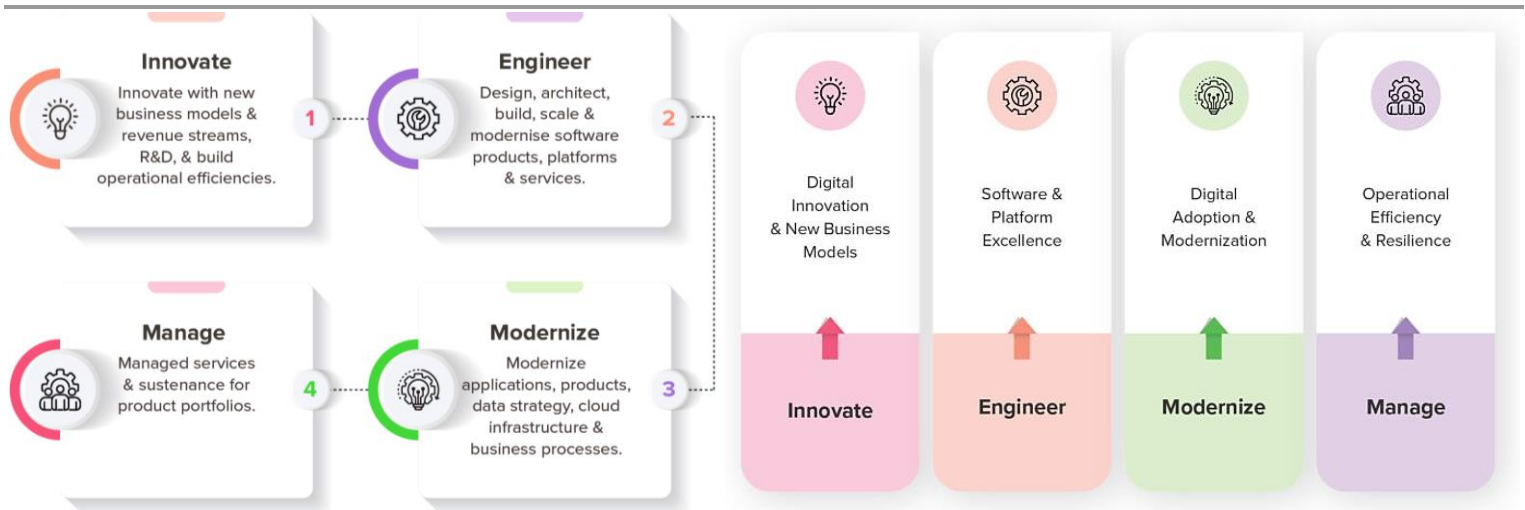
Source: Company, Systematix Institutional Research

## Investment Thesis

### Comprehensive product engineering services

R Systems (RSYS IN) specializes in outsourced product engineering and partners with companies to deliver comprehensive software solutions. Product engineering encompasses the entire lifecycle of a software product, from initial concept to ongoing maintenance. This includes identifying market needs and defining clear product requirements during the conceptualization phase. This involves a) designing robust software architecture, developing code, and crafting intuitive UI/UX, b) rigorously testing and deploying products to ensure quality, security, and scalability and c) providing continuous maintenance and upgrades, driven by user feedback and evolving technology. Through this end-to-end approach, RSYS helps clients to accelerate innovation and bring high-quality software products to market efficiently.

**Exhibit 7: Digital product engineering**

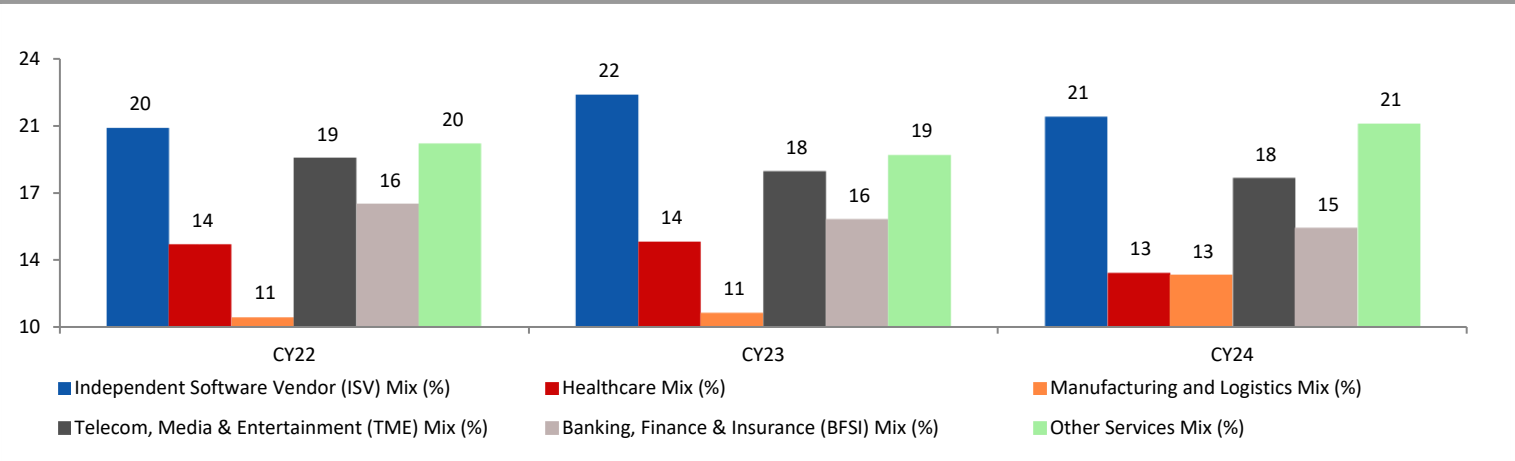


Source: Company, Systematix Institutional Research

### ISV remains core revenue driver (21-22% of total revenue)

RSYS serves five primary verticals a) Independent Software Vendors (ISVs), b) Telecom & Digital Media, c) BFSI, d) Manufacturing & Logistics, and e) Healthcare. Of these, ISV is the largest revenue segment contributing 21-22% of total revenue. The company collaborates closely with ISVs—particularly leading technology firms in the US such as Microsoft, AWS, Salesforce, UiPath, and Boomi—providing specialized services that support the development, management, and optimization of their software products. By leveraging RSYS' expertise, ISVs benefit from cost reduction, accelerated time-to-market, improved product quality, and enhanced user experience, enabling them to deliver competitive solutions in the marketplace. Other significant verticals include BFSI, which contributes around 15% to revenue, Healthcare roughly 13% and Telecom & Digital Media about 18%.

Exhibit 8: Vertical mix trend



Source: Company, Systematix Institutional Research

Driving growth via strategic collaborations

RSYS is strategically leveraging its partnerships with Microsoft, AWS, and Salesforce to drive digital transformation for global enterprise clients. Through its Microsoft partnership, RSYS supports businesses in cloud migration, analytics (Power BI), security and productivity solutions (Microsoft 365, Dynamics 365). By applying established frameworks and industry best practices, RSYS enables clients to fully utilize the Microsoft ecosystem and expects to drive long-term growth and efficiency. Its AWS partnership enables delivery of cloud-native application development, DevOps, and AI/ML solutions, expanding its capabilities in scalable and next-gen workloads. Meanwhile, the Salesforce partnership allows RSYS to implement and manage CRM (Customer Relationship Management) and customer experience platforms across industries like BFSI and healthcare.

In addition to its partnerships with hyperscalers, RSYS collaborates with IaaS, PaaS, and SaaS providers, which is strengthening its presence in the cloud and automation ecosystem. The company works with NASDAQ-listed technology giants such as UiPath, Snowflake, Oracle, and SAP; these play crucial roles in the enterprise technology landscape involving enterprise software, automation, and cloud solutions. These collaborations enable RSYS to deliver cutting-edge digital transformation solutions to its clients across industries.

Exhibit 9: Strategic partners



Source: Company, Systematix Institutional Research

## Blackstone boosts credibility, ensures trust

Blackstone is the world's largest alternative asset manager with more than USD 1tn of assets under management, catering to institutional and individual investors. It operates across sectors, including healthcare, consumer, real estate, and technology. Blackstone's vast portfolio of 250+ global companies create significant cross-selling and upselling opportunities, driving business expansion and synergies across its network.

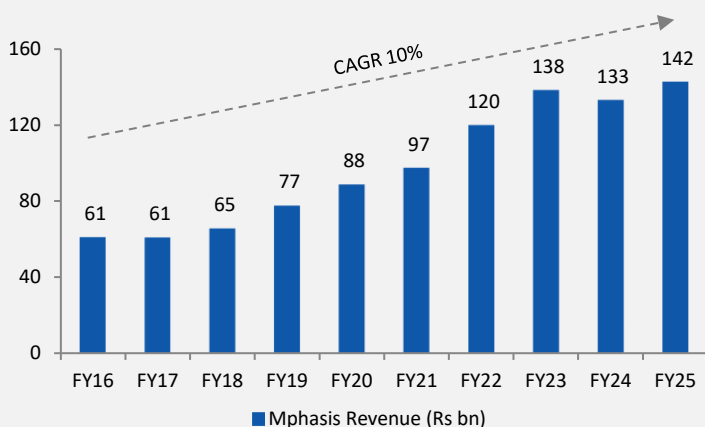
In May 2023, Blackstone acquired a 52% stake in RSYS for USD 359mn. Following the acquisition, it appointed ex-Infosys veteran, Mr. Nitesh Bansal as CEO. The acquisition was driven by RSYS' strong positioning to benefit from digitalization tailwinds, shorter product launch cycles, and increased openness to outsource product development. With a strong track record in scaling IT firms like Mphasis, Blackstone brings strategic guidance, M&A support, and operational expertise that would drive RSYS' next growth phase.

### The transformation of Mphasis

Blackstone played a pivotal role in transforming Mphasis into a large-cap IT services company through strategic investments and operational enhancements. In 2016, Blackstone acquired 61% stake in Mphasis from Hewlett Packard Enterprises for Rs 55bn, which marked the beginning of Mphasis' turnaround strategy. Leveraging its global network, Blackstone helped Mphasis expand its client base, particularly in the Banking, Financial Services, and Insurance (BFSI) space, which became its largest revenue segment.

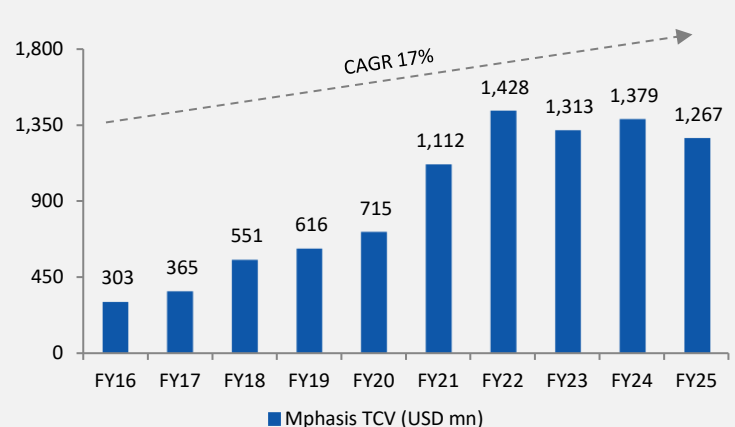
Under Blackstone's ownership, Mphasis experienced strong revenue and total contract value (TCV) growth over FY16-FY24. Revenue steadily increased at 10% CAGR to Rs 142bn in FY24. Mphasis saw significant contract wins, with the TCV, rising from ~USD 303mn in FY16 to ~USD 1.3bn in FY25, largely fueled by its BFSI segment. The company strengthened its cloud and AI capabilities, positioning itself as a leader in digital transformation services. Blackstone's backing enabled Mphasis to scale operations, improve margins, and enhance shareholder value, leading to significant market re-rating.

**Exhibit 10: Mphasis revenue trend**



Source: Company, Systematix Institutional Research

**Exhibit 11: Mphasis TCV trend**



Source: Company, Systematix Institutional Research

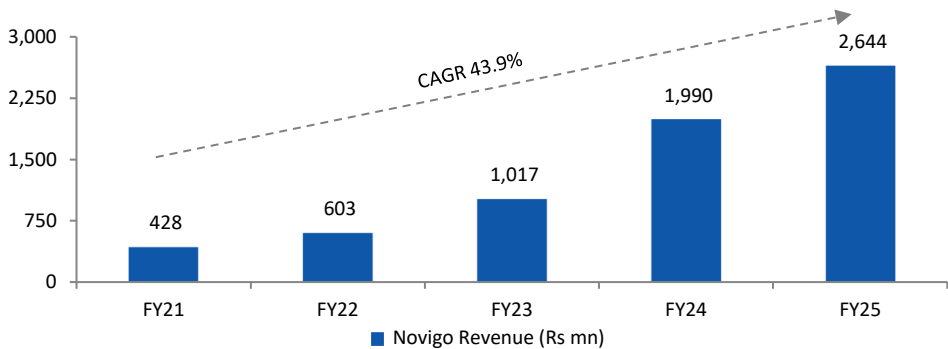
Strategic Acquisitions

Novigo Solutions - Acquisition to strengthen RSYS’ Agentic AI & automation capabilities

R Systems International Ltd. (RSYS) acquired 100% stake in Novigo Solutions Private Limited in August 2025, at a valuation of Rs 4bn (~6x FY25 EBITDA), with additional stock consideration linked to future performance. Founded in 2013, Novigo is a fast-growing IT services company specializing in product engineering, low-code/no-code (LCNC) development, and intelligent automation. The company delivered a 44% revenue CAGR over FY21–25, reaching Rs 2.6bn in FY25 revenue with ~25% EBITDA margins and strong free cash flow. Headquartered in Mangalore, with additional presence in Bengaluru and Kochi, Novigo employs a high-quality talent pool serving clients across BFSI, Hi-Tech, Manufacturing, and Energy sectors, with 47% of revenues coming from the Middle East.

The rationale behind this acquisition was to strengthen its product engineering and Agentic AI capabilities, while expanding market presence in the fast-growing Middle East and delivery footprint in South India. The combination also integrates Novigo’s UiPath Diamond-tier automation practice and Microsoft Copilot Centre of Excellence with RSYS’ OptimaAI Suite, enabling the combined entity to design, orchestrate, and manage enterprise-scale AI agent workflows under a governed platform. Management expects strong synergies in cross-sell, market expansion, and cost efficiencies, with the deal being EPS accretive from year one.

Exhibit 12: Novigo Solutions Historical Revenue



Source: Company, Systematix Institutional Research

Velotio - Acquisition to deepen RSYS’ product engineering capabilities

RSYS acquired 100% stake in Velotio (a leading product engineering and digital solutions company) in July 2023, at a valuation of Rs 2,788mn. Founded in 2016, Velotio has more than 7 years of experience in delivering high quality digital products. It has 350+ engineers who collectively serve 90+ customers across varied industries, including enterprise SaaS, Real Estate, FinTech, Infrastructure, and Security. Velotio specializes in helping technology companies build massive engineering teams that eventually become an extension of their in-house team.

RSYS’ rationale behind this acquisition was to be able to deepen its product engineering capabilities in verticals such as technology, media, and healthcare and horizontals such as Cloud, DevOps, Data Engineering, and Generative AI. This acquisition also helped them expand their India delivery presence to Pune, a hub for product engineering talent. Management also expects a lot more cross-sell and upsell opportunities in the aforementioned areas across customers. The company believes it is aptly placed to realize the synergies that arise from this venture.

Prior to this acquisition, Velotio had a revenue run-rate of USD 15mn with ~70% CAGR over FY21-23 and 30% EBITDA margin.

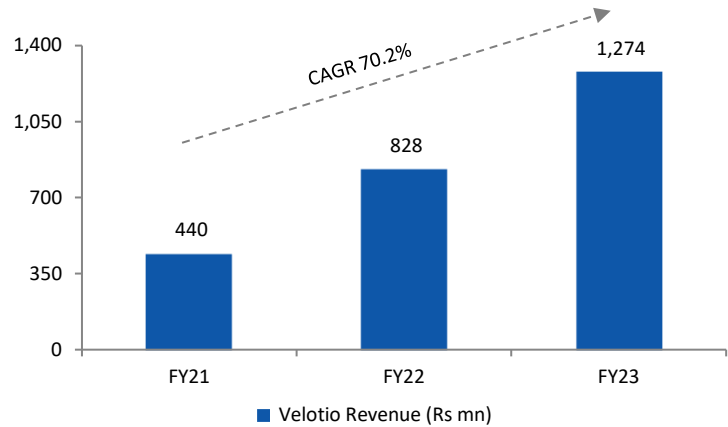
**Scaleworx Technologies – A wholly owned subsidiary**

In December 2023, RSYS acquired 60% stake in Scaleworx Technologies Private Limited (Scaleworx ) through its subsidiary, Velotio, at a valuation of Rs. 55.5mn. As Velotio previously held a 40% stake in Scaleworx, with RSYS acquiring the remaining 60%, Scaleworx has become its wholly-owned subsidiary.

Scaleworx is in the business of information technology relating to DevOps consulting infrastructure management, outsourced product development and digital product engineering services. Over FY21-23, Scaleworx’s revenue grew at ~400% CAGR to Rs 129mn.

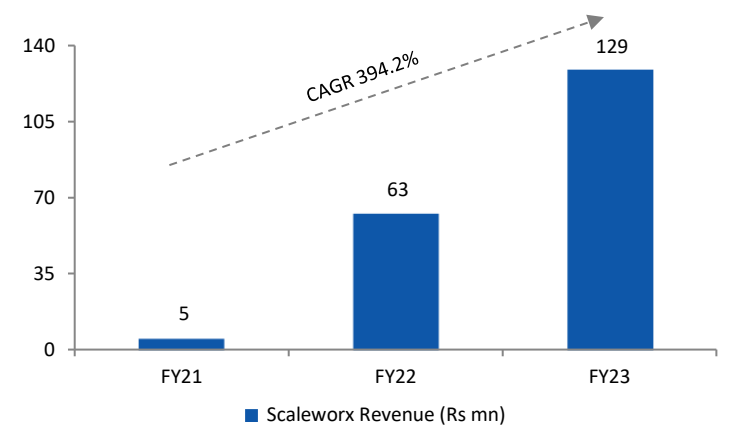
Through this acquisition, RSYS is looking to deepen its product engineering capabilities in DevOps and digital product engineering services. The acquisition is expected to enhance the existing capabilities of Velotio and RSYS.

**Exhibit 13: Velotio revenue trend**



Source: Company, Systematix Institutional Research

**Exhibit 14: Scaleworx revenue trend**



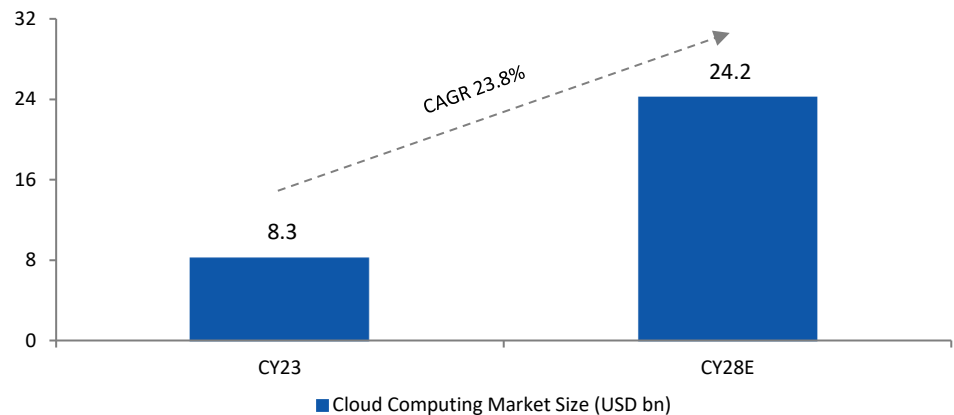
Source: Company, Systematix Institutional Research



## Cloud computing in India

India's public cloud services (PCS) market is witnessing exponential growth, backed by enterprise digital transformation and the surging demand for as-a-service models. The total PCS revenue [which includes Infrastructure-as-a-Service (IaaS), Platform-as-a-Service (PaaS), and Software-as-a-Service (SaaS)] stood at USD 8.3bn in 2023, as per International Data Corporation's (IDC) 2HCY23 report. The market is expected to triple to USD 24.2bn by 2028, registering robust 23.8% CAGR during CY23–28E.

**Exhibit 15: Cloud services - Market potential**



Source: IDC, Systematix Institutional Research

The cloud-computing industry is seeing a structural shift with enterprises increasingly modernizing IT operations on IaaS while simultaneously migrating core business applications to the SaaS platform. This evolution is further accelerated with Generative AI (GenAI) getting integrated into public cloud offerings, with the aim of enhancing productivity and user experience. While SaaS is expected to remain the largest contributor to overall PCS volumes, PaaS segments — especially fully managed databases and serverless platforms—could emerge as key growth drivers. These enable the deployment of cloud-native applications and modern, scalable data infrastructure.

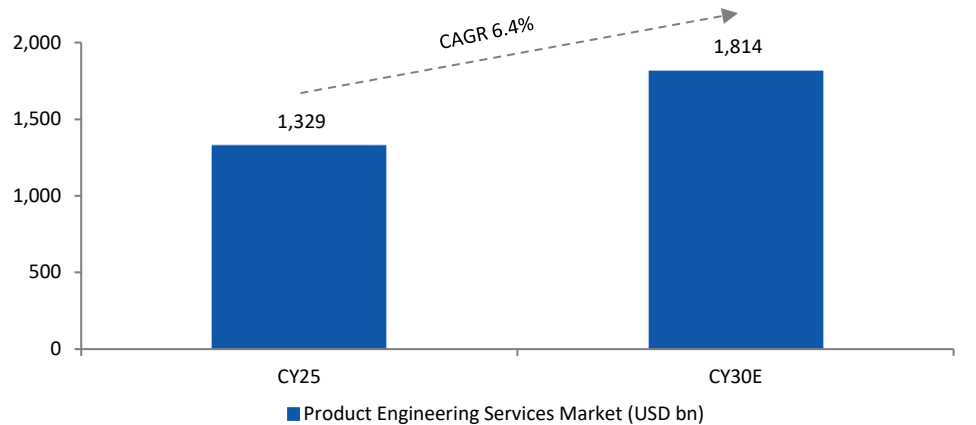
Additionally, AI platforms, collaborative tools, CRM, ERP, and system infrastructure software are all showing increasing traction, as businesses invest in next-gen technologies. Focus on cost optimization has further strengthened the case for public cloud, with enterprises favoring flexible, pay-as-you-use models over traditional infrastructure.

With the rise of GenAI in enterprise strategy, there is a growing demand for compute-heavy infrastructure and modern data stacks, positioning public cloud as a critical enabler of innovation, operational efficiency, and customer experience. As Indian enterprises continue to move up the digital maturity curve, cloud adoption is expected to accelerate further, offering a long runway of opportunity for players like RSYS.

Product Engineering Services

The product engineering services (PES) market is witnessing strong momentum, driven by global demand for faster innovation cycles, cost efficiency, and the need for digital-first product development. As enterprises increasingly seek to reduce time-to-market and improve product quality, they are outsourcing end-to-end engineering services to capable partners in India.

Exhibit 16: Product Engineering services - Market potential



Source: GrandViewResearch, Systematix Institutional Research

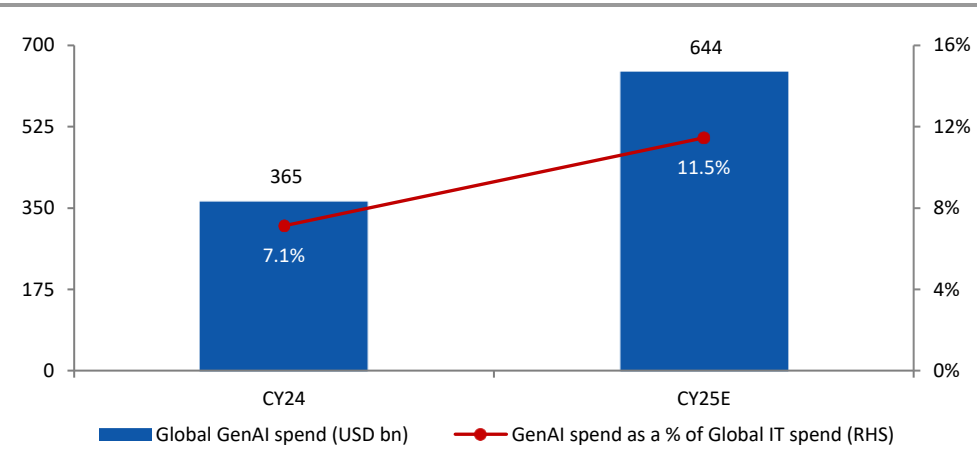
The global product engineering services market size was estimated at USD 1,329 billion in CY25 and is expected to grow at a CAGR of 6.4% from CY25 to CY30. With an emphasis on concept-to-commercialization offerings, Indian firms are playing a critical role in supporting global clients across sectors like automotive, telecom, healthcare, industrials, and consumer tech.

With global enterprises increasingly outsourcing end-to-end product engineering to cost-efficient, high-skill markets like India, R Systems stands to gain as a trusted delivery partner offering scalable, innovation-driven solutions. Its ability to manage the full product lifecycle—from ideation and prototyping to testing, deployment, and post-launch support—makes it highly relevant for clients looking to accelerate product development and reduce time-to-market.

AI wave to accelerate growth

A recent forecast by Gartner forecasts global spending on GenAI at USD 644bn in 2025, a 76.4% increase over 2024. This growth is expected despite the noticeable decline in short-term expectations, hindered by high failure rates in early proof-of-concept (POC) initiatives and underwhelming GenAI results.

Exhibit 17: Global GenAI spend



Source: Gartner, Systematix Institutional Research

However, companies that build core GenAI models are still spending billions each year to make them bigger, faster, and more reliable. This has created a paradoxical situation, wherein initial setbacks have dampened the enthusiasm of some businesses towards generative AI, investments in technology continues to accelerate. In response to implementation challenges, many Chief Information Officers (CIOs) are shifting away from ambitious internal projects in favor of commercial off-the-shelf GenAI features offered by existing enterprise software providers. This move is driven by a desire for enhanced predictable deployment timelines and measurable business outcomes.

For RSYS, this trend presents a strong opportunity to integrate GenAI capabilities into its existing solutions and position itself as a reliable implementation partner for enterprises, seeking scalable, ready-to-deploy AI features.

Strategically aligned to support the transition to IoT

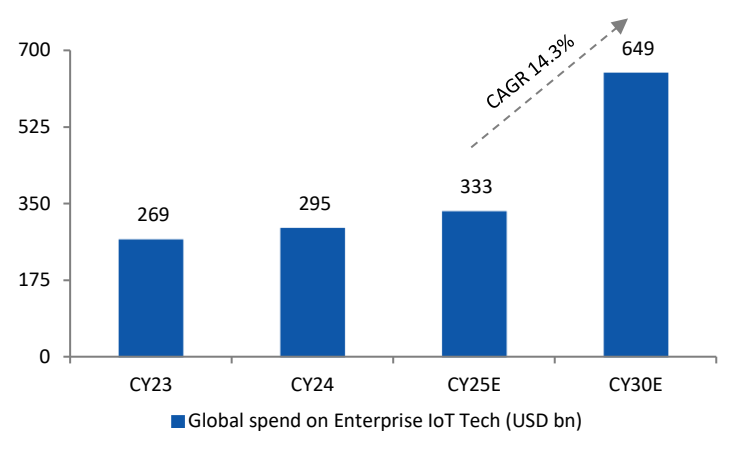
The Internet of Things (IoT) is rapidly reshaping industries by enabling devices to communicate, collect, and exchange data seamlessly. From smart appliances and connected vehicles to industrial sensors and medical devices, IoT applications are becoming deeply embedded in daily life and business operations. As this interconnected ecosystem expands, the global number of IoT devices is expected to surpass 25 billion by 2026 (source: IoT Analytics). This explosive growth is driving the demand for specialized software engineering, real-time analytics, and scalable cloud infrastructure—areas where RSYS has deep domain expertise.

RSYS’ strengths in embedded engineering, edge computing, and cloud-native architecture position it as a valuable partner for enterprises building and in scaling IoT solutions. With devices continuously transmitting data, clients require robust systems to manage data ingestion, processing, and analysis. RSYS helps clients in building secure and efficient IoT platforms by integrating device-level software with cloud services and AI-driven analytics. This not only ensures uninterrupted

performance but also unlocks actionable insights that can drive innovation and improve business outcomes.

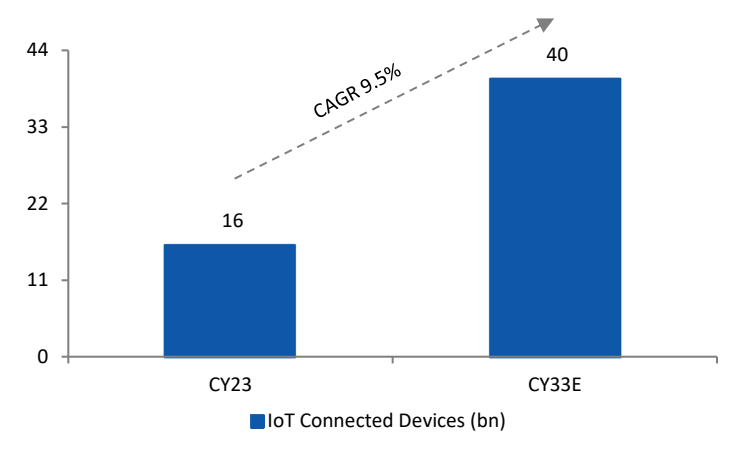
The shift toward smarter products and autonomous systems is particularly promising for RSYS, given its longstanding partnerships with global tech and electronics leaders. For instance, its collaboration with Panasonic spans embedded firmware development for smart and robotic devices — demonstrating its ability to support next-gen consumer and industrial electronics. As companies worldwide invest in digital transformation through IoT, RSYS is strategically aligned to support this transition, leveraging its engineering depth to deliver scalable, connected, and intelligent solutions.

Exhibit 18: Global IoT tech spend



Source: IoT Analytics, Systematix Institutional Research

Exhibit 19: IoT connected devices



Source: Transforma Insights, Systematix Institutional Research

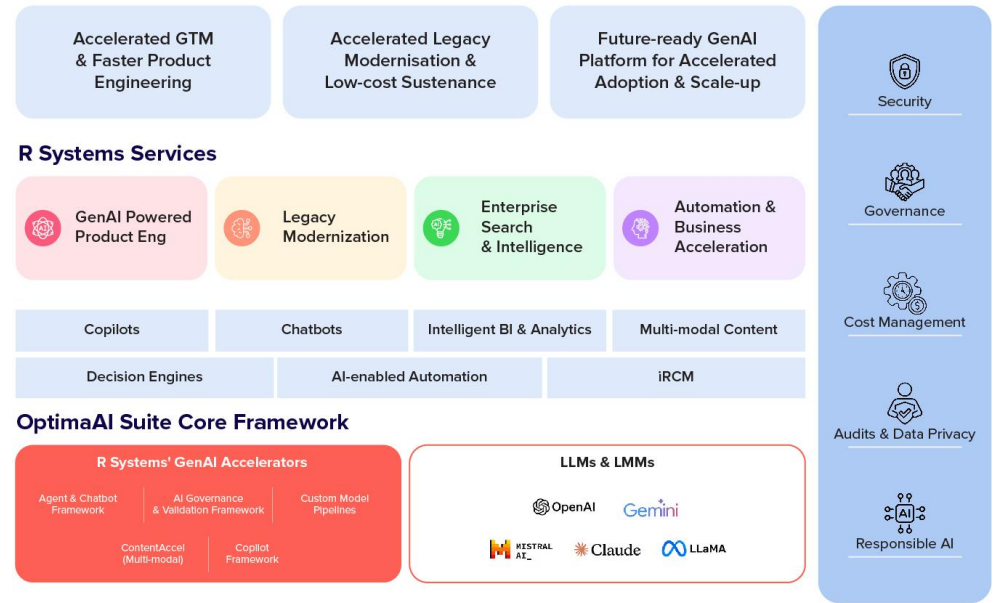
Monetizing AI through OptimaAI

RSYS has introduced the OptimaAI suite, a comprehensive GenAI-based offering designed to accelerate enterprise AI adoption, particularly in software development and digital transformation initiatives. This suite integrates services, tools, industry-specific large language models (LLMs), and frameworks to streamline the entire software development life cycle (SDLC), from ideation to maintenance.

OptimaAI Suite delivers AI-powered enhancements across all stages of SDLC, including knowledge transfer (KT), development, modernization, support, quality engineering, DevOps, and maintenance. It helps organizations in driving operational efficiency, boosting innovation, and unlocking new revenue opportunities.

Key offerings within the suite include:

- AI tools for developers to speed up coding and improve quality
- Digital assistants (like chatbots and copilots) for automation and customer interaction
- Industry-specific AI models for sectors like healthcare, finance, media, etc.
- Legacy modernization using AI to upgrade old systems
- Specialized tools like Cognitive Contracts, iRCM for revenue management, and GuardRails for secure AI use
- ContentGen for generating and optimizing digital content

**Exhibit 20: OptimaAI Suite****Results**

Source: Company, Systematix Institutional Research

To help businesses start their AI journey, RSYS also offers a hands-on workshop, guiding enterprises from ideation to actual production deployment of GenAI use cases. This initiative supports clients in identifying business-relevant use cases and translating them into tangible results using the OptimaAI Suite.

Since its introduction, Optima AI adoption has steadily expanded across engineering and managed-services engagements. Optima AI has further evolved to include advanced Agentic AI workflows. In scenarios where these capabilities can autonomously manage operations and deliver rapid RoI, such Agentic AI use cases have been seamlessly integrated into the Optima AI framework.

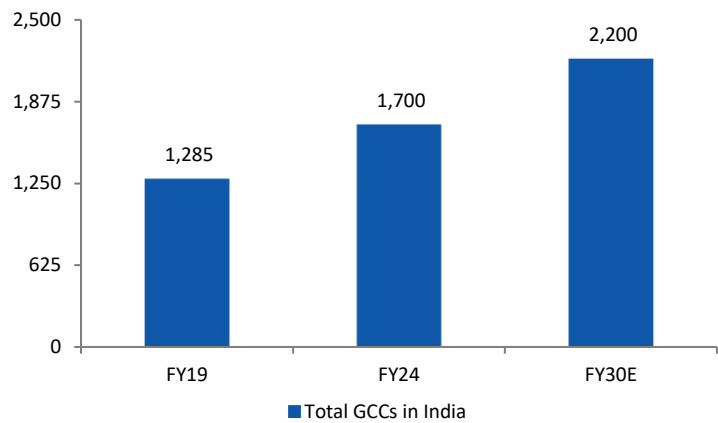
In summary, the OptimaAI Suite positions RSYS as a strategic partner for businesses looking to leverage AI meaningfully — not just for experimentation, but for real, scalable business impact.

**GCC wave reshaping IT**

Global Capability Centres (GCCs) are offshore units of multinational companies that handle strategic functions ranging from IT and operations to R&D, analytics, product engineering, and innovation. Earlier seen as cost-saving hubs, GCCs have evolved into centers of excellence and digital innovation. GCCs in India are no longer merely outsourced back-office operations. They are crucial to the long-term strategies of global businesses, providing specialized skills, technological prowess, and agile innovation at scale. India's GCC sector is now at the forefront of delivering solutions to meet global market demands for cloud technologies, artificial intelligence (AI), data analytics, cybersecurity, and much more.

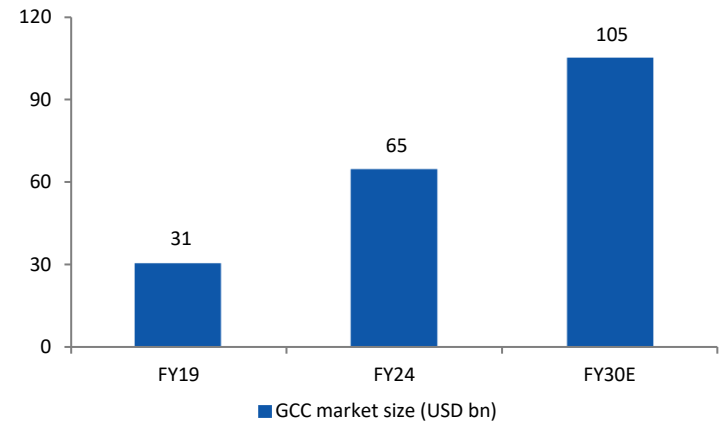
India has been home to over 1,700 GCCs as of FY24, generating USD 64+bn in revenue. This number is projected to exceed 2,200 GCCs by 2030, with revenues likely to cross USD 100bn, as per NASSCOM and Zinnov estimates. The country accounts for ~50% of global GCCs, far outpacing peers like Poland, Mexico, and the Philippines. Key cities like Bengaluru, Hyderabad, Pune, Chennai, and NCR dominate the landscape, while Tier-2 cities like Coimbatore, Ahmedabad, and Bhubaneswar are gaining traction due to better infrastructure and talent availability.

Exhibit 21: GCC trend in India



Source: nasscom, Systematix Institutional Research

Exhibit 22: GCC market potential

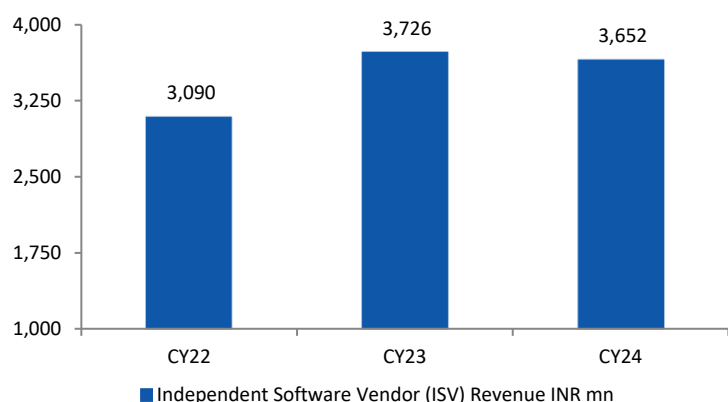


Source: nasscom, Systematix Institutional Research

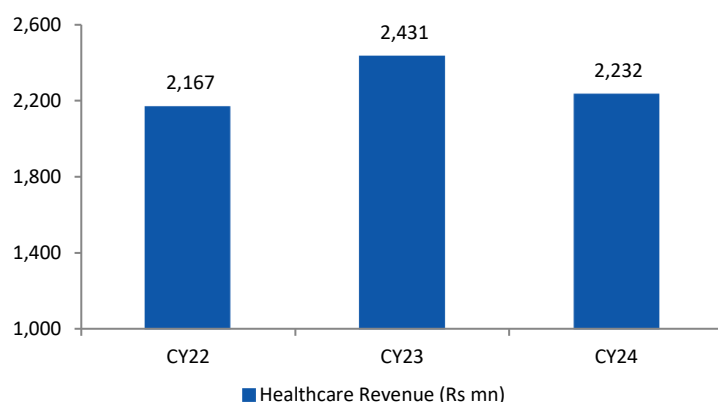
GCCs have emerged as a key trend over the past year, with many companies (particularly mid-sized firms without an existing presence in India) exploring opportunities to establish their own centers. Recognizing this shift, RSYS has positioned itself as a strategic partner for such organizations, offering the expertise and infrastructure needed to successfully set up and scale GCC operations. With over 1,700 GCCs already established in India, management believes that successful centers typically rely on partners for 25% to 45% of their total capacity.

RSYS sees this as a significant growth lever and aims to play a critical role in this ecosystem by providing extended capacity and strategic support. The company’s GCC-focused service offerings span the entire lifecycle — entity setup and leadership hiring to Employer of Record (EOR) services — all delivered as paid engagements. This end-to-end approach aligns with RSYS’ next phase of growth, enabling it to become a long-term value partner for global clients building strategic operations in India.

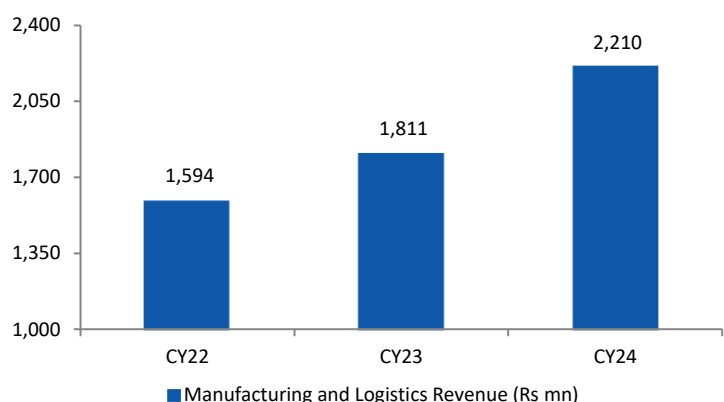
## Key Metrics

**Exhibit 23: ISV revenue trend**


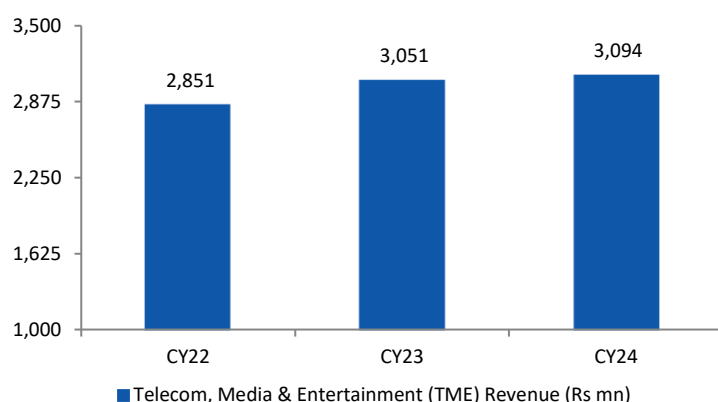
Source: Company, Systematix Institutional Research

**Exhibit 24: Healthcare revenue trend**


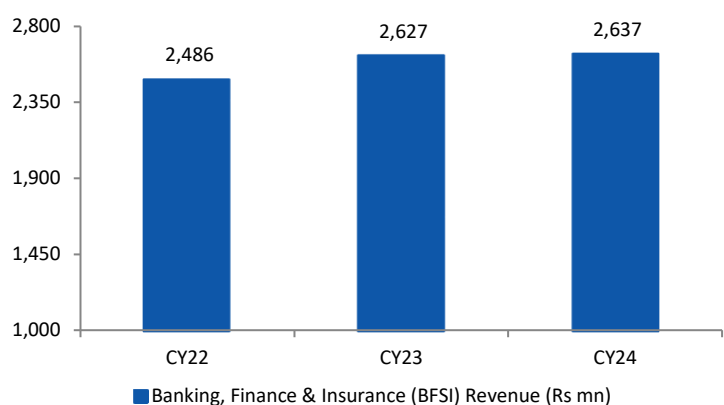
Source: Company, Systematix Institutional Research

**Exhibit 25: Manufacturing & Logistics revenue trend**


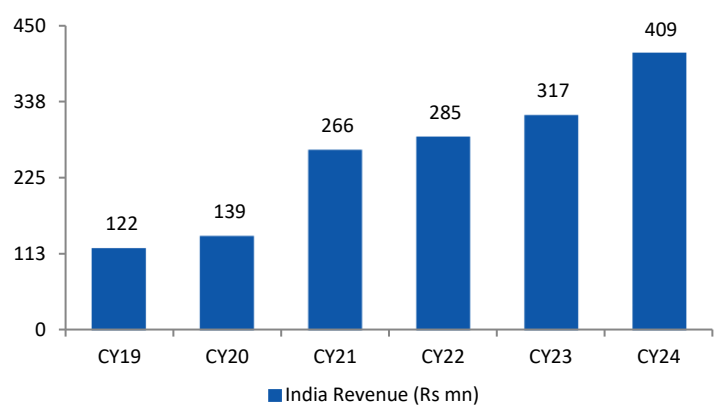
Source: Company, Systematix Institutional Research

**Exhibit 26: TME (Tech, Media, Entertainment) revenue trend**


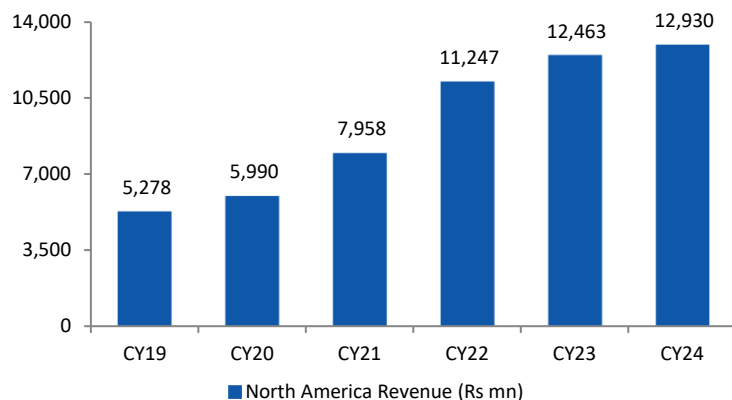
Source: Company, Systematix Institutional Research

**Exhibit 27: BFSI revenue trend**


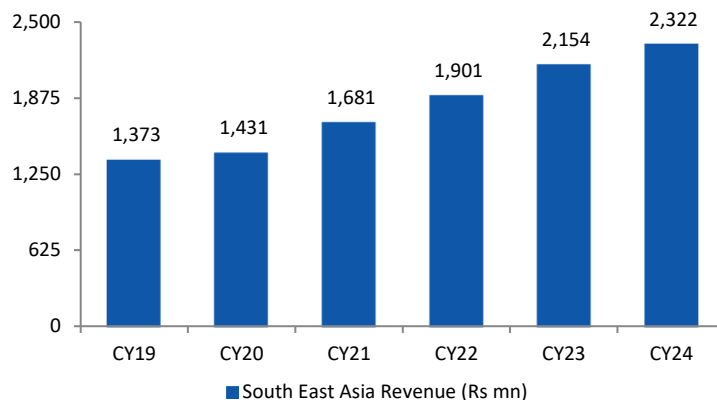
Source: Company, Systematix Institutional Research

**Exhibit 28: India revenue trend**


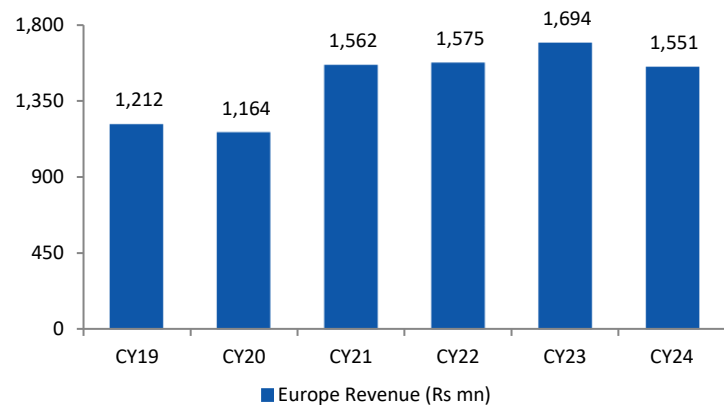
Source: Company, Systematix Institutional Research

**Exhibit 29: North America revenue trend**

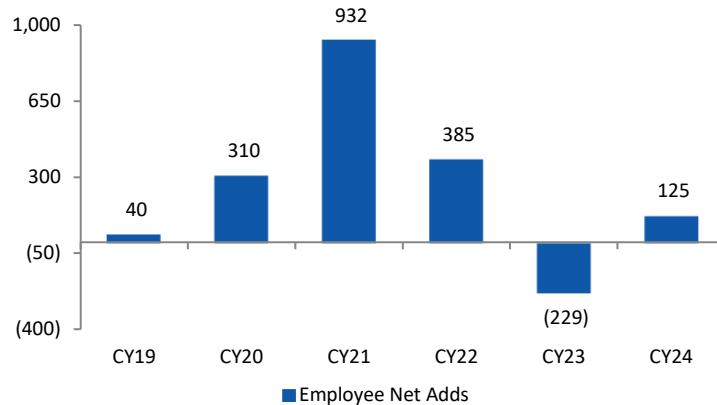
Source: Company, Systematix Institutional Research

**Exhibit 30: South-East Asia revenue trend**

Source: Company, Systematix Institutional Research

**Exhibit 31: Europe revenue trend**

Source: Company, Systematix Institutional Research

**Exhibit 32: Employee net adds**

Source: Company, Systematix Institutional Research



**Exhibit 33: Recent deal wins**

Quarter	Deal wins
2QCY25	A leading AI-driven work management platform partnered with R Systems to strengthen its digital ecosystem through digital product engineering and data analytics.
2QCY25	A leading Europe-based technology company, specializing in secure data collaboration within automotive ecosystems, engaged R Systems to drive digital transformation using Azure, Catena-X standards, and AI integration.
2QCY25	A US-based healthcare education solutions provider partnered with R Systems to extend development capabilities, accelerating product innovation and speed to market.
2QCY25	A Leading financial institution partnered with R Systems to modernize reporting infrastructure using GenAI, streamlining client migrations and accelerating platform adoption.
2QCY25	A Global beauty and skincare brand engaged R Systems to implement Microsoft Dynamics Business Central and LS Retail, optimizing processes for financial visibility and operational excellence.
1QCY25	A leading provider of data-driven distribution solutions to the world's top brands has engaged RSYS to deliver robust infrastructure stability and scalability through on-premises solutions. RSYS is focused on building, modernizing, and deploying scalable, high-performance applications with comprehensive ongoing management by leveraging its leading hybrid cloud platform.
1QCY25	A US-based global payments platform has partnered with RSYS to accelerate product engineering, manage gateway integrations, and re-architect reporting systems for improved data insights and operational agility.
1QCY25	A Canada-based leader in B2B marketplace solutions has engaged RSYS to accelerate platform development and enhance quality assurance, ensuring a seamless digital experience for independent businesses, buying groups, and suppliers.
1QCY25	A fiber-optic internet provider based in the US has partnered with RSYS for QA (Quality Assurance) automation of OTT apps and expanded test coverage with metrics-driven validation to improve release efficiency and user experience.
1QCY25	A Singapore-based precision engineering company has engaged RSYS 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.
4QCY24	A leading ESG data management platform has engaged RSYS to enhance its existing platform by providing expertise in full-stack development, data engineering, and digital operations to drive innovation and streamline ESG compliance.
4QCY24	One of the leading financial services companies based in the US with specialization in trading, risk management, and global payments has onboarded RSYS for Salesforce managed services, system enhancements, strategic guidance, while ensuring security and scalability
4QCY24	A leading bank of Caribbean Islands has mandated RSYS for its digital transformation by developing a mobile app and integrated APIs, streamlining the forex request handling to drive operational efficiency.
4QCY24	RSYS has been selected by a global leader in simulation and training software to accelerate its customer project deliveries and boost the product roadmap of its flagship product. This strategic collaboration will help them realize revenues quicker and fortify their competitive advantage.
4QCY24	RSYS has been engaged by a US-based software product company offering multiple products to transform its drafting solution from legacy to SaaS-based solution, offering operational efficiency along with improved document quality and accuracy.

Source: Company, Systematix Institutional Research

**Exhibit 34: Management Overview**

Name	Designation	Background and prior experience
<b>Mr. Nitesh Bansal</b>	CEO & Managing Director	He had a remarkable tenure spanning 23 years at Infosys, where he held various leadership positions, playing a pivotal role in driving business growth and expanding market presence.
<b>Mr. Avirag Jain</b>	Chief Operating Officer	He has been associated with the company since 1997. Prior to R Systems, he worked with Modi Olivetti and Usha India.
<b>Mr. Nand Sardana</b>	Chief Financial Officer	He joined R Systems in the year 2000 and is now the Chief Financial Officer. Prior to joining R Systems, he worked with diverse consultancy organizations.
<b>Mr. Arun Raghavapudi</b>	Chief Customer Officer	He has 25 years of experience and has donned various roles at large and mid-size enterprises like ITC Infotech, InfoVision Inc., Genpact, and Infosys.
<b>Mr. Srikara Rao</b>	Chief Technology Officer	He has over 3 decades of experience, and has held various tech leadership roles at enterprises like Xoriant, Capgemini, Infosys Technologies, HTC, Microland and ABB.
<b>Mr. Sanjay Sahay</b>	Chief Marketing Officer	Prior to joining R Systems, he served as Vice President and Global Head of Digital Marketing at Infosys.
<b>Mr. Satyadeep Mishra</b>	Chief Human Resources Officer	He brings in a unique blend of design thinking from large-scale organizations like Barclays, NatWest Group, Infosys, and Microsoft, combined with the agility and execution focus gained from fast-paced startups like Jio Platforms, OYO, and CleverTap.

Source: Company, Systematix Institutional Research

**Exhibit 35: Peer comparison – 1**

Companies	CAGR (CY21-24)/(FY22-25)		EBIT margin (%)			PAT margin (%)			M-Cap (Rs mn)
	Revenue (%)	EBIT (%)	CY22/FY23	CY23/FY24	CY24/FY25	CY22/FY23	CY23/FY24	CY24/FY25	
Persistent Systems	28%	30%	15%	14%	15%	11%	11%	12%	877,020
Happiest Minds	24%	5%	22%	17%	13%	16%	15%	9%	87,280
Hexaware Technologies	19%	19%	13%	13%	14%	10%	10%	10%	465,790
<b>R Systems International</b>	<b>15%</b>	<b>19%</b>	<b>11%</b>	<b>12%</b>	<b>13%</b>	<b>9%</b>	<b>8%</b>	<b>8%</b>	<b>51,913</b>

Source: Company, Systematix Institutional Research

**Exhibit 36: Peer Comparison – 2**

Companies	PE (x)			M-Cap to Sales (x)			RoE (%)		
	CY22/FY23	CY23/FY24	CY24/FY25	CY22/FY23	CY23/FY24	CY24/FY25	CY22/FY23	CY23/FY24	CY24/FY25
Persistent Systems	93	79	62	11	9	7	22%	23%	21%
Happiest Minds	36	35	47	6	5	4	29%	21%	11%
Hexaware Technologies	26	23	40	5	4	4	26%	26%	26%
<b>R Systems International</b>	<b>37</b>	<b>37</b>	<b>40</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>28%</b>	<b>24%</b>	<b>21%</b>

Source: Company, Systematix Institutional Research

## Valuation

We value RSYS at 27x CY26E EPS of Rs 18.8 to arrive at a target price of Rs 507 per share, and initiate coverage with a BUY rating. Our target multiple implies a 10% discount to RSYS's 3-year average P/E of 29.9x and implies a 9% premium to its 5-year average of 24.7x. We justify this re-rating based on the company's strategic transformation under Blackstone's ownership, led by credible leadership, visible business momentum across AI, GCC and product engineering verticals, and a consistent 30%+ RoCE profile. RSYS is expected to clock a 30% PAT CAGR over CY24–26E, supported by improved deal wins, better client mining and contribution from recent high-margin acquisitions like Novigo.

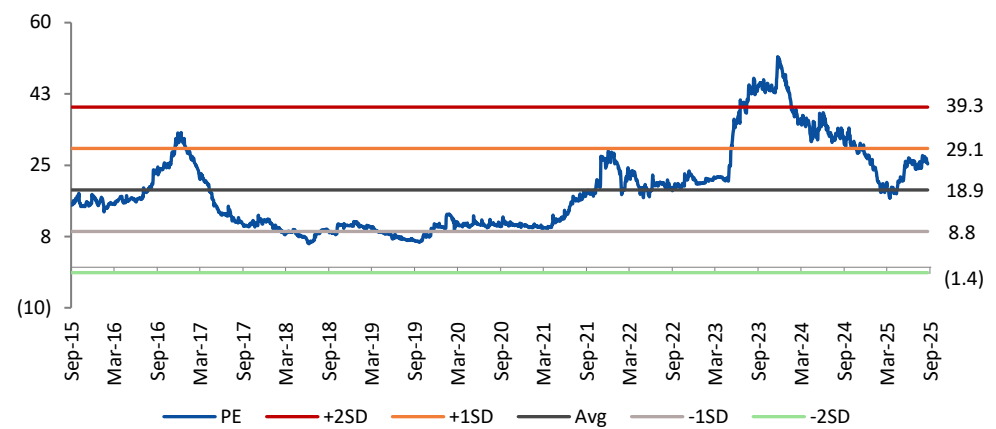
Key risks include (1) delays in scaling up new offerings like OptimaAI or GCC-related services, (2) persistent weakness in tech budgets in key markets like the US, and (3) slower-than-expected margin accretion from acquired entities.

### Average PE

Particulars	3-year	5-year	10-year
Min	17.0	9.4	5.7
Max	51.6	51.6	51.6
Avg	29.9	24.7	18.9

Source: Company, Systematix Institutional Research

### Exhibit 37: 1-year forward P/E



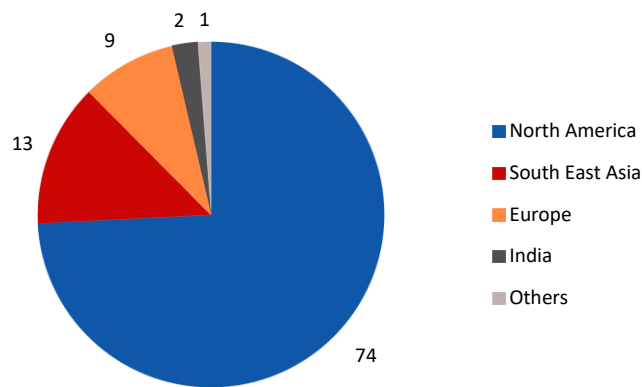
Source: Company, Systematix Institutional Research

Company Overview

RSYS is a leading provider of technology, artificial intelligence, analytics and knowledge services, headquartered in California, US. It partners with customers to enable or elevate their digital transformation through diversified digital offerings, including product engineering, cloud enablement, quality assurance testing and digital platforms and solutions.

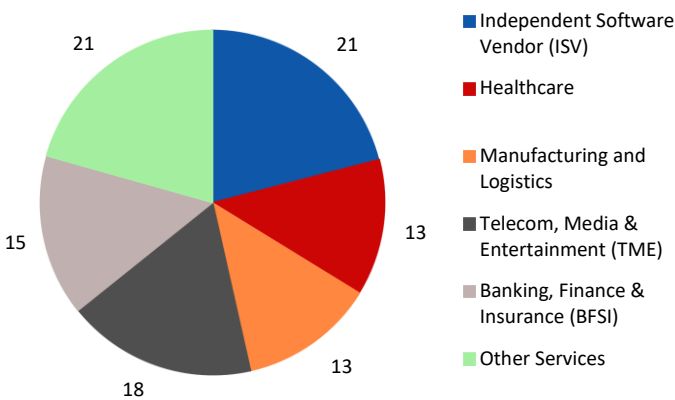
The company’s product mindset and engineering capabilities in Cloud, Data, AI, and CX enables it to serve key players in the high-tech industry, including ISVs, SaaS, and internet companies, as well as product companies in telecom, media, finance, manufacturing, and health verticals. Currently RSYS has 4,100+ employees deployed across 18 development centers and 25 offices in North America, Europe, and Asia Pacific. It has built strong partnerships over the last two decades with hyper-scalers like Microsoft, Amazon, Google and Salesforce.

Exhibit 38: Geographic mix (%) CY24



Source: Company, Systematix Institutional Research

Exhibit 39: Service mix (%) CY24



Source: Company, Systematix Institutional Research

## FINANCIALS

## Profit &amp; Loss Statement

YE: Dec (Rs mn)	CY22	CY23	CY24	CY25E	CY26E
<b>Revenue</b>	<b>15,158</b>	<b>16,845</b>	<b>17,417</b>	<b>19,550</b>	<b>24,047</b>
Cost of Revenues	9,835	10,904	11,163	12,504	15,178
<b>Gross Profit</b>	<b>5,324</b>	<b>5,941</b>	<b>6,255</b>	<b>7,046</b>	<b>8,868</b>
SG & A Cost	3,241	3,296	3,344	3,710	4,583
<b>EBITDA</b>	<b>2,083</b>	<b>2,645</b>	<b>2,910</b>	<b>3,336</b>	<b>4,285</b>
<b>EBITDA margin</b>	<b>13.7%</b>	<b>15.7%</b>	<b>16.7%</b>	<b>17.1%</b>	<b>17.8%</b>
Depreciation	350	544	654	627	659
EBIT	1,733	2,101	2,257	2,708	3,626
EBIT margin	11.4%	12.5%	13.0%	13.9%	15.1%
Interest expense	49	89	84	128	294
Other income	17	113	62	64	57
Exceptional item (loss)/gain	-	(124)	(319)	173	(250)
<b>Profit before tax</b>	<b>1,702</b>	<b>2,000</b>	<b>1,915</b>	<b>2,818</b>	<b>3,138</b>
Taxes	305	599	599	763	912
Tax rate	17.9%	30.0%	31.3%	27.1%	29.1%
<b>PAT</b>	<b>1,397</b>	<b>1,401</b>	<b>1,316</b>	<b>2,054</b>	<b>2,226</b>
<b>EPS</b>	<b>11.8</b>	<b>11.8</b>	<b>11.1</b>	<b>17.3</b>	<b>18.8</b>

Source: Company, Systematix Institutional Research

## Cash Flow

YE: Dec (Rs mn)	CY22	CY23	CY24	CY25E	CY26E
PBT	1,702	2,000	1,915	2,818	3,138
Exceptional Item	-	-	-	-	-
Depreciation	350	544	654	627	659
Interest	49	89	84	128	294
Others	89	(100)	322	-	-
<b>Operating Profit</b>					
<b>before WC Changes</b>	<b>2,189</b>	<b>2,533</b>	<b>2,974</b>	<b>3,573</b>	<b>4,092</b>
Change in WC	(831)	122	(4)	(144)	(337)
Others including taxes	(395)	(542)	(618)	(763)	(912)
<b>Operating Cash-Flow</b>	<b>964</b>	<b>2,114</b>	<b>2,353</b>	<b>2,665</b>	<b>2,843</b>
Capex	348	202	82	250	300
<b>Free cash-flow</b>	<b>616</b>	<b>1,912</b>	<b>2,271</b>	<b>2,415</b>	<b>2,543</b>
Equity raised	-	-	-	-	-
Fin Investments	-	(2,471)	-	-4,000	-
Misc. Items (CFI + CFF)	(729)	35	(1,934)	558	(294)
<b>Net Δ in cash</b>	<b>(114)</b>	<b>(523)</b>	<b>337</b>	<b>(1,027)</b>	<b>2,249</b>

Source: Company, Systematix Institutional Research

## Balance Sheet

YE: Dec (Rs mn)	CY22	CY23	CY24	CY25E	CY26E
Equity Share Capital	118	118	118	118	118
Reserves & Surplus	5,336	5,996	6,122	8,176	10,403
<b>Net worth</b>	<b>5,455</b>	<b>6,114</b>	<b>6,241</b>	<b>8,295</b>	<b>10,521</b>
Deferred Tax Liability	-	-	-	-	-
Long term debt	13	17	13	2,763	2,763
Trade payables	356	371	406	456	561
Other Provisions	512	624	711	791	925
Other liabilities	1,995	3,613	2,378	2,527	2,976
Minority Interest	-	2,407	2,407	2,407	2,407
<b>Total Liabilities</b>	<b>8,330</b>	<b>13,146</b>	<b>12,156</b>	<b>17,238</b>	<b>20,154</b>
Net block	1,424	1,238	933	555	196
Goodwill/Intangible assets	157	5,034	4,815	6,815	6,815
Other Non-current asset	448	613	534	534	534
Investments	139	0	0	4,000	4,000
Cash and Cash Equivalents	2,062	1,574	1,901	874	3,123
Other Bank balances	243	944	37	-	-
Debtors	2,571	2,504	2,573	2,888	3,552
Other current asset	1,287	1,241	1,364	1,572	1,934
<b>Total Assets</b>	<b>8,330</b>	<b>13,146</b>	<b>12,156</b>	<b>17,238</b>	<b>20,154</b>

Source: Company, Systematix Institutional Research

## Ratios

YE: Dec	CY22	CY23	CY24	CY25E	CY26E
Revenue growth	31%	11%	3%	12%	23%
EBITDA (%)	14%	16%	17%	17%	18%
RoCE	30%	30%	30%	28%	28%
RoNW	28%	24%	21%	28%	24%
EPS (Rs)	12	12	11	17	19
DPS (Rs)	-	-	-	-	-
BVPS (Rs)	46	52	53	70	89
Debtor days	62	54	54	54	54
Creditor days	9	8	9	9	9
P/E (x)	37	37	40	25	23
P/B (x)	10	8	8	6	5
EV/EBITDA (x)	24	19	17	16	12

Source: Company, Systematix Institutional Research

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