

October 30, 2025

R Systems International Limited: [ICRA]AA- (Stable) assigned

Summary of rating action

Instrument*	Current rated amount (Rs. crore)	Rating action
Issuer Rating	-	[ICRA]AA- (Stable); assigned
Total	-	

*Instrument details are provided in Annexure I

Rationale

The assigned rating for R Systems International Limited (RSIL) factors in its established presence in the niche digital product engineering services and information technology (IT) services industry, complemented by a diversified presence across segments and services. Further, the rating draws comfort from RSIL's strong financial risk profile, marked by a comfortable capital structure, healthy cash flows, robust liquidity position and a strong promoter profile, as RSIL is owned by the reputed Blackstone Group with a 51.9% stake in it. This enables RSIL to access reputed clientele across business segments and enhance its financial flexibility.

RSIL's consolidated revenues grew at a compounded annual growth rate (CAGR) of 18.6% over CY2021-CY2024, driven by growth across segments, new product rollouts, and inorganic growth initiatives. In CY2024, the company witnessed a year-on-year (YoY) growth of 3.4% on the back of the prevailing softening of discretionary spending in the IT services industry. However, the growth improved to 6.6% in H1 CY2025, led by high repeat business from existing customers (90% in CY2024), new and larger deal wins across verticals, and new product development. Despite continuous investments in sales and technology, RSIL's operating profit margins (OPM) improved to 15-16% in CY2024 and H1 CY2025 (from past levels of around 13%), supported by improving employee utilisation levels (82.6% in Q2 CY2025 as against 76.8% in Q2 CY2023), a growing presence in the digital product engineering segment, and synergies from earlier acquisitions. The last twelve months (LTM) attrition levels have stabilised at 13-15% over the past two years, in line with industry trends.

In August 2025, RSIL announced the acquisition of a 100% stake in Novigo Solutions Private Limited (Novigo), an India-based digital product engineering services company, which is expected to deepen its service capabilities in the technology segment and augment its delivery footprint across West Asia. Towards this purpose, RSIL paid an upfront consideration of Rs. 400 crore, funded through a mix of debt and internal accruals. Despite undertaking the debt-funded acquisition, RSIL's capital structure is expected to remain comfortable, supported by higher accrual generation and cross-selling of service offerings across the combined clientele, along with a healthy net worth base, which is likely to strengthen further given that the transaction is partially through additional stock consideration. Going forward, ICRA expects the company's growth momentum and earnings profile to be supported by the expansion of services and customer base across segments, as well as combined synergies achieved through the integration with Novigo. ICRA notes that, as part of its business strategy, RSIL may continue to pursue inorganic growth opportunities to enhance its revenue, customer, and geographic base. The impact of such investments on RSIL's credit profile would be monitored on a case-by-case basis.

The rating is, however, constrained by the company's moderate scale of operations compared with large domestic IT players and the concentration of its revenues in the US market (74% of revenue in CY2024), followed by Europe (9%), which exposes the company to macroeconomic uncertainties in these key geographies. The emerging US policy proposals, including the increase in H-1B visa fees and the proposed Halting International Relocation of Employment (HIRE) Act, present potential risks to the Indian IT sector, including RSIL. While RSIL is relatively insulated from the impact of higher visa fees given that the majority of its workforce is locally hired, the full impact of the HIRE Act remains to be seen, as the legislation is still under

review and not yet in effect. ICRA will continue to monitor developments to assess any potential impact on the company. The company also faces stiff competition from other prominent players in the global IT services industry, which limits pricing flexibility. Additionally, industry participants, including RSIL, continue to face challenges such as foreign currency fluctuations and talent acquisition and retention.

The Stable outlook on the rating reflects ICRA's expectation that, despite the prevailing softness in demand and global headwinds, RSIL will be able to report improvement in revenues and earnings, supported by its diversified business operations, reputed clientele, inorganic growth initiatives, and strong financial profile.

Key rating drivers and their description

Credit strengths

Diversified presence across various service lines and verticals – RSIL's operations are well-diversified across various verticals, including technology, healthcare, telecom, media and entertainment (TME), banking, finance and insurance (BFSI), and manufacturing and logistics, with the largest revenue contributor being TME, accounting for 20-22% of revenues in recent years. Apart from being an established digital product engineering service provider, the company also offers comprehensive solutions across cloud, digital analytics, GenAI, quality engineering, digital automation, experience design, application modernisation solutions, and business process outsourcing (BPO) services. RSIL's clientele comprises various reputed Fortune 500 companies in domestic and international markets, with whom a healthy share of business and new product developments have resulted in high repeat business of 90% in CY2024.

Strong promoter profile enables access to reputed clientele and enhances financial flexibility – In May 2023, Blackstone acquired the entire 51.9% stake from the erstwhile promoters (Mr. Rekhi and family) in RSIL. Given Blackstone's strong parentage and track record of managing diverse businesses across various sectors, including telecom, retail, supply chain, healthcare, infrastructure, technology, and BFSI, RSIL benefits from access to reputed clientele across these verticals and financial flexibility emanating from the association. The company has leveraged the promoter's investment portfolio and added about 15-16 new customers since the acquisition.

Strong financial profile characterised by healthy cash flow, comfortable capital structure and liquidity profile – The company's financial profile remains strong, reflected in its improving earnings profile, healthy cash flows, and robust liquidity position. Moreover, its capital structure and coverage metrics remain strong, as reflected in gearing of 0.1 times and total debt/OPBITDA of 0.3-0.5 times in recent years, backed by a debt profile primarily consisting of lease liabilities besides working capital borrowings and minimal term loans, along with a healthy net worth base of Rs. 692.5 crore as on June 30, 2025. While the debt-funded acquisition of Novigo is expected to slightly increase leverage levels (total debt/OPBITDA expected at 1.0-1.3 times over the next two years) and repayment obligations in the near to medium term, the company's increasing cash flow from operations (expected between Rs. 160-220 crore) is likely to support its capital structure. Going forward, growth momentum and operating profitability are expected to be supported by growth across key verticals, new product development, and synergies from the recent acquisition of Novigo.

Credit challenges

Relatively moderate scale of operations and geographical concentration risk compared to large IT companies – With an operating income of Rs. 1,741.7 crore in CY2024, RSIL's scale of operations remains moderate compared with some large domestic IT services players, thereby restricting pricing flexibility and margin profile. However, the recent acquisition of Novigo is expected to provide scale and profitability benefits. Moreover, the company generates most of its revenues from the US and Europe, accounting for 83% of total revenues in CY2024, in line with industry trends. This exposes the company to structural and region-specific challenges in these geographies.

Industry-specific challenges like intense competition, forex risk, employee attrition and exposure to policies in key operating markets – RSIL's revenue and profit margins remain susceptible to the intensely competitive IT services industry and foreign

exchange risks, as most of its revenues are derived from international markets. Nonetheless, the company’s hedging mechanisms mitigate this risk to some extent. As RSIL operates in a highly labour-intensive business, the availability and retention of a skilled workforce continue to be key challenges. However, in line with industry trends, the company has witnessed a significant reduction in attrition levels in recent years, supporting its business profile. RSIL also remains exposed to macroeconomic uncertainties and any adverse regulatory or legislative changes in its key operating markets of the US and Europe.

Environmental and social risks

Environmental considerations: Given the service-oriented nature of its business, RSIL’s direct exposure to environmental risks, as well as those emanating from regulations or policy changes, is not material.

Social considerations: Like other Indian IT services companies, RSIL faces the risk of data breaches and cyberattacks that could affect the large volumes of customer data it manages. Any material lapses on this front could result in substantive liabilities, fines, penalties, and reputational damage. The company also remains exposed to the risk of changes in immigration laws in key developed markets where it provides services. While such changes are influenced by the social and political considerations of those nations, they could increase competition among IT players for skilled workforce, leading to higher attrition rates and potentially impacting profitability.

Liquidity position: Strong

RSIL’s liquidity profile continues to be strong, supported by healthy cash flow generation, cash and liquid investments of Rs. 200-220 crore, along with unutilised working capital limits of about Rs. 40-50 crore as on July 31, 2025. While the company does not have any material debt-funded capex plans, its debt repayment obligations are expected to increase to Rs. 20-90 crore over CY2026 and CY2027, which are likely to be adequately funded through anticipated cash flow from operations of Rs. 160-200 crore over the next two years.

Rating sensitivities

Positive factors – A significant improvement in the scale of operations and earnings, supported by healthy growth across key verticals and a strengthening business position, while maintaining a strong credit profile and liquidity position, would be a positive rating trigger.

Negative factors – Pressure on RSIL’s rating could arise in case of significant pressure on revenue and earnings, or any sizeable debt-funded acquisitions, which could significantly impact the company’s financial profile and liquidity position for an extended period. A specific credit metric that could result in a downgrade of RSIL’s ratings includes Total Debt/OPBITDA (debt including lease liabilities) exceeding 1.5 times on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology IT - Software & Services
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the rating, ICRA has considered the consolidated financials of RSIL. Refer to the Annexure II for the list of entities considered for consolidation.

About the company

RSIL was founded by Mr. Satinder Singh Rekhi and family as a software consulting company in 1993 and later commenced offshore IT services in Noida, India. At present, RSIL provides comprehensive digital product engineering solutions, cloud-based services, GenAI, digital analytics, quality engineering, digital automation, and application modernisation solutions. In May 2023, Blackstone acquired the entire 51.9% stake of the promoters, after which the company has been led by its CEO, Mr. Nitesh Bansal, who has extensive experience in the IT services industry.

Headquartered in Noida, Uttar Pradesh, RSIL has been listed on the National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE) since May 2006. As on June 30, 2025, the company had a headcount of 4,561 employees across 17 development centres and 27 offices in North America, Europe, and the Asia-Pacific region.

Key financial indicators (audited)

RSIL (Consolidated)	CY2023	CY2024	H1 CY2025*
Operating income	1,684.5	1,741.7	904.5
PAT	140.1	131.2	114.4
OPBDIT/OI	15.0%	14.8%	15.6%
PAT/OI	8.3%	7.5%	12.7%
Total outside liabilities/Tangible net worth (times)	0.5	0.4	0.4
Total debt/OPBDIT (times)	0.5	0.3	0.5
Interest coverage (times)	28.2	30.7	38.8

Source: Company, ICRA Research; *Results; All ratios as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Current rating (FY2026)				Chronology of rating history for the past 3 years					
				FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	Oct 30, 2025	Date	Rating	Date	Rating	Date	Rating
Issuer Rating	Long-term	-	[ICRA]AA-(Stable)	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Issuer Rating	Not applicable

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Issuer Rating	NA	NA	NA	-	[ICRA]AA- (Stable)

Source: Company

Annexure II: List of entities considered for consolidated analysis

Company name	RSIL's ownership	Consolidation approach
R Systems, Inc.	100%	Full consolidation
RSYS Technologies Ltd.	100%	Full consolidation
R Systems Technologies Limited	100%	Full consolidation
R Systems Computaris International Limited	100%	Full consolidation
R Systems Computaris Europe S.R.L.	100%	Full consolidation
R Systems Computaris Poland Sp. Z.O.O.	100%	Full consolidation
R Systems Computaris S.R.L.	100%	Full consolidation
R Systems Computaris Malaysia Sdn. Bhd.	100%	Full consolidation
R Systems Computaris Philippines Pte. Ltd. Inc.	100%	Full consolidation
R Systems Computaris Suisse Sarl	100%	Full consolidation
R Systems Consulting Services Limited	99.75%	Full consolidation
R Systems Consulting Services (M) Sdn. Bhd.	99.75%	Full consolidation
R Systems Consulting Services (Thailand) Co., Ltd.	99.75%	Full consolidation
R Systems Consulting Services (Shanghai) Co., Ltd.	99.75%	Full consolidation
R Systems Consulting Services (Hong Kong) Ltd.	99.75%	Full consolidation
R Systems Consulting Services Kabushiki Kaisha	99.75%	Full consolidation
R Systems Consulting Services Company Limited	99.75%	Full consolidation
R Systems (Singapore) Pte Limited	100%	Full consolidation
R Systems IBIZCS Pte Ltd., Singapore	100%	Full consolidation
R Systems IBIZCS Sdn. Bhd.	100%	Full consolidation
PT R Systems IBIZCS International	100%	Full consolidation
IBIZ Consulting (Thailand) Co., Ltd.	100%	Full consolidation
IBIZ Consulting Services Limited (IBIZ HK)	100%	Full consolidation
IBIZ Consulting Service (Shanghai) Co., Ltd	100%	Full consolidation
Velotio Technologies Private Limited	100% equity shares	Full consolidation
Scaleworx Technologies Private Limited	100% equity shares	Full consolidation
RSIL Mexico, S. de R.L. de C.V.	100%	Full consolidation

Source: RSIL results – Q2 CY2025

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Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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Branches



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