ramco

July 31, 2022

National Stock Exchange of India Ltd.,
Exchange Plaza, 5^{th} Floor
Plot No:C/1, G Block
Bandra Kurla Complex, Bandra (E)
Mumbai – 400 051
Scrip: RAMCOSYS

BSE Ltd.,
Corporate Relationship Department
Phiroze Jeejheebhoy Towers
Dalal Street, Mumbai – 400 001
Scrip: 532370

Dear Sir/Madam,

Sub: Con-Call transcript of Analyst/ Investor Meeting held on July 26, 2022
Ref: Disclosure under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Further to our intimation dated July 25, 2022, regarding analyst/ investors call, please find enclosed the gist of the points discussed in the Con-Call held on July 26, 2022 and the fact sheet as on June 30, 2022.

The aforesaid intimation is also being hosted on the website of the Company www.ramco.com.

Kindly take on record the same.

Thanking you,

For **RAMCO SYSTEMS LIMITED**

RAMCO SYSTEMS LIMITED CHENNAI 600 113

VIJAYA RAGHAVAN N E
COMPANY SECRETARY

Encl: Gist of Con-Call and the Fact Sheet

"Ramco Systems Limited Q1 FY2023 Earnings Conference Call"

July 26, 2022

ANALYST: **MR. ANMOL GARG - DAM CAPITAL ADVISORS LIMITED**

MANAGEMENT: **MR. P.R. VENKETRAMA RAJA – CHAIRMAN**
MR. SANDESH BILAGI - CHIEF OPERATING OFFICER
MR. R. RAVI KULA CHANDRAN - CHIEF FINANCIAL OFFICER
MS. GAYATHRI R - VP FINANCE
MR. VIJAYA RAGHAVAN NE - COMPANY SECRETARY

Moderator: Ladies and gentlemen, good day and welcome to the Q1 FY2023 Earning Conference Call of Ramco Systems hosted by DAM Capital Advisors Limited. As a reminder, all participant 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 touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Anmol Garg from DAM Capital Advisors Limited. Thank you and over to you, Sir!

Anmol Garg: Thank you. Good afternoon everyone. On behalf of DAM Capital, we welcome you all to the Q1 FY2023 conference call of Ramco Systems. We have with us, Mr. P.R. Venketrama Raja, Chairman of the company, Mr. Sandesh Bilagi, COO, Mr. R. Ravi Kula Chandran, CFO, Mrs. Gayathri, VP Finance and Mr. Vijaya Raghavan NE, Company Secretary. So, without any further ado, I will hand over the call to Mr. Venketrama Raja for his opening remarks. Thank you and over to you, Sir!

Chairman: Good afternoon everybody and welcome to this conference and I think all of you would have seen the results for this quarter. The result for this quarter is a reflection of the low bookings we have had in the past few quarters and increase in manpower cost due to the attritions and increase in manpower we need to make sure that all our implementations are going well. We have stabilized and the good news is, all these measures are to make sure that that bookings are back on the rising trend and this quarter booking is close to $20 million to $21 million. The measures are bringing back to normalcy in booking and once the bookings keep growing, we will be back to normal position and the growth will be there. There are one or two key implementations that are going on worldwide, which will be key for our future growth. So we are investing heavily to make sure that those implementations go on very well - that also has increased cost. But the good news again I will say is the booking seem to be on the path of rise again. With this brief introduction I will hand it over to Sandesh to explain the results and where we are growing and then we will take the question and answer. Thank you very much.

COO: Good evening everyone. I will give this business update in three tranches. First is on bookings for the quarter, important aspects of the booking, how we see about markets, pipeline and other aspects. Second is on revenue, the impact of bookings and cost on the revenue. Third is on the profitability and cost. Then probably on some of the key aspects of pipeline, some investment we made since last quarter, performance of last few quarters and how it is impacting our business. Then we will go for question and answers.

Current quarter we booked $21.77 million, say at close to $22 million bookings. This is one of the good quarters and top booking quarter in last five quarters, especially on the back of Q3 and Q4 of last year, which were $13.5 million and $12 million bookings. Now we have crossed almost double of that on an average and this is mainly signaling the markets opening in all countries. Especially in Asia in the last two years we had an impact which we informed in our previous investor calls and we are now seeing that markets are opening and that should start showing in our results. Consequently, opening up of Asia - around 30% of order booking close to $6 million had come from Asia Pacific, almost all countries apart from greater China and Hong Kong, most of the geographies deals are moving, discussions happening, lot of demonstrations with customer in person. We were able to engage well and we expect this to continue in coming quarters and pipeline consequently moving towards that.

Now I will brief about the interesting aspect on the quality of the deals which we have closed in this quarter. We have closed around 5 'million $ deals' in this quarter vs 13 million $ deals in the entire last year and the 5 million plus deals in this quarter are from Fortune Companies. Two of them are Fortune 100 and three of them are Fortune 200. Two of them are pharma majors and one in staffing company and other two are in retail and CTG. So, across geographies we have been able to acquire very prominent logos. As and when we have permissions from our customers to declare those names, you will be able to see that in our press release. We will make it as public as and when we are able to get the press release concurrence from our customers. Another aspect of quality of deals is, average deal size for this quarter stood at around $1.2 million per deal which in the last two quarters had dropped below $500k; however consciously we were concentrating on getting large deals and in the current quarter and also in the pipeline we are able to see good number of large deals maturing for the closure. Last two quarters back we did invest in defense subsidiary in the U.S. as part of our expansion plan for the aviation and defense, what we call as the AAD business, and on few local hires in Europe and in U.S., ex-army personnel. Through that investment activity, we were able to see some deals getting closed in this quarter. We had two deals getting closed thro our defense subsidiary. One of them is a drone company, which is used for defense and the other one a contractor for the U.S. defense. So both of these orders, starting in small to medium scale and we are able to see good execution here, which will open a lot of opportunity in this segment and that is the reason we had made some good investment in defense. Another order in the AAD business which we closed is the civilian area that is for the eVTOL (electric vertical takeoff and landing). The market here will start working up in a year or so, when commercially eVTOL will be supplied by these companies for the consumption at large. But we have started good beginning both in the eVTOL and drone, apart from our quest in helicopter segment and MRO segment. We have touched this lucrative segment, which in our opinion should start helping us book more orders and also gain foothold in this industry as and when it starts maturing. We have made a good beginning there. We were also giving the update on Oracle and Workday, where we have partnered and have built connectors for seamless integration of our Payroll platform with both Oracle and Workday globally for multiple countries, out of our 60 odd countries where we have our payroll - that is where we spent lot of time in building the connectors. Out of $12 million closure for the HRP business, over 70% of this booking came from core HR from either Oracle or Workday. That is another sign I think the investment and the work what we had undertaken in the last year and prior to that has started yielding and that trend we will see within our pipeline as well and we are working very closely with these two organizations to see how we can serve our common customers better.

Now I will move onto revenue, there are some data points, as part of questions we can cover more on the order book if you want to know but now I will give my views on the revenue side. For the current quarter, we closed the revenue at $15.7 million. On an average, we were at $19.7 million for the last few years per quarter. That is around $4 million drop. One reason is consistent low booking what we had in the last few quarters which has resulted into roughly around $2.5 million impact on our revenue - mainly it related to services revenue; our recurring revenue remained flat or with slight increase like in case of BPO, we have seen around 20% increase. But services did have impact of around $2.5 million, that is mainly because of consistently low booking. But now we are able to see $22 million booking and continuing to look forward for more and more booking orders in coming quarters, we will be seeing a reversal of downtrend which by looking at the order book we are fairly confident that it should be in similar direction for revenues and that is our attempt. This revenue slide should stop and it should start looking better in coming quarters.

Second impact of that is, very conscious decision on the business model change which we have adopted, which we explained earlier, that is deferred payment for our revenues for the license - we have stopped and we are moving more on annuity business almost all business in the current quarter, we have picked up on the annuity or direct license without any deferred payment model. It means, we are moving cash collection and revenue very closer, so that there is no gap in-between and our unbilled revenue portion would start improving. We will also see that, our recurring revenue start improving with this change and we will also not carry the risk at our end, it will be in the customer end, as it will be well balanced. We see that structural adjustment is around $1.5 million to $2 million on an average when I compare with past quarters. So that probably will start showing improvement in recurring revenue as and when we start going live, rather than upfront revenue being recognized under deferred payment model - that is the structural change which we see changing for the better from here onwards.

Now I will move to the last portion on the net loss which is from $3.55 million to $6.64 million which is quarter-on-quarter, $3 million more loss - $1 million is consequent to drop in the revenue from the previous quarter, $1 million is because of the increase in employee costs and $1 million due to exchange fluctuations. Increase in employee cost was due we having to make because of the industry attrition challenges; consequent to that, to address the same, we had to make some salary correction and also we have to make retention payment and bonus and other things which we had introduced; also we had identified top 20% of the people in the company and for them, apart from this retention, we also have provided ESOPs which has resulted in increased costs and these measures had the impact of around $1 million increase in the wage. On exchange fluctuation, in the last quarter we had $0.5 million gain and current quarter saw $0.5 million loss effectively $1 million impact due to exchange fluctuations. These resulted in around $3 million overall impact onto our bottom line. With increased order booking and more going lives, we will start seeing recovery in the revenue and bottom line. With these business comments, I would conclude here and would look forward for engagement with you and provide any more clarifications or any questions you have we are open to you.

Moderator: Thank you very much. We will now begin the question-and-answer session.

Question: This $1.5 million kind of an structural adjustment by moving towards SaaaS - are you trying to say that your revenue recognition is lower by $1.5 million because of this shift or is there anything else which you want to say.

Answer: Earlier we use to get the licenses on deferred payment model and we are consciously moving away from that, since it results in mismatch between the revenue recognition in the cash inflow. So now we are persuading customers to go either for a pure license model - we had couple of orders like that in this quarter or we are requesting the customers to go for a normal subscription model or an annuity model so that is what referred to as a structural adjustment.

Question: This $1.5 million is the run rate in the current revenue which is at risk is that what understanding, how do we come to this number actually.

Answer: Compared with the previous quarters, around $1.5 million was related to deferred payment model which we have asking customer to pay completely. We are only taking month-on-month moving forward and that is the impact of that. Around $1.5 million in a quarter is the estimation.

It is a comparison, our average revenue run rate was $19.5 million which has become $15.5 million in this quarter, so there is a drop of $4 million and I was trying to give an idea how that $4 million drop has happened.

We think it is difficult to say whether we could have if we have all of that same model whether we would have had $1.5 million it is difficult to say because we did not even negotiate that rate; so it is difficult to say that it is just a statistical analysis on this one.

Question: Now my another question is of course the booking in this quarter is exciting and which can kind of improve our revenue recognition also because of the new preference of annuity model which will also reduce the receivables part of the thing. So just two things more a) I understand the run rate has come down for the factors which we have been saying for last couple of quarters but for us to go back to the path of profitability which still have to cover up a gap of close to $7 million on a quarterly run rate basis and for that the revenue run rate it become closer to $23-24 million. So in past when we were doing a average booking of $28-30 million we were booking revenue of $22-$23 million. So how much that looks like a possibility over next two quarters and let us assume if we move from this $16 million revenue to $22-to $24 million revenue, what could be the cost base increase to service that kind of revenue streams.

Answer: You asked on what are the possibilities of reaching to $22 million revenue, with the increased booking and second is on the serviceability or capacity to service. First one, our attempt is to actually go back to and stop the slide - that is from the market and other whatever I explained that we are looking. Whatever we have done will increase the booking to $20- $26 million and probably higher than that I think - that is what we all are working towards. All the investments which we spoke about in the marketing and people aspects, on the field being increased or the expenses at marketing events and multiple others factors required for increasing the pipeline, all that action we have taken is with an intent to increase the bookings significantly, But I will not be able to make a comment - probably I will be guarded for couple of more quarters before I make the judgment on it, but it looks positive as far as the pipeline is concerned. In the current year probably to bridge this gap, some of the aviation, ERP and logistics businesses will be continued to be taken on license deal, until we are able to move completely onto annuity business. So we will try to bridge some of the revenue gap. How much and how it will be, will be known over the quarters. Our idea is, in the current year, first we shall breakeven and then start looking into showing good growth because our annuities would have started kicking off in two to three quarters time from now.

Question: What I was essentially trying to understand is, let us assume without asking you the specific timeline as you said it would be tough for you, but on what kind of order booking number can bring us to that $23-$24 million kind of a run rate and what kind of cost increase it would happen by that time. So is it like the current capacity based on whatever expenses we are doing on a run rate basis are good enough for us to take to that kind of booking and revenue or it has to come with more investment.

Answer: Basically, the capacity we have built are actually a very big capacity now, because we also wanted to make sure that all the implementations that are going on now speed up and improve the customer satisfaction. Because of COVID, lot of things were lagging. So we built up the capacity to 2200 plus number of people. So, this capacity are probably more than enough to reach the $23-$24 million number we are talking about, so therefore the only cost increase will be the salary increase and it may not be much. So structurally I do not think we will be increasing many more people unless there is a dramatic increase in order booking. At this stage this is more than enough to reach the $25 million revenue.

There is another thing I would like to highlight here. Due to COVID, we have to increase our onsite delivery capabilities because mobility across globe was a challenge, for our interactions to improve in the last few quarters in respect of our engagement with customers. We resorted to more heavy onsite work force. Probably after completion of some of the major projects which Mr. Chairman spoke earlier, the India based resources will be working again from India which would save some amount of cost though, the number of employees will remain the same. We are anticipating that in the coming quarters to make that adjustment also to better improve the salary cost. Capacity wise I think we are geared up for addressing some of the growth which we are anticipating, as we have already built up capacities. That we are currently utilizing for servicing previous orders which we had closed and to get our customer on to go live.

Question: From a growth momentum perspective, you shared more confidence on two segments which are HRP and aviation. So firstly on HRP, 70% of new deals have come through partner channel, so can we say that how many company, how many country roll out connectors has already has been rolled out and are we seeing your per deal realization improving significantly as a metric of that, because the size of the deal partnerships must be choosing must be much higher or any other flavor you want to give on that part.

Answer: Yes, on the partnership , both of the works in the Oracle have a different way of integrations and certification process. For Workday we have already done around six plus countries and six more are in line. Our attempt is to actually get certification all across it is a continuous process and we are working there as a dedicated team. However, after completion of one country it does not take same amount of effort for all countries, it is only incrementally more effort, so we will be able to roll out more and more country certification through this connector. Same at Oracle we have invested at the OEMs level which is the global connector concept and with that we will be able to go for more countries like in Workday as I spoke about. Second, in terms of deals I think some of the reasons of having Fortune customers what we have seen is also a result of this and pipeline build up which also is looking better and our conversion from pipeline to win also have seen some improvement because of having success in these connectors what we have built right now. I think - deal size and realization - it is too early for me to comment but that is our expectation, with all these investments which we made with an intent that we can have a repeated business and we will be able to go live quickly and we will be able to service our customers joint customers quickly to go to market, so that we can quickly start our recurring revenues. I think that was the intention with which we deal and all those things seem to working in the same direction.

Question: On the debt and potential need for funding for given the kind of run rate of cash flow that we are having right now, do you think we would see a situation to raise money in any form debt or equity in the subsequent years or do you think with the reduced working capital requirement, we may be able to manage with a small debt on short-term basis.

Answer: We are not looking for any of the debt or equity rising activity at this level. I think our attempt is to actually retire this temporary debt which we have created in this quarter with more booking under the go live what I some of the very large go lives which we have will also enable us to invoice our customers in the next two quarters. Some of the major projects are going live so we anticipate we should be able to manage the working capital level and we are not looking for any of those debt or equity rising at this stage.

Question: In the annual report, it is mentioned as $180 million order book unexecuted. Will that not go live this quarter? why are the large unexecuted order book? Order is booked as you said but there is no increase in sales.

Answer: When we start getting orders, usually it will take one or two quarters to start realizing, which we start seeing the effect of that like revenue fall and lag. I mean the order book fall and we saw the lag in revenue. Now you can see the full impact of the low order booking. Now the order booking starts increasing we will see a gradual increase in the revenues. When we consistently start booking higher and higher booking per quarter then the revenues will stabilize. So that is the pattern here, that it takes anywhere between three months to eight months to go live and you realize the full potential of the order booking; sometimes even 12 months because the project may be large.

Question: Order book is there but attrition rate is increasing, how to manage the funds in future, how much can we make the profit better. What is the company going to do in coming time to become a profit-making Company.

Answer: I would not see it in that way. The order booking typically we book for five years whenever we book the order and that is what is represented as the unexecuted order book. We consume that over the period - first the major portion of that will be usually implementation and go live and then we leave it for the rest four years on support activity or subscription. From that perspective, we have in our bank - you can see it as around $177 million as on end June 2022 which we expect to exhaust in next five years. I think that is how five to six years that is how I feel not just all can be encashed in one quarter. I think that is not the idea. I think it is to give the stability to business and that is why we are representing that through unexecuted order book and that is what we conveyed earlier and for the investors consumption, we thought we will also start publishing the unexecuted order book so that you will be able to have view just not for the one or two quarters probably for the longer-term as well.

Question: How much quarters will it take for that order book?

Answer: As he already explained, when we have an order book unexecuted, some portion of revenue is from service and some portion of the revenue is from AMC. See our order size period is normally five years; so this order book can go anywhere between three to four years and we will keep on booking fresh orders. It will be consumed over anywhere between 15 to 20 quarters.

Question: So it will take time the company is going to be profitable, how much time it will take?

Answer: The question is on the profitability, the idea is first stabilize and grow. It will be difficult to give exactly.

Early part of this year will be on the rebuilding activity and our attempt is to increase our revenue through a bit of licenses revenue in these three segments to bridge the gap between the cost base which is there and revenue currently where we are., to attempt to breakeven in the year.

Question: This year will you breakeven?

Answer: It will be a guess. Idea is to increase the order book. We have fallen in the order book position so we are slowly coming up. The idea is to go back to the previous position of where we have done an average $23-$24 million order book; so that is the target immediately. The revenue will depend on whether we get a license order or whether we are going to get annuity order which will determine the quantum of revenue; based on that, others will flow to the bottom line; that will be difficult to predict at this point and we also do not give a guidance of whether we make profit or breakeven in next quarter etc.

Question: At least this year, will you breakeven Sir, this financial year?

Answer: No. We only wish that your wish comes true.

Question: Is it implementation problem - project implementation problem?

Answer: No, this we have already explained earlier in the call.

Question: Okay you can try to implement and go live on projects. Can you expand the implementation consultancy to vendors, so that you can add some more fast go lives.

Answer: Noted.

Question: This is a very top level question. We have been investing on products - upgrading HR product in terms of connectors and then on logistic, ERP and we have also gone in to new geographies wise four, five years back. Can you explain us product wise, which product do you think you had already crossed investment in terms of even the marketing things and during the next two three years, which product will contribute to our increasing order book and where we have more investments to make and still we are in the investment mode. It is a very top level question. Can you give us more details?

Answer: By end of this year, most of the investments required for our aviation product would have been done, as these very large implementations going on, where we are investing a lot of money. That would be done, so I think not too much investments in that area except for refinements. For the HR and payroll, our investments will be continuous but incrementally things would not be as much as we have been doing now. Now it is all about booking orders and executing them fast. In ERP logistics, there is some investments we made and may be for another year, we will have to make some investments but that may not be very significant. I think the important thing now is basically make sure that automation in execution - that is where the investments will be going in terms of testing, execution and implementation and so on. That is where we are shifting most of our investments to and that has been working for the last year or so and that investment also will be continuous in the next year or so. Given these things. I think it wouldn't be a huge jump in investments, but there will be continued refinement going on. We are starting to exploit the full investments made in aviation and HRP by the end of this year and may be in another six months from that, for Logistics and SRP ERP business we can start exploiting. So that is where the whole thing stands.

Question: So which product do you think to drive our order booking in the coming quarters or years in the next one, two years.

Answer: We gave a clear picture on this one and we hold that, from a perspective of AAD and HR which are quite advanced and I think the investment whatever we had to make, they are in the stage where we are exploiting. That will start with initially HRP and AAD will drive the growth and then followed it up with the logistics and the ERP will join in a years' time or so into this one. So till that, I think the growth will be driven by AAD and HRP and then I think we are very clearly focused on only these three segments now; that also will join logistics and ERP in coming years.

Question: One small request. I have been asking this in the previous call also. If you can make a presentation regarding the specific measures that are taken in HRP, geographies and pipeline; who are your competitors and what are the order books. Also if you can do it as a product wise presentation, like for AAD, what are the measures you are addressing, who are your competitors, how is the pipeline looking; some comments like that in one or two pages in a table format or however possible for better understanding product wise, both in terms of competition and your exact measures that you are trying to address, and where the pipeline and how the pipeline is looking and how is your win rate. Whatever you think of the metrics that we should track to understand you better, if you can put it in a presentation, I think it would help us. It would also help us reduce the number of questions in the con call and we can ask better questions.

Answer: We will do that and I think we just attempted that in Q2 - at the beginning of the last year. We will do that. I am not sure whether it will be feasible every investors meeting, but probably we will do twice a year; we will try to give that commentary as well.

Question: When you say payroll is such a large market, if you could better help us understand the company, if you can exactly jot down the measures that you are taking, who are your competitors, what is the pipeline, what is your opportunity, whatever you think is relevant for us to understand you better. I suggest this, so that we can ask more specific questions and get more clarity on how the things are; otherwise, I just ask about the profit or loss, because we will not able to understand where the company is transforming or changing dynamically unless we have this data.

Answer: Got it you are looking for more qualitative data on the entire thing and I remember your request last quarter as well; we will implement it but may not be for quarterly but we will try and do it half yearly.

Question: Because when you say logistics, it is such vast area with so many companies addressing, if you can detail it in the corporate presentation on where you stand actually, addressing what the markets and measures are or anything whatever you think is important for us to understand all this.

Answer: Yes, that is fine. I think we will arrange for the same, But, for your clarity, I will just take a minute to explain the measures taken with respect to the payroll. We mentioned it as around 60 countries payroll; you can consider as East of Turkey, almost every countries we service and that is our niche area. When we say in the payroll, HRP what we call, it is any operational HR that is related with employees, their records and payments and log times -

all these aspects and engagement taking that one that is what comes in part of that one. We will give more commentary on each of the geographies, growth opportunity, competition how we are seeing more details on that.

Question: Yes, and also pipeline and how your win rate is, so that it is more easier Sir.

Answer: Similarly in AAD business, that is mostly in MRO and the engineering - anything to do with these businesses - everything we take care of in the segment of helicopter, fixed wing, then MRO and now we have started dealing in eVTOL and drones as well. So almost we cover the breadth of the market in MRO and the entire gamut of things there - that is for the aviation segment and we have customers almost spread all across geographically. Then the logistics - it is purely very niche, servicing the LSPs what we call as the logistic service providers, that is the 3 PL or 4 PL into TMS, WMS, finance, rating, billings, visibility and other areas for operator to operate everything, maintain their truck and fleet, in whatsoever segment. I get your point and we will do that properly in niche areas we are and the size of the market and the pipeline and what we are seeing and the moment in these areas as a commentary we will cover this.

Question: Most of the geography where you are targeting, also the competition faced there, so that we can understand where you are actually, because it is such a big market for ERP and how to pinpoint where you are, is difficult. So if you can take steps on this, it would be a good help for us to understand your company better.

Answer: We will do that.

Question: What kind of order book will we need to reach $25 million revenue. Can you clarify that? I am sorry Sir for repeating the question, since my line got disconnected.

Answer: The answer is, it depends on the composition of order book. Currently we have done $20 million order book which is apparently low, compared to earlier quarters. Our aim is to go back to the original position of the $24-$25 million order book per quarter and that will also not be sufficient to reach $25 million revenue. It also depends on the composition of the orders we are getting – are we getting a good license order from defense/aviation or an HRP or logistic subscription order or a payroll processing order, which will be annuities. We are unable to predict what would be the composition of the order book for particular period. Revenue will be a dependent number on that order book composition.

Question: Regarding our cost I am assuming that we have right now we have reached the peak and we will not see any significant other cost increases.

Answer: Salary cost we have explained. I think that is the area we were reacting to the situation . Most of the IT companies are anyway facing that one and that is a global issue as well. So most of the increase in cost you have seen is in personal cost and expect that it should be sufficient for us, not to cover more. However, on the last call also we said, more expenses we would be incurring on the travel side little bit higher it will go, because market has opened and our interaction and engagement has to increase much more; we will be spending little more on the travel and marketing expenses. As we start seeing the market and growth potential, we have planned for some sales people on the ground expansion, but for that, we will wait to see clear signs of consistent increase in the order booking. Probably for marketing and travel, slight uptick will be there for the planned activity, because typically marketing expenses will precede order booking and sales by few quarters and we would have to do that, which we have planned in the current year. But all other costs, I would say likely that we have covered at the current level.

Question: Could you give me a ballpark estimation of how much either percent or how much marketing cost for last year and this year and traveling how much is going to be exceed any ballpark figure we could estimate.

Answer: Travel cost - earlier we are spending $1.5 million per quarter, which was our run rate before the COVID times. Now we will be slowly reaching that, if not at the full swing, at least two thirds will be reaching now.

Question: What kind of risks do we see in, that could be a roadblock in our road to recovery or something.

Answer: One is the general sales risk what other businesses are seeing - the geopolitical risks. The whole dependency what we are seeing is the coming back on the order booking - that is the most determinant of our downstream revenue and downstream profitability – these depend upon the order booking and that is one of the risks which we had I had pointed earlier on the market being closed and that now looks like it has opened up in most areas, with the activity we can see. Geopolitical risk remained like any other business. The recessionary environments we are seeing in the U.S. and Europe market - we have to see if at all it will have any impact but that is the unknown risk. I would not comment but that is identified like any other businesses – those two are on the record to see. Otherwise the inherent business risk from our business perspective - we have started whatever investment we had made, going live quickly, product refresh and investment what we had to make in certain activities - all that corrective actions in last three to four quarters we have taken and we have identified also to do that. Most of the work is done I would say in that area, which is known risk and know how to tackle.

Question: Due to any recessionary period, are we seeing slowdown - our orders are increasing, so I do not assume that. Are we seeing any slowdown in orders or is there some hesitancy for companies in undertaking large investments right now for due to this fear.

Answer: We have not seen that right now, but that is just on the watch list. Based on the activities on the ground and based on the interactions what we are seeing in this quarter, we have not seen. I think that has not seen currently - we would have to just wait and watch.

Question: What is the cash flow for this quarter.

Answer: Cash flow is negative - we have loan of Rs.46 Crs. As at end of the quarter.

Question: So it has been negative for this quarter. think end of last year you had a cash flow of 90 Crores approximately.

Answer: At the end of the last quarter, we had a zero borrowing, opening also zero and closing also zero. The operating cash flows, the investment and the financing cash flow have matched. So this quarter we could not do that. So we have a loan of Rs.46 Crs.

Question: Rs.46 Crores of borrowing that you have done is it for this quarter.

Answer: Yes, Rs.46 Crores.

Question: My second question is about the bad debts. We started writing of bad debts from Q4 of 2021 and you said after six quarters the bad debts would be through - we estimated an amount of Rs.75 Crores over six quarter period. I think you written off somewhere close to Rs.85 or 86 Crores for the six quarters. So my question is there any other provision for bad debt that has been done and what is the bad debts that needs to be written off for this financial year is there anything that you identified.

Answer: For this quarter also we have provided $2 million as provision.

Question: That I think you have started of 57 Crores of full financial year last year and Q4 was about 12 Crores and about 16 Crores that adds to about 85 Crores for the six quarters where we are provision only for 75 Crores of bad debt.

Answer: It is an assessment done periodically, which we have explained in several calls. It depends on the project status.

Question: What is the bad debt you are looking at? I am just trying to look that needs to be written off. Is there a bad debt that is going to be written off for the next quarter? This is what I want to know for the end of this financial year. Till the end of this financial year, you have recognized the bad provisions or bad debt?

Question: Two points – one the bad debts write off is and the next one is providing for a expected loss. You are supposed to make provisions for the expected credit loss, which we are assessing periodically and providing. This quarter we had done $ 2 million and most probably we will continue at this rate for the year. In our case, it is not that the customer becomes bankrupt etc. It will be our inability to recover from the customer, if the customer is not satisfied - this we have explained in several calls. If you take our last balance sheet, we have $9.5 million as the closing bad debts provision; in this quarter, we have provided $2 million. We expect this to continue for the next three quarters; it is an assessment done at a periodical basis. We will not be able to fully foresee. The idea is to do the projects quickly to satisfaction of the customers and give them back, but for some reasons we are unable to do; then we do not want to load the P&L all of a sudden so; the business is like that.

Question: So approximately $2 million per quarter for next two/three quarters of what we foresee be the written off.

Answer: Yes We feel this will be adequate.

Question: What are the terms of agreement that we have with Oracle or Workday? Is there a revenue sharing agreement or is it a profit-sharing agreement that we have entered into with these two companies?

Answer: No, it is a purely certified connectors or the connectors between the two applications so that every time you do not reinvent the wheel. So standard connectors we are doing; the single purpose is the customers who are joint customers for Oracle and Ramco, we are able to service and we are able to make that as a predictable connector, so that we do not build every time new. That is the program both of those organizations - certification program for choosing the partner. Securely we have built the connector. That is the relationship we have.

Question: So just want to make sure the partnership with the Oracle or Workday. Once the profits recognized do we have to share any profit with them.

Answer: No that is not a profit-sharing relationship.

Question: So the entire profits comes with Ramco Systems, is my understanding right.

Answer: That is correct.

Question: You have mentioned earlier that we are processing of 2.5 million pay slips month. Where are we at this point in time and what is the average cost per pay slip is what I would want to know in case you have a figure for that.

Answer: I think there is similar growth, it will be 2.75 million or so - we would have grown now on the pay slip. Per pay slip cost is not a right figure it will give. Mathematically it will be right, and we can give a figure but that will not be depicted correctly because the composition of that depends on three factors; one is the geography in which we are dealing - that is across 60 counties and there are very different rates; second, it depends upon whether it is a platform deal or whether it is managed services ie we manage and provide the services for processing the pay slip or customer processes using our platform and third we also have our partners who are using our platform to process the payroll and in that case it is a different rate we adopt. So combination and permutation of them you can just imagine for the 60 countries how we will have. So if I give a mathematically average rate it may not be accurate because lot of things will change; based on number of headcounts coming in each of the country it can change.

Question: Because my understanding was that in European countries, the ballpark figure would be about $4 to $5 is what was my understanding. Just wanted to get an idea as to what is the amount that Ramco gets per pay slip was my question and finally I think we have a very strong base in Asia, so what are the steps that you have taken to improve our base in Europe and U.S because that is where we want to stabilize basically, just want to understand.

Answer: Yes, there are two things you have asked. One - on the rough average cost, I am reluctant to tell as it is a competitive information and this is bit of a commodity market also. However I will give you an indication i.e, we command premium compared to our competitors in this all across and we are uniquely positioned because we are one of the very few who can claim to have 60 country payroll on single platform and for that reason and for that the quality of service, we do we command a premium position compared to our competitors in some markets. Second you asked about the Europe market. We have almost covered all of Asia. Your observation is right there. In Europe, we have around six countries already and we are building another six in Europe that is in the progress and that we would take step by step based on learnings we have had in building all this in Asia. We have started working with what we call as the in country service providers to start and around this aspect, we are able to add another 60 more countries where we can provide managed services. However for the platform, we are building our own capability which we say the continuous effort we will continue to build for few more countries and we have started taking up Europe now.

COO: I would like to thank all the people who have joined here and the investors for seeing through in the last few quarters and we have been kept updated. We are looking forward for continuing this journey and as we indicated, all our efforts and our entire leadership team is focusing on the areas to show stabilized growth and we have intensified our efforts on order booking. Hopefully that will be conducive enough and you will be able to see similar momentum coming into the next quarters. Whatever I said as the goals for the year to stabilize and come back to where we left and we will be able to reach there. That is our first attempt. Hopefully we must be able to see that in coming quarters in which we can have a conversation on how we are moving towards that, that is what we are looking forward for. Thank you very much.

Moderator: Thank you. On behalf of DAM Capital Advisors Limited I conclude this conference. Thank you for joining us and you may now disconnect your lines.

After this, the meeting concluded.

Note: This is not an exact transcript of the call. We have made best efforts to capture the essence of the call. The voice modulations and the vocal emphasis cannot exactly be translated. For any clarifications, please reach out to: R. Ravi Kula Chandran at rkc@ramco.com.

FACT SHEET AS ON 30TH JUNE 2022

CONSOLIDATED INFORMATION

Figures in USD Million, except where stated otherwise

	Quarter Ended								Year Ended			
	Jun-22	Mar-22	Dec-21	Sep-21	Jun-21	Mar-21	Dec-20	Sep-20	Mar.31, 2022	Mar.31, 2021	Mar.31, 2020	Mar.31, 2019
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited $	Audited $	Audited $	Audited $
REVENUE - STREAMWISE												
Recurring	**8.03**	**8.04**	**8.44**	**8.00**	**8.15**	**8.39**	**7.86**	**7.80**	**32.64**	**31.30**	**27.26**	**22.43**
AMC / Subscription	*5.08*	*5.26*	*5.55*	*5.37*	*5.49*	*5.85*	*5.53*	*5.52*	*21.66*	*21.94*	*20.11*	*18.05*
BPO Services	*1.79*	*1.72*	*1.68*	*1.52*	*1.51*	*1.46*	*1.42*	*1.37*	*6.43*	*5.60*	*4.29*	*2.93*
Hosting Charges	*1.16*	*1.06*	*1.22*	*1.12*	*1.16*	*1.09*	*0.91*	*0.91*	*4.55*	*3.76*	*2.86*	*1.44*
Non-recurring	**7.67**	**8.55**	**8.56**	**11.15**	**11.07**	**12.20**	**15.49**	**13.75**	**39.29**	**53.62**	**53.77**	**55.93**
License	*1.73*	*1.21*	*1.42*	*2.43*	*2.66*	*2.81*	*6.63*	*5.25*	*7.69*	*18.56*	*17.14*	*27.92*
Service	*5.84*	*7.15*	*7.03*	*8.63*	*8.35*	*8.32*	*8.64*	*8.29*	*31.14*	*33.55*	*36.18*	*27.28*
Resale of Material	*0.10*	*0.20*	*0.12*	*0.09*	*0.06*	*1.07*	*0.22*	*0.21*	*0.46*	*1.50*	*0.44*	*0.73*
TOTAL	**15.70**	**16.59**	**17.00**	**19.15**	**19.23**	**20.60**	**23.34**	**21.56**	**71.93**	**84.92**	**81.03**	**78.35**
REVENUE - BUSINESS UNITWISE												
ERP	4.48	4.78	4.84	7.03	6.97	7.08	9.03	8.48	*23.57*	*31.74*	*32.00*	*28.12*
HRP	6.50	6.52	6.33	6.30	6.41	7.24	6.49	7.64	*25.55*	*27.59*	*30.26*	*30.70*
AAD	4.73	5.30	5.83	5.83	5.85	6.28	7.83	5.44	*22.81*	*25.58*	*18.77*	*19.53*
TOTAL	**15.70**	**16.59**	**17.00**	**19.15**	**19.23**	**20.60**	**23.34**	**21.56**	**71.93**	**84.92**	**81.03**	**78.35**
REVENUE - GEOGRAPHYWISE												
Americas	3.94	3.97	4.74	4.63	4.63	4.35	5.50	4.41	*17.97*	*19.87*	*14.43*	*17.26*
Europe	0.83	1.07	0.94	1.01	1.09	1.84	1.92	0.53	*4.11*	*4.75*	*2.51*	*2.05*
APAC	5.23	5.20	5.58	6.03	6.63	7.00	7.84	9.72	*23.42*	*31.50*	*35.13*	*32.27*
India	4.01	3.95	3.70	5.21	3.85	5.23	6.29	4.42	*16.71*	*20.18*	*20.28*	*16.07*
MEA @	1.69	2.41	2.03	2.27	3.02	2.18	1.79	2.47	*9.71*	*8.62*	*8.67*	*10.71*
TOTAL	**15.70**	**16.59**	**17.00**	**19.15**	**19.23**	**20.60**	**23.34**	**21.56**	**71.93**	**84.92**	**81.03**	**78.35**
BOOKING - BUSINESS UNITWISE												
ERP	4.47	3.59	4.30	6.08	6.61	7.15	4.79	12.99	20.58	31.98	26.70	38.75
HRP	11.90	6.43	7.01	8.98	4.76	9.43	15.66	8.18	27.18	40.00	44.25	47.52
AAD	5.40	1.80	2.24	4.61	8.38	6.94	17.95	5.37	17.03	37.85	19.54	30.65
TOTAL	**21.77**	**11.82**	**13.55**	**19.67**	**19.74**	**23.52**	**38.40**	**26.53**	**64.78**	**109.82**	**90.49**	**116.91**
UNEXECUTED ORDER BOOK #	**177.77**	**174.10**	**185.44**	**189.72**	**189.33**	**182.67**	**177.77**	**164.90**	**174.10**	**182.67**	**166.55**	**166.00**
CUSTOMER METRICS												
Revenue from New Customers (%)	8%	13%	10%	8%	10%	29%	31%	20%	*10%*	*25%*	*19%*	*33%*
Revenue from Cloud orders (%)	51%	47%	51%	46%	51%	43%	44%	36%	*49%*	*40%*	*38%*	*39%*
Number of new customers added	13	10	7	12	12	14	9	15	41	50	50	80

$ Figures, other than revenue, are unaudited.

Unexecuted orderbook comprises of new orders , renewals, reversals & adjustments for the base foreign currency rates in the current financial year.

@ Middle East and Africa (MEA) includes South Africa.