November 09, 2020

National Stock Exchange of India Ltd
Exchange Plaza, 5th 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: Disclosure under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Further to our intimation dated November 03, 2020, regarding analyst/ investors call, please find enclosed the gist of the points/ presentation and the fact sheet discussed in the Con-Call held on 04th November 2020.

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

Debrief of Analysts & Investors call for Q2/2020-21,
Held at 5.00 pm on Wednesday, 4th November 2020 - thro Microsoft Teams

From Ramco Systems Limited, **Mr. P R Venketrama Raja,** Chairman, **Mr. Virender Aggarwal,** Chief Executive Officer, **Mr. R Ravi Kula Chandran,** Chief Financial Officer, **Mr. Rohit Mathur,** Senior Vice President and **Mr. Vijaya Raghavan N E,** Company Secretary participated in the call.

Mr. R Ravi Kula Chandran, CFO informed that the agenda for the call would be opening remarks by the Chairman, followed by Mr. Virender Aggarwal explaining the Q2 performance, a presentation by Rohit Mathur to explain the HRP payroll business, followed by question and answer session.

Chairman's opening remarks:

Good Evening everybody and welcome to this Investor call. I'm happy to say that Ramco Systems performance for this quarter is better than any time before. We are looking forward to further growth, given the strong interest we are now experiencing from various sectors. I think as we go further into this conference, through various question and answers, we will give you the details of what we think, which we look forward.

I request our CEO Mr. Virender Aggarwal to give you the brief.

Business Updates by CEO:

Warm welcome to all of you on this call and thanks for joining. As mentioned by Chairman, this is better quarter for us. The highlights of the business performance for Q2 FY2021 were:

Q2 Revenue at $21.56 M vs $19.44 M in Q1, 11% QoQ growth
Q2 Bookings at $26.53 M vs $21.37 M in Q1, 24% QoQ growth
Q2 EBITDA $6.61 M, 31%, as against $6.47 M, 33% in Q1, highest ever EBITDA
Q2 Net Profit at $2.25 M as against Net Profit $1.85 M in Q1, highest ever Net Profit – though it was affected by adverse forex fluctuation.
There was operational cash surplus of Rs.25.25 crs, which was used to reduced the borrowings to Rs. 49.75 crs as at Q2 end from Rs.96.25 crs as at the end of March 2020.

All business units seem to have done well in the first half. In particular, the US business has significantly improved in terms of booking. Our Aviation business also done well. Overall most regions and Business Units have contributed. We have managed to keep very good control on operational parameters and costs. That is why you see positive cash flow and higher net profit and also very good EBITDA. For you to understand our business, we will explain what we do, how we do and who do we compete with and what kind of customers we win. In addition to presenting financials, we intend to present details about Business Units in going forward. This quarter, Mr. Rohit Mathur, will taking your through HR & Payroll business - what we do in this business, whom we compete with, what kind of customers we win and what kind of possibilities exist in this business and why we think this business is making its mark.

Presentation by Mr.Rohit Mathur on HR & Payroll business:

Mr. Rohit Mathur shared a presentation on HR & payroll business unit and explained thus. The presentation is enclosed as Annexure 1.

HRP Journey

Set up as an independent business unit in FYI4, it has been growing at a 30% CAGR. The business includes core HR which means the employee induction, on boarding, their time & attendance, leave, expense, and also processing their salaries through our payroll platform. The unique thing is that we are supporting 50 plus countries, on a single global consolidated platform. We've been trusted by some of the large multinationals, primarily from the fact that they find us a good option to have their multi-country payroll operations being run on a single platform and a single vendor.

Solution Offering:

The multi-country payroll is the central tenet to our solution. It has the peripheral modules which feed in to the payroll processing. It starts with core HR which is when the employee comes on board and is inducted in the organization, to the time management, time entry, scheduling, shift planning to calculate their overtime and other things covered as a part of our solution. Other benefits like travel expenses, reimbursement, loans, leave approvals - all of these also fed into this one consolidated engine. So this is not only the payroll calculation, but also the peripheral modules which feed into the payroll calculation. So all of that comes from one platform from Ramco HRP solution.

Global Coverage:

We are one of the unique vendors in this business who are supporting almost 50 plus countries. While we are very strong in the Asia Pacific and Middle East Africa region, there was a large chunk of business that we were not participating in US and Europe, because payroll for these was not there in our platform. We just launched US this quarter which opens up a big business opportunity for us. We have made our maiden entry into Europe with Cyprus and Turkey being launched this quarter. Another country that we launched was Macau and we have eight new countries that are coming up in our platform by next year in Europe. We will be also adding some six new countries in Africa by next year. So we'll take our payroll engine to cover 60 plus countries.

Large MNCs with Multi Country Payroll:

Moving on to Some of the large multinationals who are on board with us. Standard Chartered bank, with about 11,000 employees across 18 countries runs on our platform. General Electric has been one of our old customers. They started small with us in India and over last couple of years been growing with us across 19 countries and we are supporting almost 44,000 plus employees with them. Accenture with about 60,000 plus employees in Philippines and Johnson Controls, with 23,000 plus employees in 15 countries are with us.

The Global Opportunity:

Moving on to market potential. This is all about the market potential of this business and the global opportunity that is up in front of us. The market is almost close to USD $20 billion dollars in size right now and it's growing at a very steady pace. If you look at it again, a large part of the business opportunities is from America and Europe region while we are fairly in Asia Pacific and Middle East Africa region. But there is a tremendous support to grow in these two geographies that we are just launching now.

Aggregators vs. Ramco's Platform:
We say we have a huge potential to grow as a business. It's also important to look at what makes us unique and what makes us different from other players in the market. There are enough payroll vendors out there. The unique thing about us is that we have a consolidated global platform to process payroll. If you look at the payroll business, traditionally, you would have payroll vendors who would just give you a front end layer for transaction, but essentially the payroll processing is happening by individual partners in individual countries and your payroll quality is as good as individual partners in those countries. And you can't have a uniform experience ever.

On the other hand, we have one software, one single code base on which the compliances for 50 plus countries is developed. This helps in a) one single vendor giving payroll compliances for these countries b) uniformity in quality and the reporting and c) getting down to the last level of transaction in the payroll world. It also helps us give you a flexibility around the deployment option. So most of the payroll vendors in the market would essentially want you to give the contract on a managed services mode or on a BPO mode. With a platform like Ramco's, you can have a choice to either process the payroll internally, which means you can use our software, or you can outsource it in a managed services contract or a BPO contract to us, so that flexibility lies with the customer and we are not dictating any deployment model down their throats. Hence we have a bouquet of customers who are on managed services, who are using us as a platform. In some cases, even hybrid model exists - where some countries they would want to get on a service outsource mode and some countries they would want to do on a platform mode. The platform is inbuilt with a lot of artificial intelligence and machine learning, which helps us, go live faster and much more accurate and have a predictable output that we can ensure to the customers.

Payroll Bureau – Compliance owners:
How we ensure the compliances is by having a setup called Payroll Bureau within our organization. And that has three broad pillars. We take advisory services from one of the big four consultants for the global operations. They also have given us a software tool, which helps us keep ourselves updated on any changes that are happening on the regulatory world, across the countries that we support. We have country-based consultants. Payroll association membership helps us keep updated on any changes that are happening on the regulatory front. We have our own research team, which is crawling all over the web and update any changes in the countries that we are supporting in. Especially in the times of COVID, it is very important to get updated when the countries are releasing new regulatory norms, new taxation.

Partnership Engine as a Force Multiplier:
Apart from the USP that I just mentioned, why this business looks to be poised for a greater growth is the kind of partnerships that have been signed of late. Workday and Oracle are large multinationals on the human capital management space (HCM). We have tied up with them for our payroll platform. We are interfacing with Oracle and Workday in most of these large multi-national accounts. That opens up a huge opportunity for the customer base that these two companies enjoy.

We are also seeing interest coming from large consulting firms. Big four consulting firms are not only using us as a platform to service their customers for payroll, but they are also acting as a system integrator and take us to their existing / prospective customer base.

So these are the two levers which are opening up a large base of prospects for us. The marketing and the sales engine definitely gets driven with these partners coming on board.

Some Trends:
Some of the early trends that we are seeing right now, which makes us believe that there's a strong foundation that's getting laid onto this business is the fact that we are moving more and more towards annuity or recurring business, which means we will not be sort of affected by businesses that we close in every quarter, but will have much more streamlined source of revenue, because we are getting paid per employee per payslip on a monthly basis. So if you look at the composition, we had almost 20% odd revenue coming from such a recurring base in FY 1516, which has now moved up to more than 50%. For a traditional cloud vendor, if you take out the implementation services, the recurring revenue is almost to the range of 70 odd percent. So there's a fair bit of stability assured on the revenue base that we'll be getting month on month, quarter on quarter.

Deal Mix:
Another interesting trend that we see because of the offering itself is that we have large multinationals coming on board as our customers, compared to the small customer who form part of large base. In 2013, our order value composition from large "million dollar" deals was only 11%. Our share with small accounts, which are less than USD250 K, was almost 35%. If you compare that with H1 2021, the share of order value from large accounts, greater than USD 1 million has gone up to almost 68%. We don't have small deals at all and the noise is cut. We have large multinationals which gives us much more stability and predictability on the revenue that will be coming in future quarters.

Testaments:
One of the testaments to the fact that we are signing large companies and large conglomerates is the fact that we had five large multinationals chose us in last quarter itself. One of the global agri major company with more than 10,000 employees, one of the top-10 global dairy company with 5,000 employees, one of the top five logistics major with 15 countries, one of the large Fortune 500 & healthcare major and one of the large leading beverage and food majors in the Australia region - all these customers came on board this year.

That in a nutshell was about our HRP business!

The questions and answers session then followed, which is summarized below:

It seems the lion is coming out of the cage after several years. Can we assume that the last two quarters' performance has become the base for the company and the company will grow from here?

Yes that is our assumption too. Basically the fundamental differences, we think, are that the stability and the satisfaction of our customers are going up, who also see the benefits of our complete offerings in many places. So we believe that this is going to be the base and from which, we can grow a step-by-step in all our business. The product is finding global acceptance with big majors and we are getting recognized with big fours and companies like Oracle and Workday have chosen to partner with us. The kind of brand names that we are signing are all pointers to the fact of global acceptance. We have the quality that we are delivering, which is required in the western markets and the customer satisfaction has improved dramatically. We have taken multiple steps to make sure we deliver better, faster, and in a much more reliable manner and that is showing the results. We have used the COVID times to do few things which during the normal period couldn't have been. That is also having a positive impact. So we have shared the optimism.

First half revenue is Rs.300 crs, just wanted to know in this how much would be annuity based that will keep recurring, irrespective of whether any new business is brought in – which could be a bonus?

We have Recurring revenue of 37%, but that is not the number that will happen without a new order. Typically, we can plot for next three to four years with reasonable degree of reliability. Our unexecuted order book which is about $164 million at the moment. The recurring revenue for the Company level is 37%, including services. Normally in cloud companies, this does not include services. Without services, this becomes well above 50%. For the half year, out of Rs.300 crores – ie around US$41 million, US$15 million is recurring and the rest is non recurring. When we say recurring it includes subscription, AMC, payroll processing, etc. If the question is even if we don't get any order, how much revenue we would have got, the answer is that roughly is about 75% of the revenue, what we call revenue from existing customers. That adds up to the Rs.225 crs for the half year.

On the expense side, in this pandemics kind of getting over and travel costs and everything might get back to normalization. What would be your estimate for quarterly cash expense rate going ahead?

Operationally cash expense run rate at least till March should be similar, except for the key investments that we are making for payroll expansion initiatives for Europe and other areas. We do not see a major rise in travel expenses until March because of COVID.

I'm seeing your cash flow that is exceptional, with free cash flow generation after a very long time. The borrowings have come down around Rs.50 crores Suppose if this run rate is maintained for next couple of quarters, are we thinking on the line of becoming debt-free?

We would be able to generate about Rs.15 crores cash surplus per quarter if the trend of current spending and revenue pattern continues. We don't think debt will be a concern and there could be some debt.

If we go to the next level, are we looking some tying up with some big investor anchor investor or someone to raise money because the opportunity looks huge. I guess the time is right and hope we ready to place. Any thought on that?

Yes We are poised to grow and we are making all the investments. I don't think investment is the bottleneck here because as a group also we can invest. We can also tie up if necessary. The point is how rapidly we execute orders and reach out to various partners, which we have started doing. And we will assess the situation maybe in two, three quarters and see. Will do whatever is necessary to scale further. But as of now, we are just making sure that we can execute as rapidly as possible.

We have been issuing press releases with the orders wins, but it would be helpful for investors if the value is mentioned, because whether these are big wins or not, come like a suspense in the quarter end.

It all depends on the customers - whether they permit us to name them / mention the order value. Moreover, other customer may start comparing, so we have to be mindful of this.

What is the total deal win - order booking in Q2?

US$26.5 Million.

How many order wins were large in size?

65% of the order wins were more than US$1 million. There were smaller orders, but from global multinationals and that's the reason they took order from them. Only two clients – one in India and the other in Malaysia – are not very well known. Overall the nature of that clients signed has been very good in the past two quarters.

What was the total travel and marketing cost during this quarter and last quarter YoY?

Significant saving in these two quarters, compared to last year. It would be about USD 300-360k per month - USD 1mln+ per quarter.

You have guided us till March - that this kind of situation will remain. How do you see it going forward? Will this be a new normal for the industry?

We think that the travel is unlikely to return back to what it used to. We may have 50% of what we used to have earlier because everybody has discovered that it is much more efficient for us and for client to execute using Teams. We can record all the sessions that we have. It automatically takes notes and generates an output and everybody is in sync. Thus saving on travel costs. Western markets possibly will adopt this and that will be beneficial. However, travel may not be ruled out - maybe 50% of the expense may come down.

Our debtor days has generally been on the higher sides, how do you see this trend going forward and we have write offs every year. So, how is the company working on reducing those things i.e on the debtor days and the provisions?

As we move forward and get multinationals and other larger customers, I think our debtor outstanding days will start coming down. If you see the fundamental problem for us was earlier years, the size of customers are very small, they were not able to adapt the sort of complex solution. So many of them coming in and going out, so the write offs are there. But I think that will gradually come down, as we start going towards the larger customers, the marquee names which we have now. There the adoption is very much better they really appreciate what we doing and it really helps them and I think the trend will change over the next year or so. The quality of customers is improving and portion that comes from a place where we had most of the write offs originating Middle East, Africa, India is gradually getting reduced. The India business used to be more than 55% business, but now it is less than 25% business; US operations are increasing, where we almost have no write off. So that problem will go away; whatever is in the past, we have providing conservatively. We have had some very good collection months, better than we used to collect in pre COVID times and we think that cash surplus is because we are delivering faster and quicker and facing client satisfaction.

We are conservatively providing because we have some old cases and in case we are not able to bill them and collect, we don’t want to have the shock in one quarter; so we are spreading this so that the results could be even and it’s not lop sided and it may continue for another year. With whatever customer accounts we are getting are global accounts, there should be stability in receivables. Your another question is related to spike in the debtors or receivables end of September. Here we had a good billing month, the billing in Q2 was 50% higher than the Q1 billing. There we few high value quarter end billing, which we have collected in October. However, since they were remaining as on September, the receivables as well as number of days have gone up.

Aviation business was one of the laggard for us. This business has of late taken a lot of momentum. So can you guide as to what is the reason for a this? And how do you see now the growth in this business?

Because of COVID, we were not expecting this to happen. However, completeness of the software and the richness of the software has been appreciated by clients. We signed two of the world's largest OEMs as clients - people who manufacture aircrafts. This business will help us more. Everybody wants more revenue from maintenance, because selling a new aircraft is difficult. More and more OEMs are focusing on their post sales revenue and that is where our maintenance software comes into picture. The software also became complete software by adding modules on manufacturing and US Defence compliance. So US Defence is a segment that is opening up, we have just tapped - maybe not even 0.5% of the potential, and the potential is huge. We have signed five clients in this business in past one year that is the possibility of growth that we see. All we will say is this is not like payroll business, which everybody needs. This has a limited market. With the richness of the software, we have little competition from only one or two players globally. This is a product which the system integrators like – in aerospace and defense industry. It's not only maintenance, but also about complete control of your components and manufacturing and, subcontracting and so on. It's one of the few products in the world or probably now emerging as the only product in the world which can handle such complexity. So the kind of orders we may get as we go forward could be large. So the order size will be good and the number of clients may be smaller. The potential itself can be fairly large. As reputation increases, we are getting calls from people. So I think this is a revelation for us that people really find that this product is very powerful and many people are pleasantly surprised and the word of mouth is just starting to grow. In this area, marketing may not work. It is more of people understanding that we have the solution that they need, and that is spreading.

Can you give the revenue guidance on a consolidated basis on dollar terms for the coming two, three years?

No, that we don't want to give because, there are lot of uncertainties - on one hand, we are looking at growth in SBUs, like HRP and so on, which could be anything depending on how the partnerships take shape up.

To understand the pricing dynamic for the HRP segment, how does pricing work in the segment in terms of, firstly on the on-premise model - how's the structure, implementation, AMC, and then on the cloud side - how does that compare with the cloud subscription revenue? What is the current mix and then sort of the texture of the revenue?

Flexible deployment option mentioned earlier comes into picture here. We not only have one deployment option, but we can give it on a managed services mode. We can give it on a platform on an on-prem mode and a platform on cloud mode. So there are multiple pricing models that come into the picture with these options. If you look at the outsourcing mode, it's more a per employee per month (PEPM), payslip that we charge. If it's on a cloud model as a platform, again it is a per employee per month. However, if it's on an on-premise model, then we would charge licenses, but that will be also on a per employee model. The only difference here would be, we will also charge a recurring AMC for the licenses that have been sold to ensure that the product updates & statutory updates happen. So that's maintenance fees that we would be charging along with, our licenses.
On your second part of the question around implementation - The game for payroll business is, how fast you can implement because that is when we start getting our revenues. So as a normal traditional company, we should be able to go-live within three months. And that's how we budget for, it's typically set up fees that we would charge. If it's a large enterprise customer where you are supposed to harmonize the process and have multiple regions going live together, there would be a little complexity and the implementation prices might vary. Typically the

implementation price for any country would be three to four months of a setup fees that we would charge on the monthly subscription amount.

In terms of the pipeline, is it predominantly managed services or more of a subscription revenue model?

We are now seeing a shift more towards a per employee per month (PEPM) model and away from license model. People are more interested in giving it to us on a monthly recurring mode. On that mode also, there seems to be a shift towards outsourcing model because with what ever happened in the last few months, some of the companies faced the problem of their employees not turning up for salary processing. They want to risk mitigate that by outsourcing the complete payroll processing to a vendor. So we do see upside on the outsourcing type of contracts and it's moving towards that direction from a pipeline perspective.

You have mentioned certain partnerships with Workday and Oracle and the big four. Could you help us understand how does the revenue sharing model work here? Who owns the customer? How do you ensure that both of you're not going after the same customer, etc, how does this entire dynamic work?

So it's fairly straightforward with Oracle and Workday. They are taking us to their prospects and we have connectors built to their applications, so that is a seamless integration and there is no revenue share except a referral fee that we will have to give to these partners. When we talk about the big four consulting firms, they would typically front end the entire engagement and they will bring in multiple partners to complete the bouquet of services that they're offering. For example, if one of the big four consulting firms is front-ending a complete HR transformation deal, they would take either a Workday or a Oracle for their strategic HR management. They might take another vendor for doing their enterprise bargaining agreements. They might take Ramco for payroll processing requirements. So the relationship there is front-ended by the big four consulting firms. In the back, there are multiple partners who would complete the entire project engagement out there. We would give them the licenses and bill them for the licenses, which in turn they ship to their end customers.

Many of these are just not payroll only. Payroll, leave processing and ESS. Payroll essentially means HRP, which means Core HR and Payroll. Core HR encompasses entire employee engagement from on boarding, employee induction, time management, shift patterns, rostering, overtime calculation, leave management, loans, expenses, the entire core, or the operational HR that comes into the picture. So that's our footprint for many of the customers.

Looking to expand into US geography. Is that going to be a standalone or largely to partnerships with the Workday or Oracle are the dominant players in the US market? So what's the go to market strategy there?

It's going to be multiple modes. The first mode being our existing customer base. That's the most promising base that we have right now. We have large part of APAC and Middle East Africa, for some of our customers, who are also pushing us to look at US and that's how US materialized because they were interested in going along with us to the US. So the starting point is some of our existing customers, expanding their footprint with us in the US. Also the partnership that we have signed with both the product vendors and the big four consulting firms, is creating doors for us in the US.

In case of this pay per use model, how do we amortize development costs? How do we book the cost? How do we charge it to P & L?

In the pay per use - the subscription model, monthly we book the revenue. The costs are automatically accounted. The costs will be two portions. One is the hosting cost, and there will be the support or the employee cost, which will be charged to the P & L. The development costs are amortsied over ten years.

So in development, or customizing the software, we must be incurring some kind of cost, so how do we charge it upfront or we divide?

Customization charges, services fee, what we call implementation fee or customization fee and the intellectual property part of the software is accounted for every month as a portion of the managed services. For example, if it is $10 per employee, then $2 may be considered as towards the license part of it, the intellectual property part of it, and maybe $1.50 towards the hosting, $6.50 worth of servicing part of it. So that's how the portion gets done for the intellectual property part of it.

In layman language, there is no deferment of cost. So all the costs are charged to the clients in the quarter of implementation.

There is no deferment of cost.

How about the hiring policy? Basically there are couple of points to this. One is how much we plan for onsite hiring or how do we deploy our force? Then second question is related to employee cost ratio. As we see, this ratio is maintained. Have heard Mr. Virender saying that this cost structure will be maintained for the next two quarters. What is our hiring policy – hiring in advance or for training purposes?

We hire based on the pipeline that is visible and the initiatives that we have. For example, we have some initiatives for Europe. We have hired a separate team for Europe, and Africa. We have some other user experience of the screen design, UI UX enhancements for which we'll be hiring for that as well. When it does, it may increase by a couple of million dollars with special initiatives around. Typically the wage bill stays in the range of 50% of the revenue.
We hire in advance to make sure that we are not short to start a project. We hire a lot of local nationals also, but mostly in low cost countries like Philippines - we have about 60-65 employees. We have similar numbers in Malaysia. We hire American citizens primarily because we have US defense related contracts where we cannot use other citizens and have to use a local citizen. In Europe, some contracts are there in aviation and we intend to hire Europeans because Europeans in Europe are less expensive, compared to Indian resources.

The employee cost ratio will be maintained for foreseeable future, or will it fluctuate?

It will be in the indicative range. But we will be having some special initiatives like for Europe payroll. Because when we see an opportunity, we do not want to miss an opportunity of making the payroll global. If we add the Americas and Europe and increase our market size, then we can address that two and a half times - let's say we are currently addressing a $5 billion market size, we can address $12.5 to $15 billion market size. So to be able to address extra $10 billion market size, we don't want to save the salary cost of let's say, 20-25 people.

I read there was some reduction of 30% salary cut for top 100 employee; Will that cost again be charged this year, Is it right?

No, that has been restored and already provided in these two quarters and does not impact the future P and L.

Any seasonality in our revenue? Understand there cannot be a seasonality in HR, but other than that, in logistics or in defense, any seasonality in particular quarter? Is it evenly distributed throughout the year?

Other than Q1, other quarters are normally more evenly distributed. April, May, June is relatively quieter in most geographies. Aviation business has no seasonality. Logistics also has no seasonality. Because of COVID, there is a major demand in logistics globally. Everybody is scrambling to put technology in place because of last mile delivery has expanded manyfold. So there is not seasonality, but typically Q3 is shorter because of Christmas.

What is the outstanding contracts that we have bid for? If you can give some segment wise bifurcation, in which segment, geography wise bifurcation that will be helpful.

Overall the pipeline is over $500 million, of which stage four and five, for which proposals have gone, or are in negotiation stage or advanced stage, is about $200 -211 million. So about 40% is in stage where we have submitted the proposal at least. Unexecuted order book is $165 Million. Which we will be able to realize over the next two to four years.

Is $200 million over and above this 160? So we are in stage four or five. So we may get order though.

Yes - the proposals have been submitted. It moves to stage four when proposal is submitted.

Can you define the clients like big, small, medium size?

We do have classification by way of - more than USD1 million, more than 5 million, less than 0.25 million. We did the presentation now on that.

This is regarding partnership with Oracle and Workday. How this has changed our total pipeline or addressable opportunity? Also how this has changed our order win ratio post this? And is there a split between how many deals we have won on our own versus partner channels?

Its early days for us to comment and give a visibility on the exact numbers here. Workday partnership is as recent as two months back and we are still to see how it's shaping up. We are getting exciting opportunities from their reference. However, from pipeline percentage is something that we'll be able to categorize in the next 6 to 12 months, when we see the relationship maturing. The total pipeline from these two partners will be in the range of $50 million right now. Oracle signing is as late as maybe one week back, Workday signing is six weeks. The people in the field have started meeting now, but our name appearing on their website is generating opportunities. And the Oracle sales team is beginning to connect. So, possibilities are emerging. KPMG is bringing opportunities. So, that's the reason we showed that these partnerships can yield non-organic growth.

Can you pls clarify - is it part of this $500 minus 211, or over and above?

This is part of this 500.

Is $211 mln only for HR?

211 represents where we have submitted proposals, not only for HR, but for all business units. Out of the pipeline of 50 from the partnerships, about 15-20 could be in the proposal stage. Out of the total pipeline of 500, close to 300 will be for HR and payroll.

The ERP segment saw the biggest jump in order booking and probably was the driver for our license revenue as well. And we have publicly announced two deals in logistics, and they are big customers. But is it the bulk of this ERP booking has come from these two deals, or there are several smaller deals as well, and the bigger two one would not have contributed meaningfully?

One big deal above 5 million has a significant revenue contribution. That deal is notable to the fact that it was without any competitive bidding in that market. That deals is from group of four ports and two logistics companies in Malaysia. One is logistics deal, where the deal in itself is not big, but the customer is very large and the potential is very large. This is one of the largest logistics company in this region above $8 billion in revenue. Before that, in Q1, we had closed another large logistics deal, with the revenue to be flowing in subsequent quarters. So these three deals in ERP - two in ERP logistics & one in ERP, has significant revenues. As we already mentioned, in Logistics, in ERP business and in aviation business, we have fewer clients but larger clients.

Does this $5 mln. deal include the HR component, or is this only on the logistics side of it?

This $5 million deal is for enterprise asset management (EAM) and not on logistics. It has a logistics component also and has an HR component also. So it's a complete end-to-end, everything from Ramco, there is no other software. That Company had close to 85 applications, which will be reduced to just five applications now - one Ramco and the rest is Microsoft Office and other things. That is the digital transformation.

On the cost front, there was roughly Rs.15 million jump in SG&A, QoQ. What would have led this up? Is it related to some normalization on going back to Office? Is there also on the employee cost side, which has been static for several quarters now? What we should expect here, both in terms of potential hire for newer markets, and secondly, on wage inflation side?

On employee cost increase that you would have seen, is mostly on account of provision for special incentives. Contemplating business contraction in COVID times, we offered special incentives for bookings in H1. Overall provision would be about $1.1 to $1.2 million. Increments are planned, but will be limited to junior grades, will be effective November. The rest is being done selectively, so they will implement that as well.
The SG&A jump was mainly due to forex fluctuation loss.

After accounting the special incentive, is there a tone down to the SG&A and rate, or this is now normalized to our regular ratio?

The special incentives will not be applicable from October 1 onwards. The regular incentives will be applicable. If we pay this amount, it’s a good sign and would mean that the Company is doing better. This is accounted under employee cost and does not form part of SG&A.

Just an important note, this is basically assuming our run rate is similar and our business growth is similar to what we have anticipated. If there is any spike and all those things, then the things will change.

Are you seeing any operational efficiency, especially when you're talking about AI and ML in terms of employees? So, for example, there are lot of employees in the company for the revenue that the company makes, compared to other product companies. So, are you seeing whether implementation timelines going down and the number of employees required would be lesser as we grow? Are we seeing that also as a lever?

AI & ML is being used as a marketing tool to help improve the efficiency in, say payable processing, receivable processing, automatically generating the comfort and so on. HRP Business unit is deploying in this in payroll processing team in a very significant manner and rolling out Anomaly engine now - for one project. It will be rolled out to all projects over the next couple of months. Self-explaining payslip is being implemented. The reasoning engine, which automatically gives a reason why errors normally occur, is also being implemented. So you only cater to those anomalies, which the system could not explain.

The potential of reduction is very high in this. We are aiming to double the number of payslips processed per month. In other parts of the business, we don't think there will be significant impact of this kind, because we are moving to a new user interface. We will be spending significant time and effort to upgrade the new user.

If you look at our software, it has a depth and breadth which our customers really like, and they want to go for it. But the major complaint will be, it is still archaic. It's not as easy to use as the modern software. But the architecture is such that we can move quickly to the modern user interface and user experience, which we'll be rolling out over the next two, three quarters. That is where we may have to invest in people to make sure that things roll, and package things such that people can have a much better experience. So, all these things are getting rolled in, to see the full effect of reducing the number of people required for the same level of business and all those things, could happen over the next three, four quarters. Maybe with the same number of people, we can address much more business. But for that there has to be temporary increase in number of people now and them over time it will pay off in giving us much larger productivity than we are having today. So that is the basic trend we see.

It means, say next 200 or 300 crores of revenue will not require more people, correct?
Suppose today we are doing 150 crores with say so many number of people, we may not have to double the number of people if we move upto 300.

Just a broader strategy level question. We've gone through a long journey in trying to build this business. Now, if you look at the business over the last three or four years, we have been in this band in terms of business booking between some $100 and $110 million annually for the last three or four years. Now we have this couple of big tie-ups on the HRP side. For a change, aviation business you said is looking up. You had some deal wins on the ERP as well. It seems like things are falling in place for all of your business. So, directionally, how should we think about our business in terms of new business booking now over the next let's say two to three years?

The whole thing is about building our execution capacity and sustaining the customer satisfaction, because this sort of business is all about reference. We are working on to make our referrals strong. And this results in fundamental change. May be a year ago, we were introducing some new products, which hit all our other businesses also, because customers who were coming, going through difficulties in stabilizing our new products. Even in HRP, we were introducing a lot of new technologies. So, all those things we have come through, and now we are seeing much more customer satisfaction.

So, the direction of change, everything depends on how quickly the referrals go and how the markets are changing. We were growing at around 15-20%, yearly in booking. That can accelerate. We are ambitious but don't want to hazard a guess, especially in investor calls.

Secondly, can you touch up on execution on the HRP side? The last three years, when business booking has been about $45, $47 million, revenue has been lagging for consistently about three years.

Now it's starting to improve. In HRP business execution, our implementation times used to be taking months, sometimes eight-nine months. Now, with a lot of automation and a lot of packaging and execution, execution times have been cut by 60-70% and now it's about two - three months and some implementations, in even weeks. So, that is the kind of execution capability we're building across the board. That significantly changes customer satisfaction, revenue inflow, and many other things.

There is nothing in wrong in being ambitious.

Yes, we are ambitious, but we have to be internally clear as to how rapidly we are going to scale up.

While apprehensions about giving guidance are understood, at least some goalposts can be spelt out – though not annual goalpost, but 2-3 year time frame. So, at least the investors who have a 3-4 year view, can align with Company's aspiration and ambition.

We will target that maybe in after couple of quarters because we want to see how our new technologies and our other initiatives pan out.

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

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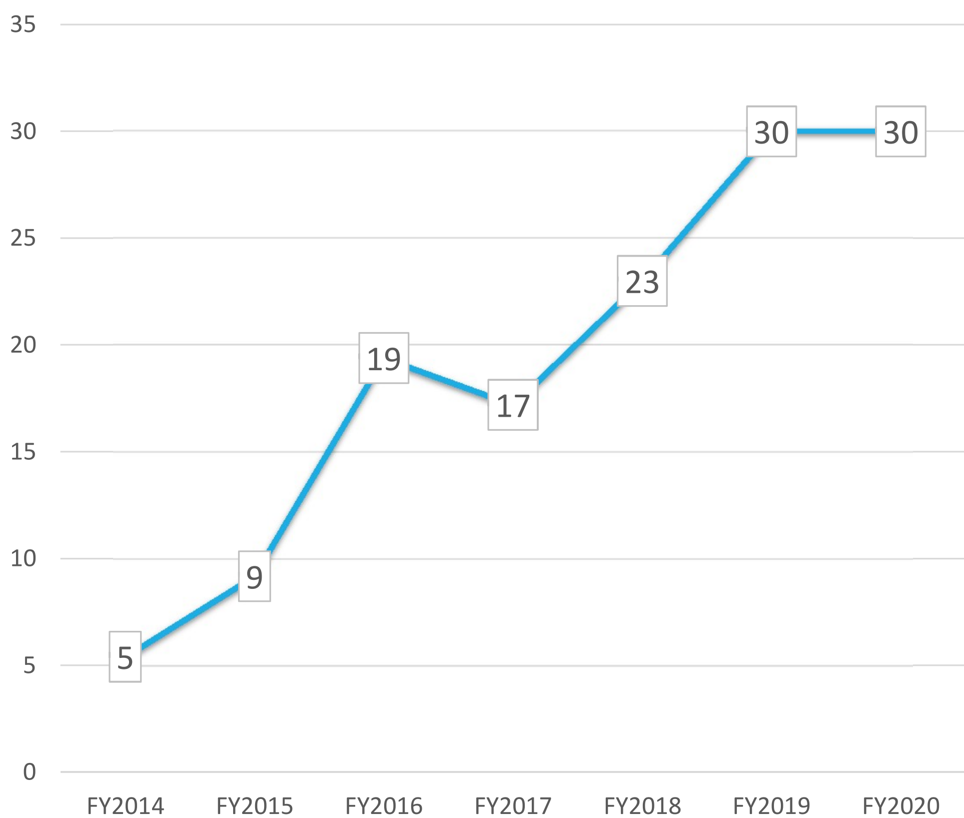
SBU HRP Updates

HRP Journey…



- Independent business Unit created in FY14
- Growing at 30%+ CAGR
- Core HR & Single platform for Global Payroll
- Trusted by large Multinationals

Solution Offering

- **Core HR**
  - Organization Masters
  - Employee Onboarding
  - Employee Administration
  - Grievances & Disciplinary Actions
- **Time & Attendance**
  - Schedule Management
  - Overtime Setup
  - Time Entry
- **Multi-Country Payroll**
  - Gross & Net Pay Calculation
  - Retroactive Pay & Increments
  - Error Detection
  - Payslips
  - Country-specific/ Statutory Compliance
- **Employee Benefits**
  - Compensation
  - Leave
  - Travel
  - Expenses
  - Loans & Advances
- **3rd Party Integrations**
  - Time Input Device Integration
  - Financials Integration
  - Salary advice to Banks
  - Oracle integration
  - Workday integration
- **Deployment models**
  - On Premise
  - Public/Private Cloud
  - Payroll Managed Services
  - Payroll as a Platform

- Employee Self Service
- Manager Self Service
- Pre-built Reports
- Alerts & Workflows
- Hubs
- Policy Configurator

Platform Enablers

- Employee Chatbots
- Mobile App
- Mail It
- Voice Assistant
- Analytics
- Facial Recognition

Global Payroll coverage across 50+ countries and counting…

6 new Countries in Africa in roadmap

Large MNCs with multi-country payroll

Standard Chartered	11000+ Employees across 18 countries		44000+ Employees across 19 Countries	Schneider Electric	14000+ Employees across 7 countries
Leading Automobile manufacturer	19000+ Employees across 6 countries	Johnson Controls	23000+ Employees across 15 contries	accenture	60000+ Employees
Coca-Cola	13000+ Employees across 3 countries	Adecco	100,000+ Employees	AMERICANA	69000+ Employees across 12 countries
Arla	2000+ employees across 5 countries	Leading Oil & Energy Services provider	27000+ Employees across 24 countries	DB SCHENKER	13000+ Employees across 13 countries

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The Global opportunity

The global standalone payroll services market will grow ~4.4% annually, to reach ~$24.6bn by 2023

Source: Nelson Hall Research 2019

Well Poised to become leader

Source: Everest Research 2020

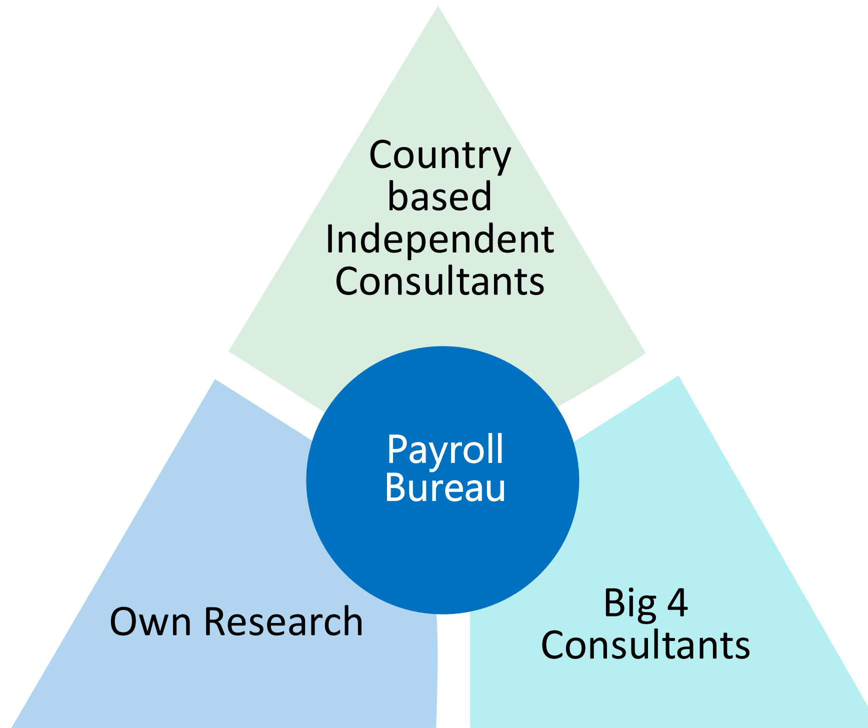

Aggregators
VS
Ramco's Platform
Your Global Payroll is as strong as your weakest Payroll vendor!
• Global platform, local compliance
• Single Code base for 50+ countries
• Consolidated global view
• Flexible Delivery model
• AI / ML powered payroll engine

Payroll Bureau – Compliance owners

- Partner with Taxation service providers
- Regular monthly updates w.r.t to Payroll related Statutory changes
- Services availed for specific assignments / projects

- Research on Payroll rules and regulations
- Manage other Service Providers
- Manage collaterals and information repository

- Validation of Payroll rules across the globe
- Inputs when developing payroll for new countries
- Regular monthly updates & advisory services on demand



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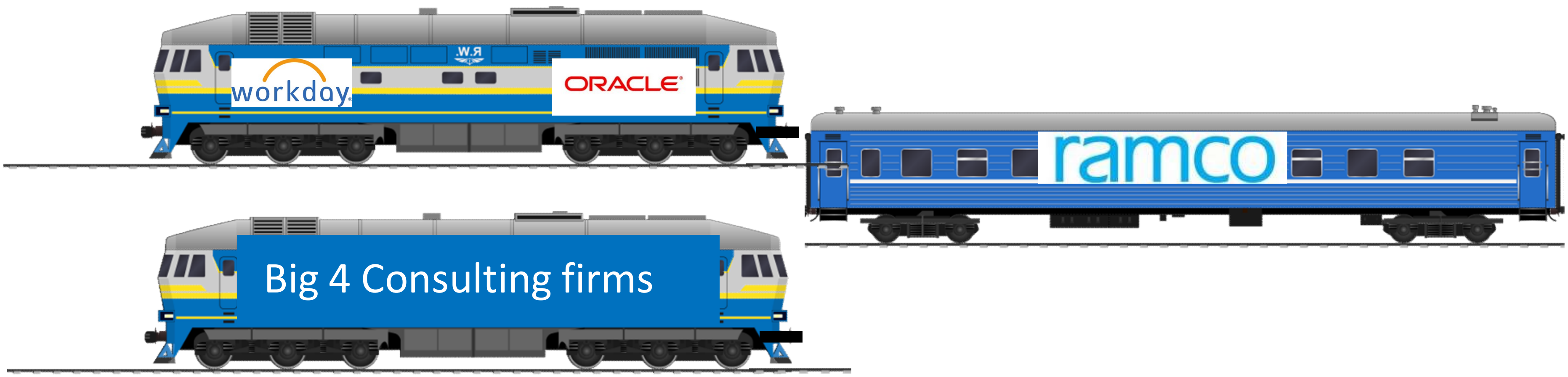
Partnership Engine as a force Multiplier



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The TENETS on which our Solutions are getting designed

- Zero UI 

- Artificial Intelligence & Machine Learning
- Frictionless Computing 

- Anticipatory Computing
- Event-driven Notification (ANA)

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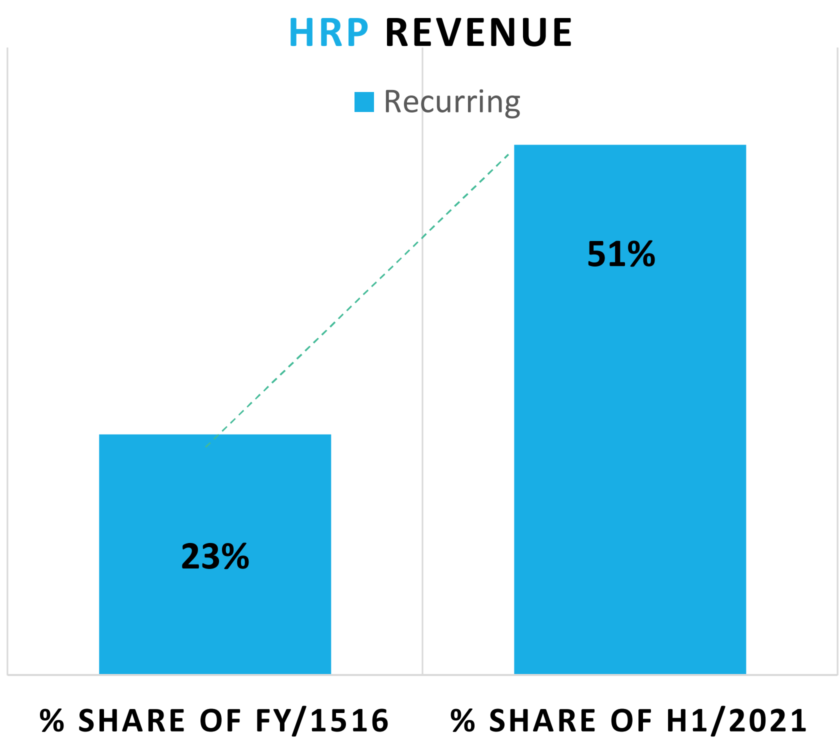
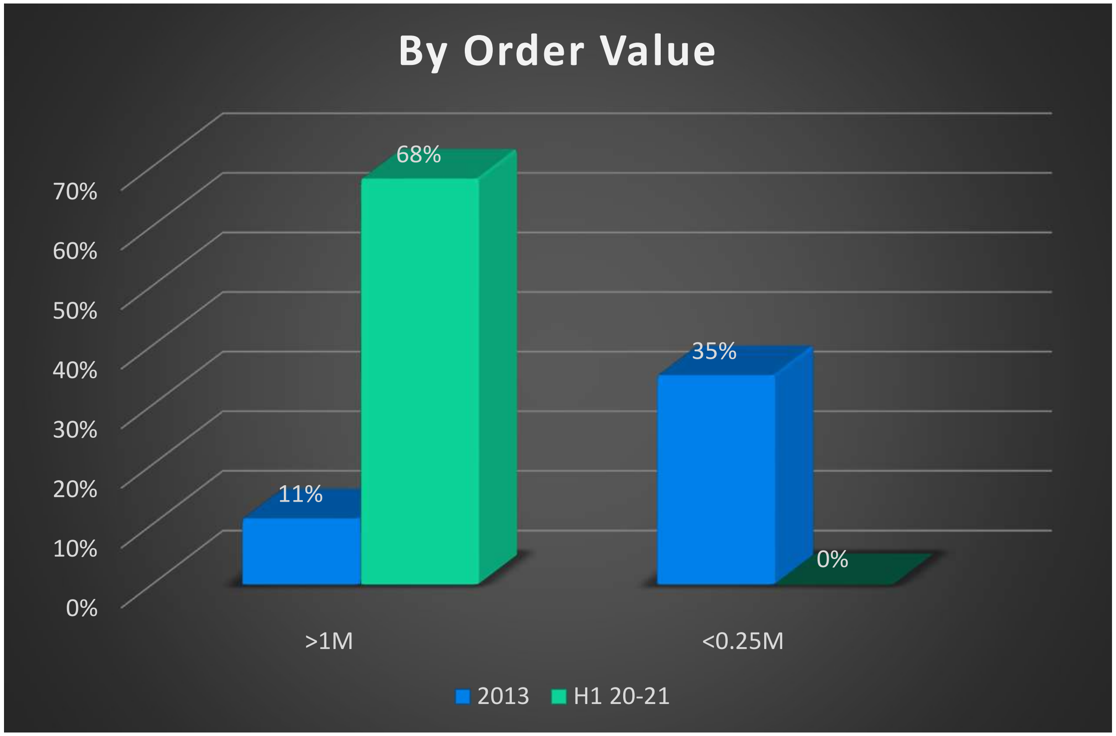
Some Trends

Recurring Vs Non-Recurring Revenue



Some Trends

Deal Mix




Global Agri major
TRUSTS Ramco

Global Top 10 Dairy company TRUSTS Ramco


Global Top 5 Logistics major,
TRUSTS Ramco
15 countries – 1 Platform


Leading Fortune 500 & Healthcare major,
Trusts Ramco


Leading Beverage and
Food major Trusts Ramco
15 countries – 1 Platform

Thank You

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FACT SHEET AS ON 30TH SEPTEMBER 2020

CONSOLIDATED INFORMATION

Figures in USD Million, except where stated otherwise

	Quarter Ended								Half Year Ended		Year Ended			
	Sep-20	Jun-20	Mar-20	Dec-19	Sep-19	Jun-19	Mar-19	Dec-18	Sep. 30, 2020	Sep. 30, 2019	Mar.31, 2020	Mar.31, 2019	Mar.31, 2018	Mar.31, 2017
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited $	Audited $	Audited $	Audited $
REVENUE - STREAMWISE														
Products	10.78	8.91	6.98	10.36	10.90	9.07	11.78	12.11	19.68	19.97	37.25	45.98	37.91	30.75
License	*5.25*	*3.86*	*1.82*	*5.14*	*5.92*	*4.31*	*7.08*	*7.55*	*9.11*	*10.24*	*17.14*	*27.92*	*21.59*	*16.89*
Recurring	*5.52*	*5.05*	*5.16*	*5.21*	*4.98*	*4.75*	*4.70*	*4.56*	*10.57*	*9.73*	*20.11*	*18.05*	*16.32*	*13.86*
Services	10.57	10.52	11.56	10.31	10.51	10.93	8.36	7.90	21.08	21.44	43.33	31.65	*35.13*	*35.54*
BPO	*1.37*	*1.36*	*1.40*	*1.11*	*0.97*	*0.80*	*0.77*	*0.73*	*2.73*	*1.77*	*4.29*	*2.93*	*2.84*	*2.47*
Other Services ^	*9.20*	*9.16*	*10.17*	*9.20*	*9.55*	*10.12*	*7.59*	*7.17*	*18.36*	*19.67*	*39.04*	*28.72*	*32.29*	*33.07*
Resale of Material	0.21	0.02	0.06	0.15	0.08	0.16	0.04	0.06	*0.23*	*0.24*	0.44	0.73	0.11	0.95
TOTAL	**21.56**	**19.44**	**18.60**	**20.81**	**21.50**	**20.15**	**20.18**	**20.07**	**40.99**	**41.65**	**81.03**	**78.35**	**73.15**	**67.24**
REVENUE - BUSINESS UNITWISE														
ERP	8.48	7.16	6.97	6.44	10.54	8.11	7.37	5.84	15.63	18.65	*32.00*	*28.12*	*31.32*	*31.88*
HRP	7.64	6.24	7.13	8.28	7.02	7.82	7.56	9.77	13.87	14.84	*30.26*	*30.70*	*23.68*	*17.19*
AAD (Formerly AVN)	5.44	6.05	4.50	6.09	3.94	4.22	5.25	4.46	11.48	8.16	*18.77*	*19.53*	*18.14*	*18.18*
TOTAL	**21.56**	**19.44**	**18.60**	**20.81**	**21.50**	**20.15**	**20.18**	**20.07**	**40.99**	**41.65**	**81.03**	**78.35**	**73.15**	**67.24**
REVENUE - GEOGRAPHYWISE														
Americas	4.41	5.59	3.41	3.85	3.60	3.58	4.89	4.12	10.01	7.17	*14.43*	*17.26*	*14.42*	*12.90*
Europe	0.53	0.48	0.56	0.60	0.52	0.84	0.59	0.42	1.01	1.36	*2.51*	*2.05*	*2.12*	*2.25*
APAC	9.72	6.94	7.93	9.34	10.46	7.41	7.97	8.21	16.64	17.88	*35.13*	*32.27*	*24.65*	*20.14*
India	4.42	4.26	4.41	4.24	5.13	6.54	3.86	3.92	8.68	11.67	*20.28*	*16.07*	*18.60*	*18.15*
MEA @	2.47	2.18	2.30	2.79	1.79	1.78	2.87	3.40	4.65	3.57	*8.67*	*10.71*	*13.37*	*13.81*
TOTAL	**21.56**	**19.44**	**18.60**	**20.81**	**21.50**	**20.15**	**20.18**	**20.07**	**40.99**	**41.65**	**81.03**	**78.35**	**73.15**	**67.24**
BOOKING - BUSINESS UNITWISE														
ERP	12.99	7.05	4.05	2.62	14.88	5.14	11.06	6.67	*20.04*	*20.02*	26.70	38.75	43.58	29.89
HRP	8.18	6.73	4.81	15.56	9.36	14.51	12.49	15.82	*14.91*	*23.87*	44.25	47.52	46.66	34.90
AAD (Formerly AVN)	5.37	7.58	4.28	11.62	1.77	1.88	9.02	6.68	*12.95*	*3.65*	19.54	30.65	13.84	21.23
TOTAL	**26.53**	**21.37**	**13.14**	**29.80**	**26.01**	**21.53**	**32.57**	**29.17**	**47.90**	**47.54**	**90.49**	**116.91**	**104.08**	**86.02**
UNEXECUTED ORDER BOOK #	**164.90**	**163.99**	**166.55**	**176.29**	**168.24**	**168.00**	**166.00**	**168.00**	**164.90**	**168.24**	**166.55**	**166.00**	**153.00**	**115.94**
CUSTOMER METRICS														
Revenue from New Customers (%)	20%	18%	14%	21%	24%	17%	36%	38%	*19%*	*20%*	*19%*	*33%*	*24%*	*24%*
Revenue from Cloud orders (%)	36%	37%	40%	45%	31%	36%	37%	35%	*36%*	*33%*	*38%*	*39%*	*34%*	NA
Number of new customers added	15	12	6	13	17	14	16	25	27	31	50	80	85	120

$ 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.
^ Other Services also include infrastructure and hosting services.
@ Middle East and Africa (MEA) includes South Africa.

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