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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

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

Dear Sir,

Sub: Disclosure under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Further to our intimation dated October 31, 2019, regarding investors' call, please find enclosed the gist of the points and the fact sheet discussed in the investors' call.

We request you to kindly take the above on record as required under the provisions of SEBI (LODR) and acknowledge receipt.

Yours faithfully

For RAMCO SYSTEMS LIMITED


R RAVI KULA CHANDRAN
CHIEF FINANCIAL OFFICER



Encl: As above

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Analysts and Investors call – Debrief - Q2 FY 19-20 - on 31st Oct 2019

From Ramco Systems Limited, Mr.Virender Aggarwal, Chief Executive Officer, Mr.R.Ravi Kula Chandran, Chief Financial Officer and Mr. Sridhar Radhakrishnan, Chief Strategy Officer participated in the call.

Business update:

CEO provided update on business performance for Q2 FY1920. Revenue growth was 7% Q-o-Q. Five fortune 500 logos of the biggest names in the world in their respective areas were added. Asia continued to power the growth story with almost 60% of the total order bookings. A welcome addition to the product line was Enterprise Asset Management (EAM) business in which traction was seen after winning a port business last year. Also, after the change in leadership of the ERP team, the pipeline had tripled for the EAM. The three product lines – EAM, Logistics and multi country Payroll business – have some degree of uniqueness and market penetration. Decent growth in profit as well, which doubled from last quarter. Provision for doubtful debts and advances was maintained at about USD 1.25 mln. for the quarter. Services revenue had seen healthy 20% growth, with better execution.

The BPO business had shown strong 20% growth in revenue Q-o-Q. The BPO business is expected to grow further. The HRP revenue may look a bit underwhelming compared to the earlier growth story. Some of that was because of the focus on BPO business, which doesn't mean that revenues would come straightaway. Secondly, some key deals were missed for the HRP business. The pipeline looks stronger. During the last quarter call, mention was made about three large million dollar deals. Of this, the largest one was closed, leading to a positive impact on revenue for the quarter. Six large deals are being worked upon in Q3, two of them overflowing from last quarter.

Following is the gist of responses provided by the Company to the questions raised:

- **Provisioning for doubtful debts:** Based on the need to provide for expected credit losses and considering the business circumstances, provisioning is being made on an even basis every quarter. The instances are spread across the geographies. The provisioning approximately translates to 6%, which is not felt alarming. As already mentioned in the earlier calls, this is expected to continue for some more quarters, but if top line grows, this percentage would come down. The Company has lesser appetite for litigating with customers.
- **Why the focus is changing from Payroll to Logistics to EAM?**
Focus continues to stay on Multi-Country payroll and Logistics. The five Fortune 500 logos mentioned have all come from Multi-Country payroll business. Recruitment and Performance deals have been taken out, in order to concentrate on Multi Country payroll and Time and Attendance. While that focus

stays, we had a large deal in EAM that happened, which is a very thinly contested market. EAM plus ERP is a market where there are primarily two players globally.

Now that the brand is more known, buyers are searching and finding us for that product. Even our Aviation product is essentially built on our Enterprise Asset Management module. So, as a product, it is very good and it's just that when there is a chance to monetize, we don't want to lose the opportunity.

- **How traction is increasing by partnering with Workday?**

There are about 20 clients, in which we are working with Workday. We have connectors (scripts) which work with Workday well, basis which we are live with a large customer in three countries.

- **Any reason for the low magnitude of HRP in the five Fortune 500 deals?**

The observation that the deal size is small in these cases is correct. We had a decent sized deal with a French major fortune 500 customer, but other than that, others are smaller in size. We cannot have much upfront revenue coming in the BPO business, where there is no license component. We did miss on some deals and that shows up in the number and hopefully some of that overflow should come in Q3.

- **Now that Recruitment & Performance went out, do we still expect the same growth as compared to 25% in FY20?**

Recruitment & Performance is not being concentrated now, but we have obligations to meet commitments for the existing customers. The effect of moving out is having an impact, with focus on Payroll. Hopefully the benefit of all that should be more visible as we execute faster. We have 37 go lives in this quarter, compared to 24 last quarter. So our existing service revenues are growing faster. On the question of 20-25% growth, HRP has a big challenge to do revenue in double digit numbers and we are lining up for that hike. Though the first half of the year is weaker than expected, there are enough large deals in the pipeline.

So we should be having at least three or four clients whom we can bill million dollars or more per annum.

- **Have we got any progress to charge Time & Attendance separately?**

We have some success in Australia. We are charging T&A. Digital transformation deals that we are doing right now, we are charging T&A.

One of the question that was raised was why focus on ERP suddenly. What we realize is that Digital Transformation proposition is attracting prospects very well in the market. Almost an accidental discovery. We realized that people are liking it and reason being the investment that we have made in Next-gen technology of Chat bots, on Artificial Intelligence, on real time enterprise engine, personalization engine and so on. All the next generation stuff that we have incorporated within our software is what people see as a Value-add. We are also leveraging WhatsApp as a platform for

interaction with the clients and doing transactions. We have done the Digital Transformation internally within our Group. We have good pipeline built in ERP, primarily because people are looking for Digital Transformation and . We are no longer going to market and selling ERP alone, but we are pitching for Digital Transformation right now.

- **Are we emerging as service player compared to a software player?**

BPO is still a very small part of our business and it is about 5-6% of our business. While focusing on fewer things will help, but where companies are asking for transformation, they may end up looking at our offerings. We have seen interest from Big 4s and one big 4 has brought in three deals in HRP and they are already executing two for us.

- **On Aviation business, despite a very strong deal booking in previous year, why the same is not translating into revenue?**

Their booking has been poor in first two quarters. That's the reason, revenue is falling now. One of the 3 large deals mentioned, is in Aviation and that deal is still very much on. Also our US defense pipeline is growing and so it's a matter of time before we get a large deal. We hope H2 will be better than H1.

- **What is the strategy of growing revenues faster than the cost?**

We feel the focus should stay continuously on revenue growing much faster than the cost. We should be booking much more and as mentioned already, we have six large deals and if we close three, we will be good. If we close 2 we will be average and if we close 1 we will be bad. If we close 4, we could be seeing very positive impact.

- **What would be the order booking if we close the large deals as mentioned above?**

The booking number could be in the range of \$35M, if 4 deals happen.

- **What would be the impact due to change in tax rate ?**

We are yet to decide on this, as the new tax proposals can be opted any time. We have quite a substantial amount of MAT credit and we are also claiming the R&D weighted deduction. If we opt for the new tax regime, all this will have to be foregone which will be a huge hit. With MAT, our effective tax rate is in range of 17.5% and deferred tax at 29% which is predominantly in India only. For other countries we do not have much of tax except in couple of subsidiaries. So effective rate has to be seen more from India perspective, rather than consolidated perspective.

- **In unexecuted order book, there is curtailment.**

Detailed assessment of projects are made at quarter ends, basis which projects may be moved to on-hold and earlier on-hold projects maybe moved to live status and the figures are accordingly reported.

- **People cost had gone by 6% QoQ. Is it due to wage increment or increase in new cost we added?**

Both are the reasons. Partially, because of the increments announced in April 19 and partially due to addition of more resources in the Asean region basically.

- **Why is the debt going up and will it go up further? Also what rates are the debts borrowed?**

We don't have debts much outside India at this point of time and predominantly debt is in India only. Debts are mainly in the form of packing credit in foreign currency, so cost of funding is lower than the other commercial rates. We do not expect to increase the borrowings to a great extent. The increase in borrowings by about Rs.10 crs was necessitated due to increase in working capital. Average cost of borrowings would be around 6%.

- **What is the product development cost?**

Product development cost is about USD 6M per year. The cost is mainly for updating / upgrading of products / technologies and product innovation.

- **Do you see a competition for the deals you are going after and what is the competitive edge that Ramco Systems has?**

Multi country payroll business has no competition right now in the market and nobody offers 45 countries for payroll to our knowledge. Logistics business has an edge, but right now we are busy with overcoming delivery challenges, since that is a new product line. Other products like Enterprise Asset Management (EAM), ERP and parts of HR like Recruitment and Performance, do have competition.

CONSOLIDATED INFORMATION

Figures in USD Million, except where stated otherwise

	Quarter Ended								Half Year Ended		Year Ended			
	Sep-19	Jun-19	Mar-19	Dec-18	Sep-18	Jun-18	Mar-18	Dec-17	Sep. 30, 2019	Sep. 30, 2018	Mar.31, 2019	Mar.31, 2018	Mar.31, 2017	Mar.31, 2016 *
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited \$	Audited \$	Audited \$	Audited
REVENUE - STREAMWISE														
Products	10.90	9.07	11.78	12.11	11.25	10.78	10.02	11.28	19.97	22.03	45.98	37.91	30.75	34.21
License	5.92	4.31	7.08	7.55	6.82	6.43	5.58	7.00	10.24	13.25	27.92	21.59	16.89	20.85
Recurrina	4.98	4.75	4.70	4.56	4.43	4.35	4.43	4.28	9.73	8.78	18.05	16.32	13.86	13.36
Services	10.51	10.93	8.36	7.90	7.53	7.85	8.52	8.11	21.44	15.37	31.65	35.13	35.54	34.32
BPO	0.97	0.80	0.77	0.73	0.73	0.70	0.69	0.72	1.77	1.43	2.93	2.84	2.47	2.13
Other Services ^	9.55	10.12	7.59	7.17	6.80	7.15	7.83	7.39	19.67	13.94	28.72	32.29	33.07	32.19
Resale of Material	0.08	0.16	0.04	0.06	0.25	0.39	0.03	0.01	0.24	0.64	0.73	0.11	0.95	0.40
TOTAL	21.50	20.15	20.18	20.07	19.03	19.02	18.56	19.40	41.65	38.05	78.35	73.15	67.24	68.94
REVENUE - BUSINESS UNITWISE														
ERP	10.54	8.11	7.37	5.84	6.04	8.99	7.34	7.49	18.65	14.97	28.12	31.32	31.88	30.82
HCM (HRP-HR & Payroll)	7.02	7.82	7.56	9.77	8.17	5.02	7.38	6.58	14.84	13.26	30.70	23.68	17.19	18.79
Aviation	3.94	4.22	5.25	4.46	4.82	5.01	3.84	5.34	8.16	9.82	19.53	18.14	18.18	19.32
TOTAL	21.50	20.15	20.18	20.07	19.03	19.02	18.56	19.40	41.65	38.05	78.35	73.15	67.24	68.94
REVENUE - GEOGRAPHYWISE														
Americas	3.60	3.58	4.89	4.12	4.67	3.54	2.97	5.08	7.17	8.24	17.26	14.42	12.90	12.47
Europe	0.52	0.84	0.59	0.42	0.56	0.47	0.50	0.44	1.36	1.03	2.05	2.12	2.25	3.07
APAC	10.46	7.41	7.97	8.21	7.53	8.58	5.50	7.20	17.88	16.08	32.27	24.65	20.14	19.93
India	5.13	6.54	3.86	3.92	3.96	4.36	4.88	3.98	11.67	8.30	16.07	18.60	18.15	17.70
MEA @	1.79	1.78	2.87	3.40	2.31	2.08	4.71	2.71	3.57	4.39	10.71	13.37	13.81	15.77
TOTAL	21.50	20.15	20.18	20.07	19.03	19.02	18.56	19.40	41.65	38.05	78.35	73.15	67.24	68.94
BOOKING - BUSINESS UNITWISE														
ERP	14.88	5.14	11.06	6.67	5.81	15.20	6.97	10.35	20.02	21.01	38.75	43.58	29.89	NA
HCM (HRP-HR & Payroll)	9.36	14.51	12.49	15.82	14.61	4.61	18.87	10.39	23.87	19.22	47.52	46.66	34.90	NA
Aviation	1.77	1.88	9.02	6.68	9.14	5.80	3.37	3.77	3.65	14.94	30.65	13.84	21.23	NA
TOTAL	26.01	21.53	32.57	29.17	29.56	25.61	29.21	24.50	47.54	55.17	116.91	104.08	86.02	-
UNEXECUTED ORDER BOOK #	168.24	168.00	166.00	168.00	161.00	150.49	153.00	139.91	168.24	161.00	166.00	153.00	115.94	NA
CUSTOMER METRICS														
Revenue from New Customers (%)	24%	17%	36%	38%	27%	30%	33%	33%	20%	29%	33%	24%	24%	35%
Revenue from Cloud orders (%)	31%	36%	37%	35%	43%	41%	38%	32%	33%	42%	39%	34%	NA	NA
Number of new customers added	17	14	16	25	15	24	25	27	31	39	80	85	120	157

* represents the figures published for the respective period without considering the IND AS adjustments.

\$ 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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