ramco

**February 11, 2024**

**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: Con-Call transcript of Analyst/ Investor Meeting held on February 07, 2024**
**Ref: Disclosure under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

Further to our intimation dated February 02, 2024, regarding analyst/ investors call, please find enclosed the gist of the points discussed in the Con-Call held on February 07, 2024 and the fact sheet as on December 31, 2023.

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**
VIJAYA RAGHAVAN
Digitally signed by VIJAYA RAGHAVAN
Date: 2024.02.11 16:05:08 +05'30'
**VIJAYA RAGHAVAN N E**
**COMPANY SECRETARY**

Encl: Gist of Con-Call and the Fact Sheet

# "Ramco Systems Limited
# Q3 FY'24 Earnings Conference Call"
# February 07, 2024

Hosted by DAM Capital Advisors Ltd.

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| **ANALYST:** | **MR. ANMOL GARG - DAM CAPITAL ADVISORS LIMITED** |
| **MANAGEMENT:** | **MR. ABINAV RAJA – WHOLE TIME DIRECTOR** |
| | **MR. SUBRAMANIAN SUNDARESAN – CHIEF EXECUTIVE OFFICER** |
| | **MR. R. RAVI KULA CHANDRAN – CHIEF FINANCIAL OFFICER** |
| | **MRS. GAYATHRI R – VP FINANCE** |
| | **MR. VIJAYARAGHAVAN NE - COMPANY SECRETARY** |

**Moderator:** Ladies and gentlemen, good day and welcome to Ramco Systems' Q3 FY '24 Earnings Conference Call, 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 star then zero on your touchtone phone. Please note that this conference call is being recorded. I now hand over the conference to Mr. Anmol Garg. Thank you, and over to you, sir.

**Anmol Garg:** Thank you. Good evening, everyone. On behalf of DAM Capital, we welcome you all to Q3 FY '24 conference call of Ramco Systems. We have with us Mr. Abinav Raja, WTD; Mr. Subramanian Sundaresan, CEO; Mr. Sandesh Bilagi, COO; Mr. R. Ravi Kula Chandran:, CFO; Mrs. Gayathri R, VP Finance; and Mr. Vijayaraghavan N E, Company Secretary.

I'll now hand over the call to Mr. Abinav Raja for his opening remarks. Thank you and over to you, sir.

**WTD:** Good evening everyone and thank you for joining us on our third quarter earnings call. Your ongoing engagement and interest in our journey is very much appreciated. As many of you are aware, we've been undergoing a strategic reassessment and a focused effort on turning around the company over the last few quarters.

Our commitment to innovation and a strategic focus on select range of product lines and investment in automating our development processes are core components of our turnaround strategy. These efforts are bearing fruit as reflected in our performance over the last few quarters.

We closed the quarter with revenues of $15.51 million, maintaining the momentum in the second quarter, where we posted revenue of $15.48 million. It's important to note that while our revenue has remained flat, we have seen a promising reduction in our net losses. These have decreased sequentially from $5.72 million in the first quarter to $4.73 million in the second quarter excluding the onetime expense and write-off of $13 million and now in Q3 to $3.13 million in the third quarter.

This trend is a clear indicator of our turnaround efforts. And we are confident of the sustained improvement in the forthcoming quarters as well. A key factor driving this positive trend has also been one of our cost reduction programs implemented since the beginning of the financial year. This initiative yielded approximately $5.6 million of savings on an annualized basis for the current year, contributing to an improved financial health and operational efficiency.

With this brief summary, I would like to now hand over the call to CEO who will provide you a more detailed insight into our quarterly performance and our strategic road map going forward.

**CEO:** Thank you, Abinav. Good afternoon everyone and thank you for joining in this call. Let me quickly take you through the Q3 performance. We are continuing on our path of significant turnaround, simplifying, and strengthening our business.

Our focus remains on ensuring product quality, quality implementation with healthy financials. We have recently secured strategic partnerships with prominent services firms, both Deloitte

India and BDO. These partnerships will blend Ramco's advanced payroll platform with the vast consulting expertise and services offered by the partners, establishing a benchmark for the global payroll excellence.

With this, we expect the growth to be led by platforms and subscriptions. As mentioned earlier, while the revenue is at $15.51 million, a very important aspect to know is the positive trend in the recurring revenue. Our recurring revenue for Q3 was at $9.8 million, which is a movement from $8.72 million last year. Movement of more than $1 million in just a year's time.

This marks our sixth consecutive quarter of consistent growth of our recurring revenue, which is very healthy. Our quarterly order booking stood at $7 million. This is primarily attributed to deal decisions, the prospects moving to the next subsequent quarter.

While that is one reason, the other reason is we have repriced some of the deals upwards, as part of our deal tightening process. In addition to that, we have dropped some deals that did not fit into our new qualifying criteria with respect to the size, the product segment or the market. Those deals were dropped.

This is, again, as part of the turnaround process. We have instituted a tightened deal review process and that has really helped us to do these 2 things. We concluded the quarter with a healthy unexecuted order book of $180 million. This will translate into revenue in the next 3 years, thereby giving us a good start to the next quarter.

Our cloud orders that are primarily subscription-based SaaS solutions, continue to grow at a healthy pace with a 59% of our revenue recorded from cloud and SaaS customers. In addition, there has also been a healthy pipeline growth. We added an additional $138 million to our pipeline in Q3, which has been a growth of 9% quarter-on-quarter.

More importantly, we are excited to announce the modernization of our flagship HR and payroll solution, a product enriched with a decade of intellectual property and innovation. Rebuilt from ground up on new cutting-edge technology stack, this AI-powered solution features a server-less, distributed in-memory architecture. This evolution not only signifies our strategic focus on key product lines, but also sets a new industry standard in efficiency and performance. We are excited to bring this modernized offering to our clients and our partners, leveraging our rich history to shape the future of HR and payroll management.

In closing, I want to mention that our investments in technology and innovation continue to yield results. As our turnaround strategy unfolds, we are expecting a stronger growth and improved results in the coming quarters. Thank you.

**Moderator:** Thank you. We'll now begin the question-and-answer session.

**Question:** Congratulations on posting a good set of numbers. With respect to this turnaround that we have currently executed and the write-offs that we took in the previous quarter. For the next 4, 8, or 12 quarters, how are we thinking about our business? Are we thinking about doing more of HRP and ERP services? Or are we also interested in growing the MRO segment?

**Answer:** These are the twin focus areas. HRP is kind of a horizontal market, where we do have a global presence, where we do have partners. We are also launching our new tech-stack in couple of days. That is an area where we do see a tremendous amount of growth opportunities and we do have the solutions to really exploit those growth opportunities. That is number one.

The MRO is a very niche area and it's a very deep area. We will continue to be growing in this area. But the number of customers in the HRP and the number of customers in aviation would be vastly different. One is an area of specialization and the other one is the area of modernization. So we will focus on these 2 segments on growth.

**Question:** My focus on MRO comes from the fact that there has been significant news flow of new MRO bids opening up in India and lot of MRO business coming into India. Whether we will be a one time supplier and we'll have an annual contract? Or is it basis how much MRO happens basis our software that we will have a larger chunk of their wallet share?

**Answer:** That is something we can't really say that at this point of time. But we have to understand 2 things; a lot of MROs are coming to India now. That's a good thing for us and we are a wholly made in India software. So that is a very good place for us to be.

Having said that, the number of prospects we look at is a limited set. We don't want to really go wide and everywhere in the world to really look for the MRO customers. Our solution is really deep. Based on what the opportunities that we see in the market, we'll keep growing it. If you look at our MRO, there are many different areas . One is that Airframe MRO, in that we have fairly a lot of large customer base and a good footprint.

The second one is that on the component MRO is where we have a good specific solution for that. We have implemented that in select customers.

The third one that we are building out at this point of time is engine MRO and which is a very, very specialized and very deep specialization is there in that. This point of time that is being implemented and will be completed soon. We will focus on these 3 areas.

We expect these 3 areas to have a tremendous potential and we are in the right place at the right time.

**Question:** With regards to the depreciation that we put on our books every quarter is a very large amount. And my understanding is that it is not replacement capex. It is just depreciation from old assets that have been sitting on our balance sheet.

Could you give me some clarity as to what part of that depreciation I should pencil into the replacement capex for our own equipment?

**Answer:** We capitalize the R&D expenditure. Every quarter it is $2 million plus. This keeps on getting added to the balance sheet and we depreciate over 10 years. So the amount of capitalization is more and the amount of amortization is less so that it gets added to the other side.

**Question:** Not all of it has to be replaced, right? It's just old R&D that is being depreciated on our books.

**Answer:** Correct.

**Question:** what would be our annual R&D spend right now?

**Answer:** $9 million to $10 million.

**Question:** Congratulations for a good set of numbers. What percentage of revenue is from MRO segment in the sales. I understand you have a strategic tie-up with General Atomics. So are you in conversations with Hindustan Aeronautics?

**Answer:** Nearly 1/3 of the revenue comes from the Aviation segment, which is MRO. With respect to your question related to Hindustan Aeronautics, no. We have a very small footprint. We don't really have anything large.

**Question:** Right now, its 1/3 of your total revenue is from MRO, by launching new version of the MRO software, what would be the future revenue out of MRO segment? and what would be the profitability in the MRO segment?

**Answer:** In terms of the MRO segment, the component MRO and the Airframe - those products are really ready and those products are keeps growing. Where we are building out at this point of time is the engine MRO, which is very specialized even within the MRO at this point of time. We do see a lot of opportunities and that is why we even decided to invest it in the first place.

But it will be very hard to really quantify the kind of growth that we would see there or to put a profitability number there. What we believe is that some of the repricing what we have really done in some of these areas because we know that our software is very valuable and it has got a good value in the market. It adds a lot of value to the customer base that we have and we are certain about it. The returns will also be pretty good. But at this point of time, we are not making anything into our forecast.

**Question:** Can you give guidance in that side?

**Answer:** That is also quantifying. We don't want to really get into that. We wish for those things to happen very quickly.

**Question:** With respect to onetime provision made in last quarter, it was commented that it is done to make the company in the profitability. But we still see the loss and can we expect to get company in profit?

**Answer:** Onetime provision is onetime write-off that we did in last quarter. Every quarter we are looking at $2 million is taking a hit. Instead of that, we decided to do a complete clean-up, which is what we did in the last quarter.

Along with that, we have also taken some of the revenue reversals, which were pending. We are really cleaning up the our book, so that it is clean going forward. That is one.

The second thing is that additional provisioning we have made in this quarter and last quarter for a claim from one of the aviation customers where the contract got terminated. We are continuing our discussions with the customer at this point of time and we hope to really finalize the settlement sometime during this quarter. So our bottom line numbers, EBITDA number and also the net loss numbers, there is steady decrease in the net losses and getting into the profitability.

Depending on the nature of the deals that we really find and the kind of optimization turnaround efforts we have put in place, we would like to get into that pretty soon. For the entire turnaround, we have put, from here going forward, we are looking at another 4 to 6 quarters for a complete turnaround. Certain things can happen early. Certain things can come late. But maintaining a very healthy balance sheet is one of the fundamental aim to run a profitable business. So for that, we are taking all actions at this point of time. In our balance sheet, you can also see a steady improvement from last quarter to this quarter.

**Question:** We are discussing about the turnaround, kindly give a broad description of where was the problem. Whether it is in terms of the product or market fit or distribution or marketing or getting the right customers? And how are you going about cleaning this? Because that helps us to understand what went wrong and what is your diagnosis and what are you trying to do. Because it is very confusing.

Order winning is now $7 million per quarter. Getting back to profit will be much more delayed because now pending order book will keep on falling. In the last quarter, you said there are many good big deals that we are signing are getting postponed.

What was the actual problem with Ramco? Is the product by itself and we are working on the product or market fit or marketing or wrong customers? Where did we go wrong? And what is your diagnosis now that you're fully into that?

If the order wins are so low, then turnaround will get more delayed, right?

**Answer:** So let me answer the second question first and then first question later. The second question in terms of the order book, again, it is because of the delays, as I told you it has been delayed. Many customers have delayed signing the orders and some of the deals have been also large deals.

One is that there is a macroeconomic situation. Though our order value may be small, many customers have really moved the procurement in the next quarter i.e the next financial year.

And second thing is that aviation is again a slow-moving industry and all these deals are really coming from aviation as such and they move from one quarter to another quarter, that has happened. None of these large deals that we are really talking about are being lost or they have been shelved. They are kicking, alive and they are still talking to us. At the global market, right, the interest rates have really gone up. With the interest rates going up, the customers are also looking at what kind of interest that they have to really service if you write the new order. So they're also delaying this a little bit. That is one factor.

The second factor, is a good indicator to the next question - is that one of the fundamental things we look at is the implementation quality and the product market fit. We thought that we should really look at what happens first.

The first and the foremost is that what kind of deals that we are really signing. One of the things I really looked at was - lot of deals that have been signed in the past and things that have been working or not working at this point of time. Lot of things pointed into the kind of deals that we really signed and the kind of contracts that we've got in.

Fundamental thing we did is that we instituted a good deal review process, where we look at a few things. Whether the deal, what the customer wants, does it fit into our product. Is there a 90% fitment? Next, is that the area where we want to be. For example, we will be very good in logistics. But we want to really restrict it to Australia. If somebody from USA wants for a logistic deal - earlier, we used to bid which is not really good. So based on the criteria with respect to the size of the market or the product and the deal value, we disqualified many deals. That is something that we have really done.

We add a lot of value to our customers and because of our products is very rich in our IP and when the richness in the IP is not reflected, because it was reflected in our order books, but it was never reflected in our pricing. We found that the customers were paying less. So many deals we have really looked at and gone through those deals and seen the kind of value we deliver to the end customer and then we have repriced some of these deals up, not down.

That repricing also takes you into another round of negotiations. That is something that we are doing. We think that it is a temporary phenomenon in terms of customers postponing the deal. That is one thing which we are seeing in many cases in the industry. But the second is something that we wanted to happen. We deliberately said that we will price the deal higher because of the kind of value that we are adding to the customer. And that has gone into the further round of discussions with the customer at that point of time. But on the whole, the repricing that we've not seeing any kind of strong pushbacks.

Generally, customers are somehow fine with the new prices that we are really doing. So these are the reasons. We think we are in a very good place. But at the same point of time, we will also redouble our sales and redouble our marketing. That would really help the overall in terms of order booking.

**Question:** If you're winning such low amount of deals and profitability will never be there or will not be there even for 4 to 6 quarters unless your deal value goes up a lot. How do you turn to profitability? If the order book is $7 million or $10 million, so it would take a really long time for us to start getting back to previous highs and from there growing.

**Answer:** You're partly right. If we look at our unexecuted order book, it is at about $180 million. So that is not going to see immediate impact in terms of the revenue that we realise during the quarter.

What can really impact us in this quarter is that if the license revenue goes up; license is always a lumpy revenue when it comes to directly hit the books - which happens in case of aviation. Some of the aviation deals have lumpy revenue. That can really move up and down.

But given that most of the revenue that we are getting has moved into the subscription-based thing. So we don't really see an immediate impact to the revenue. When we don't have an immediate impact to the revenue, while we are making improvement and improving the processes, adding both the automation for the productivity, the bottom line order automatically going up.

Currently, we are not seeing any threats to both the top line and bottom line, because the unexecuted order book is healthy for us at this point of time.

**Question** What was your diagnosis? And where do you think that goes lacking? and why are you confident that you can turnaround?

**Answer:** We were signing deals where that were really suboptimal for us, that is #1. #2 is that we were going into the areas that where we were not really too comfortable with - some of the new areas, for example, logistics in some geographies. So, we said we will cull down this logistics BU and we will focus on it in Australia and New Zealand, where we are doing some good work. We have not expanded into other areas.

Earlier the diagnosis was that we were going into too many areas and getting into a lot of new buildouts, that we were not really doing. So, we said we will stop the investment in building out the new areas, particularly in things like logistics, ERP, and SRP and focus on the markets where we are good in, which we were not doing it earlier.

And third is that we improved the deal qualification, which is something I spoke about. That is #3. #4, look at how is the implementation efficiency. Are we really meeting the customer deadlines that we are really committed to in the SOW contract with the customer? Are we doing it with the right amount of people with profitability?

All the financial metrics we are looking at. We are really doubling down on all these aspects and looking at all these aspects at the same point of time and we have instituted weekly and biweekly and monthly reviews to look at many of these metrics. So that we keep monitoring things that we are doing rigorously.

**Question:** When the order bookings will pick up? Substantially it should be a few years away or a few quarters away.

**Answer:** The kind of delays we are seeing maybe it will be for few quarters. I don't think it is going to be few years. Because the market has got a knack of bouncing back.

**Question:** Which product will drive the demand on the order book in the next 1 or 2 years?

**Answer:** We are looking at the areas where we have established presence and where we can quickly implement. We have a good subject matter expert desk and we have an established client tech. That is what we are looking at.

So by that cut, we see the HR and payroll is going to be #1. That has been really growing fast. And that has got around close to or less than 50% of the revenue comes from that area.

We are launching a very modern technology stack day after tomorrow. That is something that we are revealing day after tomorrow. And we have signed up partnership with both the Deloitte and BDO because they looked at our solution, they liked it. They think it is a partner friendly. And they think that they can really go to the market with what they have. And it will be a good addition to their payroll services. So the #1 for us is HR and payroll.

The second is that on the aviation, we our product is recognized as a special one in the aviation industry and the third area where we are very strong in where the customers do see a tremendous amount of the value in our products, we'll go to the cement ERP. The ERP for the cement companies, that is something that we are really good and cement is also part of the larger group's DNA. We are very good in the solution that we have. Those are the 3 areas that we will really double down and invest. But that really doesn't mean that we are shutting down the other areas.

We are really focusing, sharpened our focus on few select markets and few features in those particular product sets. So we will be opportunistic in those areas. So we are not shutting others down. We will be opportunistic. But we are really bullish about these 3 areas.

**Question:** Regarding new partnership with Deloitte and BDO, what would be the scope, technical terms and fundamental terms?

What kind of additional business or orders are expected from this partnership? Kindly provide some ballpark numbers or internal projections, if not guidance.

**Answer:** Both internal projections and ballpark numbers are guidance and we can't provide that. They're all global organizations and in the top 5. Their customers are really vast across the globe and that is the reach that we get from them.

We have also moved from the product space i.e on-premise product to the cloud-based platform. It's a platform play. Given that platform, they can really make it as part of their services and they can give it to their end customers.

This is all at the inception stage at this point of time. We have signed those partnerships and we have been talking to some customers through them. We are also launching our new payroll engine the day after tomorrow. We will get to know more about it as we go forward.

We and they are equally optimistic and bullish.

**Question:** Highlight about the payroll software business - when we independently sign a contract with client, what would be the deal size and how does it fluctuate depending on organization size or sector, etc.,

**Answer:** It depends upon the geography and the headcount. Typically, deal size is in the range of $1 million plus in the multi-country payroll opportunities. Our target is to increase this outgoing by increasing the headcounts and multi-country. From that perspective, it is more of the recurring revenue we are looking for. Most of the recurring revenue growth we have seen is by increasing this and that will accelerate now.

Deal size is depending upon the countries. For 5,000 to 10,000 headcounts, it will be $1 million plus.

**Question:** From our current order book, in what time frame we would execute. Considering all the orders as well as the pipeline, how our recurring revenue flow should shape up in the next, say, 4 to 8 quarters?

**Answers:** Currently, around $180 million is the order book and this will be consumed in 3 to 3-1/2 years. Fast revenue growth and the recurring revenue has been around 12.5% in the last 12 months. This is the rate we are seeing, and we are trying to accelerate that. We won't be able to give how and where it is. We would like to improve from that rate and we hope to do that.

**Question:** This 12.5% is the same currency? Is this in dollar or in rupee terms?

**Answer:** The number what we have given is in dollar terms.

All the partnerships that we are signing and the deals that we are seeing are all in SaaS model. We have shifted around 50% to 60% of the company from the license to SaaS. So more we go into the platform-based model and more we go to partnerships, that side of the growth is fuelled as recurring revenue.

New partnership that we are launching and the modern technology platform that we are launching - these two things will really help us through the year.

**Question:** Congratulations on improved performance. Can you please explain the exact cause of the moderation in the deal win. Is it some adjustment that we did to the deals, which we might have won in the past to a lower number or this is a net new, which is a lower number this time?

**Answer:** It's a net new that is a lower number this time, because some deals have been moved out either through this quarter or the next quarter. Some of the deals we disqualified based on the pricing constraints. Some of the deals we have repriced, which we have also done for others earlier. We have repriced some of the deals and we are in advance stages of discussions for that.

**Question:** Is there any specific reason for this repricing all of a sudden? Is it like we have reworked on our cost model or the profitability that we would like to work? Was those the cause for this repricing change?

**Answer:** Partly it is that. Even the license fees we have increased. No decrease has happened. License fees, we have not really increased for a past few years and we standardized it now.

Same thing goes for the subscription too. Fee for the implementation, we have been trying to be very competitive, but we have not really baked into some of the customer-specific things and the cost of people also had gone up significantly.

In terms of implementations also, we have given the new pricing list. It is primarily increasing by revising the cost price approach to the customers. So that it really reflects the value that we provide to the customers.

In addition to that, traditionally - Ramco has done for many years is that - sell the licenses and then go into the fixed rate model for implementation. This fixed bid is one of the reasons why we have had many other problems, because in fixed bids, we need to be able to understand the requirements fully well or the customer should not change the requirements; and if the customer changes the requirement or there is a delay in their side, what we do is that we keep burning the cost.

So we are moving away from the fixed bid billing into the time and material basis. So primarily, the licenses are different. The contract for the implementation will be on the time and materials, both are at the higher pricing. Hence, we have rationalized our financial model so that it mirrors the existing market sentiments. That's what we have done.

**Question:** With these revised pricing on the AMC side, is it only for the newer customer or we may also do it for the renewal cases whenever they come up?

**Answer:** We are doing it for both. Newer customers, we go to them with revised pricing and then have the negotiations. For the existing customers, we are telling them that this is our new pricing. There is some resistance because they're used to really paying as per old price list for a long period of time. So, there is some resistance but since we're processing with the revised prices,

In addition to that, we are also giving a lot of services. Whatever services we do extra for them, we are creating a healthy change requirement (CR system), so that we can charge the customers for any extra value and extra work that we provide. We are really tightening all the levers so that we get paid right for the work we do.

**Question:** These things are very relevant from a long-term perspective and also for relevance of the business perspective. But is it safe to assume some of these things would cause near-term disruption in terms of some client attrition or stuff like that? and so we bear in our mind that the growth on a like-for-like basis may not be so exciting in case that option is not that encouraging.

**Answers:** We are not seeing that. As long as we give better quality of the products and service them well, the satisfaction is very high and we are not seeing the customer exiting because of that.

But there could be some customers, may be a very, very low single-digit percentage that could really happen. Where the revenue from them, if is not material, we are okay with it. But there will be a little bit of collateral damage that could happen. So far we have not seen anything.

But having said that, many customers have agreed and they are really looking at increased prices. There is a little bit of push back when we increased the AMC price and then they finally come to an understanding and agreed to that price for some price in between they agreed to us. Generally, the customer pushback is not too high. That has not really happened.

The third thing is that the software that we do, in terms of the value, the functionality is very rich and the ERP, HRP, aviation, they're all very sticky products. If nobody wants to really take one ERP and move it to another vendor or move from one payroll system to another payroll system. They don't want to do it for a minor delta in terms of the pay. And these are all very large customers. Some of the customers are really marquee customers. And they have hundreds of billion dollars as their revenue coming in. And this is not even a material delta to them. So as long as we position ourselves right and make the request in the right way and throw the value to the customer, it should be okay. That is what we are seeing. We were really scared initially, but things are okay.

**Question:** The customer obligation provision that you also mentioned about in the opening remarks. So is it largely done within? Kindly explain the precise cause for this?

**Answer:** This is an Aviation customer and they terminated the contract. After termination, we got a claim from them. Once the claim request came from them and we started negotiating with them, that happened sometime last quarter. We thought we could convince and complete the negotiation process by last quarter. But we could not do it because of their own internal changes and also then a lot of people went on New Year holiday, a lot of those disruptions happened.

We continue to talk to that customer to see a good way to settle it. Given that it has been another quarter, we have taken an additional provision at this point of time. Primarily we have been just conservative on taking that some more provision so that it doesn't really hit us when the actual settlement happens. But the discussions are in the advanced stage.

**Question:** We have booked the revenue for the same customer and at the same time, we see certain concern on potential recognition of it and that's why we have provided it again.

**Answer:** We have raised the invoice. We got the money also from the customer, that has been done What is the quantum of the money that we are going to refund, that is something we are discussing.

We don't want to take the legal route, nor the customer wants to take a legal route, because at the end of the day, we end up paying for the lawyers. So we are discussing where we want to really settle and that decision is happening.

**Question:** What would be the net impact of it versus what we might have booked and what we might return? What could be the net impact for us?

**Answer:** Yes, almost whatever is needed. I think our estimation is completed in this quarter. There's no further major cost based on the way it's going today.

**Question:** About this note to account charge that we have mentioned on the employee cost of some ESOP, is it a net negative number, it has helped us in the employee cost reduction and is there more to come in ?

**Answer:** We are taking the ESOP cost and we are also accounting the reversals on account of exit from the Company. The employees who have left and could not exercise the options, whatever charge we've already taken, we are reversing and there is a net figure.

**Question:** Is there more such to happen or could be the jump on a sequential basis or what is the normalized run-rate? Is it simply this existing cost and add up to that, which will bring us to the actual run rate?

**Answer:** There will not be sequential jump. There may be a deduction because the model, how it works is, the charge is loaded upfront to a 3-year vesting period. So the loading is mainly on the first year and second year it comes down, third year is still lower. And it can become still lower if are some reversals on account of the separation. So it will not go up, unless we issue fresh grants to a lot of people.

**Question** Outside of this particular aspect, do we see a moderation in this cost stability given the need for the people that we might have?

**Answer:** We keep on granting, in fact when we have granted today to a couple of employees on a need basis and it will not on a large scale basis. But we did last time as a retention because we were certain that the industry was struggling with heavy attrition, so do we. And what we did was a onetime big grant of ESOP, which we are not planning to do now. There will be small amount of grants, but there is not going to be any large amount.

The write-off would only be coming down, it should not be increasing.

**Question:** On the demand side, what's your sense? Is there any pocket of weakness you see from a macro perspective or any tailwind that we see in a specific market or the product line?

**Answer:** I would say the demand side, it is not decision side, we are seeing a bit of delay and quarter on decision being pushed. That is across, we have seen it in across geographies, in fact. I think people are cautious in some of the decisions. But with demand and activity on what we are working, that we have not seeing any drop. In fact, our inflows for the inquiry and other things are also stable or increased. It's only the question of decisions which we saw a bit delay in this cycle.

**Moderator:** Ladies and gentlemen that was the last question for the day. Thank you. As we have no further questions from participants, we would now like to hand the conference over to management for closing comments.

**WTD:** Thank you, everyone, for attending our Q3 earnings call. Our turnaround process is underway and we're happy to see the improvement in our bottom line and we remain positive that the order booking also should pick up in the coming quarters and we look forward to connecting with you next quarter again. Thank you.

**Moderator:** Thank you. On behalf of DAM Capital Advisors Limited, that concludes this conference. Thank you all 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. This document has been edited to improve readability. Blanks if any in this transcript represent inaudible or incomprehensible words. We have made our 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 31ST DECEMBER 2023

## CONSOLIDATED INFORMATION

Figures in USD Million, except where stated otherwise

| | Quarter Ended | | | | | | | | Nine months Ended | | Year Ended | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Dec-23 | Sep-23 | Jun-23 | Mar-23 | Dec-22 | Sep-22 | Jun-22 | Mar-22 | Dec. 31, 2023 | Dec. 31, 2022 | Mar.31, 2023 | Mar.31, 2022 | Mar.31, 2021 | Mar.31, 2020 |
| | Unaudited | Unaudited | Unaudited | Unaudited | Unaudited | Unaudited | Unaudited | Unaudited | Unaudited | Unaudited | Audited $ | Audited $ | Audited $ | Audited $ |
| ***REVENUE - STREAMWISE*** | | | | | | | | | | | | | | |
| Recurring | **9.79** | **9.49** | **9.23** | **9.18** | **8.71** | **8.36** | **8.03** | **8.04** | ***28.52*** | **25.13** | **34.34** | **32.64** | **31.30** | **27.26** |
| *AMC / Subscription* | *6.23* | *5.83* | *5.58* | *5.85* | *5.49* | *5.26* | *5.08* | *5.26* | *17.64* | *15.84* | *21.71* | *21.66* | *21.94* | *20.11* |
| *BPO Services* | *2.07* | *2.11* | *2.17* | *1.90* | *1.90* | *1.79* | *1.79* | *1.72* | *6.34* | *5.48* | *7.38* | *6.43* | *5.60* | *4.29* |
| *Hosting Charges* | *1.50* | *1.56* | *1.48* | *1.43* | *1.33* | *1.31* | *1.16* | *1.06* | *4.54* | *3.81* | *5.25* | *4.55* | *3.76* | *2.86* |
| Non-recurring | **5.72** | **5.99** | **7.85** | **6.25** | **6.94** | **6.64** | **7.67** | **8.55** | **19.54** | **21.23** | **27.45** | **39.29** | **53.62** | **53.77** |
| *License* | *0.68* | *0.64* | *0.96* | *0.37* | *1.48* | *0.96* | *1.73* | *1.21* | *2.27* | *4.16* | *4.50* | *7.69* | *18.56* | *17.14* |
| *Service* | *4.98* | *5.23* | *6.68* | *5.78* | *5.33* | *5.53* | *5.84* | *7.15* | *16.89* | *16.69* | *22.47* | *31.14* | *33.55* | *36.18* |
| *Resale of Material* | *0.06* | *0.12* | *0.21* | *0.10* | *0.13* | *0.14* | *0.10* | *0.20* | *0.38* | *0.38* | *0.48* | *0.46* | *1.50* | *0.44* |
| **TOTAL** | **15.51** | **15.48** | **17.08** | **15.43** | **15.66** | **15.00** | **15.70** | **16.59** | **48.06** | **46.36** | **61.79** | **71.93** | **84.92** | **81.03** |
| ***REVENUE - BUSINESS UNITWISE*** | | | | | | | | | | | | | | |
| ERP | 3.99 | 4.53 | 4.44 | 4.31 | 4.04 | 4.33 | 4.48 | 4.78 | *12.96* | 12.83 | *17.13* | *23.57* | *31.74* | *32.00* |
| HRP | 6.28 | 6.69 | 7.02 | 6.20 | 6.39 | 6.45 | 6.50 | 6.52 | *19.99* | 19.33 | *25.53* | *25.55* | *27.59* | *30.26* |
| AAD | 5.24 | 4.25 | 5.61 | 4.92 | 5.23 | 4.23 | 4.73 | 5.30 | *15.11* | 14.21 | *19.13* | *22.81* | *25.58* | *18.77* |
| **TOTAL** | **15.51** | **15.48** | **17.08** | **15.43** | **15.66** | **15.00** | **15.70** | **16.59** | **48.06** | **46.36** | **61.79** | **71.93** | **84.92** | **81.03** |
| ***REVENUE - GEOGRAPHYWISE*** | | | | | | | | | | | | | | |
| Americas | 3.85 | 4.37 | 4.17 | 4.37 | 3.50 | 3.69 | 3.94 | 3.97 | *12.40* | 11.11 | *15.50* | *17.97* | *19.87* | *14.43* |
| Europe | 0.60 | (0.47) | 0.89 | 0.60 | 0.92 | 0.67 | 0.83 | 1.07 | *1.02* | 2.42 | *3.02* | *4.11* | *4.75* | *2.51* |
| APAC | 5.73 | 6.03 | 6.48 | 5.17 | 6.28 | 5.46 | 5.23 | 5.20 | *18.24* | 17.00 | *22.15* | *23.42* | *31.50* | *35.13* |
| India | 3.78 | 4.31 | 3.65 | 3.50 | 3.04 | 3.01 | 4.01 | 3.95 | *11.74* | 10.03 | *13.53* | *16.71* | *20.18* | *20.28* |
| MEA @ | 1.55 | 1.24 | 1.87 | 1.79 | 1.93 | 2.18 | 1.69 | 2.41 | *4.66* | 5.80 | *7.59* | *9.71* | *8.62* | *8.67* |
| **TOTAL** | **15.51** | **15.48** | **17.08** | **15.43** | **15.66** | **15.00** | **15.70** | **16.59** | **48.06** | **46.36** | **61.79** | **71.93** | **84.92** | **81.03** |
| ***BOOKING - BUSINESS UNITWISE*** | | | | | | | | | | | | | | |
| ERP | 2.37 | 3.32 | 2.63 | 3.26 | 6.89 | 4.90 | 4.47 | 3.59 | *8.33* | 16.26 | 19.52 | 20.58 | 31.98 | 26.70 |
| HRP | 2.64 | 10.62 | 12.53 | 12.15 | 10.86 | 5.43 | 11.90 | 6.43 | *25.79* | 28.20 | 40.34 | 27.18 | 40.00 | 44.25 |
| AAD | 2.00 | 2.65 | 7.98 | 8.00 | 9.80 | 6.99 | 5.40 | 1.80 | *12.63* | 22.19 | 30.19 | 17.03 | 37.85 | 19.54 |
| **TOTAL** | **7.01** | **16.60** | **23.14** | **23.41** | **27.56** | **17.32** | **21.77** | **11.82** | **46.75** | **66.64** | **90.05** | **64.78** | **109.82** | **90.49** |
| ***BOOKING - GEO WISE*** | | | | | | | | | | | | | | |
| Americas | 2.15 | 1.21 | 4.93 | 1.12 | 9.96 | 6.11 | 5.20 | 2.57 | *8.29* | 21.27 | 22.38 | 21.43 | 31.32 | 12.81 |
| Europe | 0.01 | 0.85 | 9.29 | 0.18 | 0.54 | 0.26 | 0.46 | 0.01 | *10.15* | 1.26 | 1.44 | 0.32 | 11.51 | 2.20 |
| APAC | 3.47 | 10.81 | 4.52 | 4.76 | 15.11 | 5.18 | 6.28 | 3.83 | *18.80* | 26.57 | 31.33 | 20.79 | 32.12 | 49.12 |
| India | 1.03 | 2.48 | 3.22 | 6.52 | 1.07 | 2.30 | 8.76 | 0.89 | *6.73* | 12.13 | 18.65 | 10.04 | 27.73 | 18.34 |
| MEA @ | 0.36 | 1.24 | 1.18 | 10.83 | 0.87 | 3.48 | 1.07 | 4.51 | *2.78* | 5.42 | 16.25 | 12.21 | 7.14 | 8.03 |
| **TOTAL** | **7.01** | **16.60** | **23.14** | **23.41** | **27.56** | **17.32** | **21.77** | **11.82** | **46.75** | **66.64** | **90.05** | **64.78** | **109.82** | **90.49** |
| **UNEXECUTED ORDER BOOK #** | **180.32** | **193.01** | **196.03** | **195.70** | **190.98** | **181.70** | **177.77** | **174.10** | **180.32** | **190.98** | **195.70** | **174.10** | **182.67** | **166.55** |
| ***CUSTOMER METRICS*** | | | | | | | | | | | | | | |
| Revenue from New Customers (%) | 8% | 6% | 4% | 10% | 15% | 7% | 8% | 13% | *6%* | *10%* | 10% | 10% | 25% | 19% |
| Revenue from Cloud orders (%) | 59% | 50% | 60% | 58% | 56% | 55% | 51% | 47% | *56%* | 54% | 55% | 49% | 40% | 38% |
| Number of new customers added | 5 | 9 | 6 | 13 | 10 | 9 | 13 | 10 | 20 | 32 | 45 | 41 | 50 | 50 |

$ 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.