



R S SOFTWARE (INDIA) LTD.

CIN: L72200WB1987PLC043375

www.rssoftware.com

An ISO 9001:2008, ISO/IEC 27001:2013 and SEI CMM Level 3 and PCMM level 4 Company

Date: April 26, 2018

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Dear Sir/ Madam,

Sub: Up-date on Investor Call as per Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 held on 20th April 2018.

Pursuant to Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 and with reference to above mentioned subject we are now enclosing the transcript of Investor Call held on Friday, the 20th April 2018.

This is for your information and records please.

Thanking You.

Yours faithfully,

For **R S Software (India) Limited**


Vijendra Surana
CFO & Company Secretary

Encl.: As above

Global Leader in Providing Technology Solutions to the Electronic Payments Industry

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➤ Paypermint Pvt. Limited

Transcript

RS Software (India) Limited - Earnings Conference Call

Event Date / Time : 20th April 2018, 3:30 PM IST

Event Duration : 24 minutes 17 secs

Presentation Session

Moderator: Good afternoon ladies and gentlemen, I am Honeyla the moderator for the conference call. Welcome to the Q4 FY18 Investors' call of RS Software (India) Limited. We have with us today Mr. Raj Jain, Chairman and Managing Director of RS Software (India) Limited. At this moment all participants are in listen-only mode. Later we will conduct a question and answer session. At that time, if you have a question, please press * and 1 on your telephone keypad. Please note this conference is recorded. I would now like to hand over the conference to Mr. Raj Jain. Thank you and over to you sir.

Raj Jain: Thank you. Good afternoon everybody. Thank you very much for your interest in R.S. Software and we announced our fourth quarter and the annual results which I assume are there with you now. We've had a good year and we are marching well onto our strategy and as we had mentioned to all of you who had been with us in the call before, that our strategy is to diversify our revenue sources and move towards products and platforms. In these 24 months since we announced the strategy we made good progress towards the platform strategy and good progress towards the product strategy and the services growth is continuing as you can see that our business revenue from our services business has actually grown by 11% in dollar terms for the fiscal 17-18. In terms of our platforms, we have successfully delivered platforms in three different ways, one is where we build and deliver the platform to our client, number two is where we white label our own platform to (audio break) and number three is where we host the platform ourselves.

So in the first category where we delivered the platform for the client, the first one is the UPI platform which all of you may know is currently estimated into doing 200 million transactions a month. There's been no payment platform ever in the history of payment where platforms within 17 months achieved a level of 200 million transactions a month. Number two is the VVPS platform in India which has also been delivered to MPCl. There are 57 plus institutional banks and others who are authorized by RBI with their license who's got integrated to the VVPS Platform that's another tremendous achievement. Number three is our platform white labeled to one of the top banks in India. There are 28,000 merchants now on that platform. And the fourth platform is our digital merchant enquiring platform which is now at a greater stage and is ready for launch anytime in the next few months. We are preparing our digital marketing strategy to be able to launch the platform. And on digital assets which are the products, we have built five products for the payment segment, the foremost amongst which is our Merchant Edge platform that caters to the entire merchant management system for the processes and for the banks. The second is a platform called the Pay-abhi which is focused on the bill payments and the third one is called the Inteli Edge and that focuses on the analytics for the payment transactions and the next one is focused on the risk management and finally we've got a platform which is there for being able to connect our

Merchant Edge to a processing capability that's called the (not clear). Our sources revenue, we have added several new clients during the year and we are confident of moving forward in 18-19 and achieve our growth in each of these areas. We are ready for questions now.

Question and Answer Session

Moderator: Thank you sir. Ladies and gentlemen we will now begin the question and answer session. If you have a question, please press * and 1 on your telephone keypad and wait for your turn to ask the questions. If you would like to withdraw your request, you may do so by pressing * and 1 again.

We have the first question from Mr. Rajesh Agarwal from Money Ore Investments. Please go ahead.

Rajesh Agarwal: So when will we turn into profitability?

Raj Jain: We are continuing to make our investments. All our platforms and products and their investments we are going to continue. Occasionally, we have got our cost structure pretty much aligned to our current level of operations and we believe that it will take us another 24 months to be able to see a full return on our investments from the products and the platforms.

Rajesh Agarwal: Sir it will come by increase in revenues or how?

Raj Jain: It will come by increase in revenue of course and increased revenue will come from platform, from the sale of products and also from the services.

Rajesh Agarwal: The cash we are burning, will it stop next year? We are making a loss of 5 to 6 crores a quarter, so will that stop next year or it won't stop next year?

Raj Jain: We actually believe that we will start seeing improvements within this year itself and our investments are going to continue because that's an ongoing part of the business. So we think fiscal 2020 which is two years from now, you will see a profitability as an overall financial structure.

Rajesh Agarwal: The revenue is very much scalable? Can we go to 400-500 crores turnover or no?

Raj Jain: Absolutely the revenue is scalable. If you look at the platform business as an example, one starts low which is where we are right now and those are platforms where three years down the line, we start looking at processing a gross merchandise value of 7,000 crores and it is from there we generate the data and we make value additions, we charge the clients for that and that's how we start making money and plus of course the transaction fees. On the services, that's a model driven directly by the talent size and that will continue as we are hiring, already in anticipation of our revenue forecast for 18-19 and continue in 19-20 and beyond that. So absolutely it is a scalable revenue. But I think what I would like to emphasize is, the platform product business is very different from the services business. In the services business, if you want to scale your revenue from 70 crores to 300 crores, you have to hire that many people; in platform and product you invest upfront...which is what we are doing right now and then the returns come on

that investment that you made and the incremental investment required to generate the revenue is not proportionally more.

Rajesh Agarwal: Now, in the platform business what exactly are we providing now?

Raj Jain: I had mentioned to you all about the four platforms that we have built. The first two platforms are built and delivered to our clients and those are UPI and the VVPS platform. I assume you are aware of those two platforms?

Rajesh Agarwal: That we are aware but how will it result into revenue that is my question? How do we monetize.....?

Raj Jain: In this case we are paid for maintaining and enhancing the UTI platform, maintaining and enhancing the VVPS platform. The third platform is the one which we white label to top 5 banks in India there we are paid on a per transaction basis.

Rajesh Agarwal: Okay.

Raj Jain: The fourth platform is our own digital merchant acquiring platform, which also we are paid on a per transaction basis.

Rajesh Agarwal: UPI platform is scalable or no in terms of revenue?

Raj Jain: Absolutely. Just to give you an example, the UPI platform we have built and delivered, it is coming from nothing in October 2016 to now 200 million transactions a month. Our own platform which are white label as well as which we will be hosting ourselves, those are also absolutely scalable to the volumes as we advance in the market.

Rajesh Agarwal: How much revenue are we generating from UPI platform?

Raj Jain: The UPI platform that we delivered is in the form of services and there the revenue continues to be generated at the level of Rs.30 million per year.

Rajesh Agarwal: 30 million dollars?

Raj Jain: No rupees.

Rajesh Agarwal: How much can it go to, that's my next question in the next three years?

Raj Jain: I think what we have done as a company is to build our own platform to leverage our knowledge of the UPI. Our leverage or our biggest scale is coming from our own platform....what we did for India that we gave it to MPCl.

Rajesh Agarwal: Understood sir.

Raj Jain: So Rajesh the future scalability model for the company is today in March 17-18, all the 100% of our revenue comes from services. In 5 years down the line, we see 60% of our revenue coming from platforms and products which are all recurring revenues and services revenue will be down to 40%. So it is a conscious strategy on

the part of the company to leverage the opportunity for digital payments in the global market and the India market which is expected to grow into several trillion dollars in the next five years.

Rajesh Agarwal: So all the platform has been successfully launched....that is true. Now it is a question of getting clients?

Raj Jain: That's right.

Rajesh Agarwal: So it will take a road map of next two to three years?

Raj Jain: Yes.

Rajesh Agarwal: Thank you sir.

Moderator: Thank you sir. The next question comes from Mr. Prasanth, individual investor please go ahead.

Prasanth: Good afternoon sir. I've noticed that in our previous quarter we have reduced our losses. I just want to know what factors would contribute the most towards the same.

Raj Jain: Combination of two things. In the quarter three to quarter four we've grown our revenues by 8%, that helped and number two is like cost structure management an exercise which is continuing for the last eight quarters. We are continuing to work on that and the combination of both of these is what is resulting into a better cost structure.

Prasanth: Right. Sir how much are we looking to invest in products development and general products?

Raj Jain: What I would like to say is, right now we have reached a stage where almost about 70% of our losses that we are showing are actually towards the investments in the platform and the products. So I would say that close to about Rs.200 million is what we have invested in fiscal 17-18 towards our platforms and products.

Prasanth: Okay sir, that's about it.

Raj Jain: You're welcome.

Moderator: Thank you sir. Ladies and gentlemen if you have any questions please press * and 1 on your telephone keypad. I repeat, if you have any questions please press * and 1 on your telephone keypad. Sir we have the next question from Mr. Shekar an individual investor. Please go ahead.

Raj Jain: Hello Shekhar, how are you?

Shekhar: I am doing good sir, Good recovery as far as net profits are concerned, we are improving. That was a very good result. Only thing, I wanted to ask a question related to the online security aspects. So what are the key factors on that aspect sir because this is concerning India currently?

Raj Jain: Yes, so we've been working with the online security for almost about 25 years. For instance when the Apple Pay was launched, the entire security components as tokenization technology was executed by our Company. Likewise for Samsung, for Google Android, there again the entire security was introduced by us. So we've incorporated about the same technology, security features into our platform and we are currently executing also a risk in fraud management software applications for our clients.

Shekhar: Okay thank you sir.

Raj Jain: You're welcome.

Moderator: Thank you sir. We have a question from Rohit Kejriwal from Parveen India Limited. Please go ahead.

Raj Jain: Hello Rohit how are you?

Rohit Kejriwal: Hi sir, how are you?

Raj Jain: Very good.

Rohit Kejriwal: Yes sir, I wanted to ask that our stock price is continuously making new lows, everyday or almost every day....are you concerned about it sir?

Raj Jain: I said it is for you all analysts to educate the investors.

Rohit Kejriwal: To educate what sir?

Raj Jain: You see the potential in the market right?

Rohit Kejriwal: Yes

Raj Jain: So what I am saying is, it is for the analyst community to educate the investors about the prospects of our software and that's what this call is about.

Rohit Kejriwal: Okay.

Raj Jain: We've had a good year and we've grown 11% in dollar terms in our services revenue. We are continuing to invest into platform and products. Our platforms are successfully launched and we are building a stronger feature exactly in sync with the strategy that we've announced. And we've been very transparent when you go on our website, we have also gone to the media with an interview with Bloomberg Quaint and so we are deploying all channels to be able to educate and reach out to our investor community and I would urge all of you to do the same.

Rohit Kejriwal: And so, you had done some tie up with threat Metrics so what is happening with that?

Raj Jain: Threat Metrics is a risk informed management global leaders and the reason for our tie up was to bring that technology into India and we are working on these prospects. Currently I believe that there are two installations of Threat Metrics in India already.

Rohit Kejriwal: And sir regarding your platform, what about the sales team and things like that?

Raj Jain: Yes, we have a sales team in place and we are hiring more resources and a full launch of our Digital Merchant Enquiring Platform will take place later this year.

Rohit Kejriwal: And sir the platform which you have labeled to one of the top banks, what's the name of that platform?

Raj Jain: It's called the Merchant Edge.

Rohit Kejriwal: Will that help in getting more merchants in Pay-a-Bill also?

Raj Jain: It will also help to get more merchants in Pay-a-bill, you are right.

Rohit Kejriwal: Okay thank you.

Raj Jain: See if you look at our platform strategy, we first started to build the platform in India for MPCl and you know UPI is doing 200 million transactions a month rate right now. VVPS what we have done recently is also doing several hundred million transactions a month and our own platforms that is how we leverage our models both in the bill payment side and the UPI side and those platforms as we get more customers, more merchants on it, more banks on it, we start to see the scaling up of the volumes and that is what we are see as our growth areas over the next 3 to 5 years.

Rohit Kejriwal: So you think that in 2018-19, our topline will increase significantly?

Raj Jain: You see 17-18 is an improvement of 11% in dollar terms over the previous fiscal years. We definitely continue to see a double digit growth for RS Software in 18-19 as well.

Rohit Kejriwal: Thank you sir.

Moderator: Thank you sir. We have the next question from Mr. Abhishek Jain, individual investor. Please go ahead.

Raj Jain: Hello Abhishek, how are you?

Abhishek Jain: I am doing fine sir, how are you?

Raj Jain: Very good thank you.

Abhishek Jain: I was late to join this conference call. I needed some information. How are we planning to encash on all our platforms and everything, what is the revenue generation model? How are we going to earn revenue? After revenue only we will earn profits correct? So how are we planning?

Raj Jain: Can I answer you?

Abhishek Jain: Sure sir.

Raj Jain: The platforms have revenue models on three different methodologies. The first one is where we build and deliver to our clients. The second one is where we build on white labels to major institutions; the third one is where we host it ourselves. So we've got platforms in all the three categories. The first category will be build and deliver, the two major platforms we delivered are the UPI and the VVPS and both are very successful platforms. The second model where we build and white label, we have white labeled our Merchant Edge platform to one of the top five banks in India and their 28,000 merchants are already on that platform. The third model is where we host it ourselves and that is what will be data launched, public launched in a few months from now and in addition to that, we are also building platforms for our clients in the US for them to launch.

Moderator: I am so sorry sir, Mr. Abhishek just got disconnected. We have the next question from Mr. Abhishek from Everest Consultant Private Limited. Please go ahead.

Raj Jain: Hello Abhishek, how are you?

Abhishek: Fine sir, thank you very much. What are the projections.....?

Raj Jain: Hello? Can you please repeat your question?

Moderator: Sorry sir, the person got disconnected.

Raj Jain: Okay.

Moderator: Sir there are no further questions and I would now like to hand over the conference to Mr. Raj Jain for closing comments. Over to you sir.

Raj Jain: Thank you very much for being on the call. We appreciate your interest in R.S. software and feel free to get back to us with any questions you might have. We are very determined and very pleased with our results for 17-18 and we believe 18-19 will be even a more successful year for the company with double digit growth. Thank you very much and have a wonderful day.

Moderator: Thank you sir. Ladies and gentlemen, this concludes your conference call for today. Thank you for your participation and for using Door Sabha's conference call service. You may all disconnect your lines now. Thank you and you all have a great day everyone.

Note: 1. This document has been edited to improve readability.
2. Blanks in this transcript represent inaudible or incomprehensible words.