



Chairman's Speech

Ladies & Gentlemen,

I would like to introduce my colleagues on the Board, Mr. R Ramraj, Mr. Richard Launder, Mr. SK Jain and Mrs. Sarita Jain. I welcome Mr. Vijendra Surana, our CFO & Company Secretary, our Statutory Auditor, Mr. D N Agrawal, Partner Deoki Bijay & Co, Mrs Nilima Joshi, auditor of our subsidiary company, and Mr. Mohan Ram Goenka, the Scrutinizer appointed by the Company.

With great pleasure, I welcome all of you to the 32nd Annual General Meeting of your company, RS Software (India) Limited. The Annual Report containing the Notice and Audited Financial Statements of the Company for the financial year ending 31st March 2020, along with Director's Report, Auditor's Report, and relevant annexures have been sent via e-mail to all the Members. As you are aware the requirement of sending physical copies of the Notice and Annual Reports has been dispensed off vide the circulars from the Ministry of Corporate affairs and that of SEBI.

Now I take up the formal proceedings of the meeting with your kind permission. As there are no qualifications in the auditors report, I take the Notice convening the meeting and auditors report as read?

With the permission of the meeting I would like to present the company update, generally called the Chairman speech.

This is our very first Annual General Meeting of living in VUCA times, where V stands for volatile; U stands for uncertain; C stands for complex; and A stands for Ambiguous. We believe the VUCA times have put our company at the cusp of having the opportunities we have not seen before. We are at the right time, at the right place. In the last 2 years the company has had significant focus on managing the quality of its revenue, and the cost structure to deliver to

its clients, while continuing to invest in products and platforms. The results are evident when we observe that the business contribution achieved in the 1st quarter FY21 is 6 times that achieved in the same quarter 2 years back. The cash burn has reduced by 67% during the same period.

The company is now significantly better enabled and therefore stronger for the long term.

- The revenue from the platforms has started from October 2019
- Have demonstrated success in implementing what is most needed today and that is to go digital. The success of UPI as a leading brand globally has shown that world-class products can be built from India. My fellow shareholders may be aware that UPI platform has been exclusively built by RS Software. Importantly, today your company operates the Enterprise Fraud and Risk platform for India, where RS Software owns the intellectual property.
- The market for our products has grown significantly across the world.
- We are revamping our Go-to-market for the new revenue model
- We have opportunities in the pipeline that will significantly add to our scale in the next 24-30 months
- We have healthy cash reserves to leverage the opportunities in the market
- We continue to be a debt free company

The opportunity ahead

Cash remains the world's most widely used payment instrument. The global ratio of cash to GDP rose to 9.6% in 2018, compared with 8.1% in 2011. Surprisingly In Europe, led by Germany, ~75% of point-of-sale transactions are still conducted in cash. Japan continues to have high usage of cash, and so does India. People have a strong emotional connection to notes, coins, and currency. Nevertheless, just as demonetisation in India helped accelerate the adoption of digital payments in India, SARS super accelerated digital payments in China, creating mammoth

corporations like Alibaba and Tencent, Covid-19 is expected to bring at least a million times more impact and that too globally. There is a lot of work to be done to go digital.

Impact of Covid-19 on banks and commerce in just 160 days of 2020

Business continuity has never been a more valuable asset for financial institutions.

Fundamental changes to 'business as usual' as a result of Covid-19 have exposed the need for resilient, reliable, and efficient systems to maintain essential payment services and protect the interests of all ecosystem participants, from consumers to the largest corporations. According to McKinsey, last 10 weeks have seen the level of digital enablement, what took the world 10 years to get to. We are at the cusp of fintech's second major wave of disruption – and this one is going to be the real game-changer. Products, processes and platforms are all being designed for digital and importantly, they have payments technology embedded in the user experience from start to finish.

The market size for enabling digital payments infrastructure continues to grow! In India, the leading financial newspaper The Economic Times reported "Digital pay swells as young and old turn to safe mode. Nearly 76% of the respondents were willing to use digital payments because of better rewards in the form of incentives, discounts and cashbacks, while 70% said the number of digital transactions increased because of the Covid-19 pandemic." Digital transformation has become essential for businesses to survive and thrive. In the annual report we have included a section on the race to adopt and this explains the various proof points how globally digital payments are on the rise. Driven by health hygiene, the world is moving to Contactless commerce, and RS Software is ready to deliver. I request you, my fellow shareholders to go through these sections of the annual report which are an easy read, and that can help you to know what lies ahead for the company you are invested in.

We don't exactly know what the payments landscape will look like in five years, but it will certainly be very different to what exists today. By the end of this year, there will be close to 70

countries that will have some form of Realtime payments available, but the adoption curve is a direct function of how businesses, consumers and governments drive the use cases and this is where RS Software is focused to win, as it revamps its market strategy complemented by the partnering model to enhance its distribution reach.

We made a strategic decision in 2016, just like we made in 2004, and we are once again confident to reap the benefits of our ability to make intuitive and strategic decisions. The investments in the portfolio of our product suite and the platforms have been expensed during the last four fiscals and as such they are assets with value not listed on our balance sheet.

RS Software has been engaged with electronic payments since 1992 and is today amongst the very few companies globally that have the capability to build and deliver the digital payment infrastructure for the contactless commerce world. For technology providers like us, value is created through innovation and productization and how we can bring multiple functionalities together that makes digital payments convenient and secure with high degree of adoption. We are a company that strategically operates in the Tech4Fins category, according to classification by McKinsey, global consulting company. Tech4Fin organizations typically create value primarily by delivering robust technology platforms, which in turn contribute to increase in multiples in valuation. RS Software has delivered four major payment platforms to its customers that today execute 250+ Billion transactions annually, with double digit growth rate, year-on-year.

What makes us resilient is an absolute belief in our capabilities. We have well utilized our last 16+ quarters to build assets that are now the strongest foundation to deliver our future proof business model. Our unique approach reflects years of investment in leading-edge technologies and unmatched industry experience and practical know-how. A crisis is like a receding tide — it reveals the rocks beneath the surface that were there all long. We are confident to utilize this situation to passionately drive our core values of perseverance translating to resilience, and use every opportunity to improve our foresight and implementation to capitalize on Covid-19 driven acceleration of demand for Contactless commerce and digital payments.

“Resilience is that ineffable quality that allows some people to be knocked down by life and come back stronger than ever. Rather than letting failure overcome them and drain their resolve, they find a way to rise from the ashes”

My fellow shareholders I take this opportunity to offer my sincere thanks to the members of the Board who guide the company with their wise counsel, the management team that continues to put in significant efforts, and of course every member of the RS family who is working with total commitment to achieve the growing success of the company. The company will continue its commitment to corporate social responsibilities. I would like to thank you for your gracious presence at this meeting and your continued faith and support that you have tendered towards the company.

On behalf of the management and employees of your company, I assure you that we will put our best efforts in transforming and scaling the company to new heights of success.

Thanking You,

Chairman

R S Software (India) Limited