



Covid-19 impact

**Health Hygiene accelerating
contactless commerce, digital payments**



RS Software (India) Limited
Annual report 2019-20

Forward-looking statement

In this Annual Report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make, contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried, wherever possible, to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realized, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

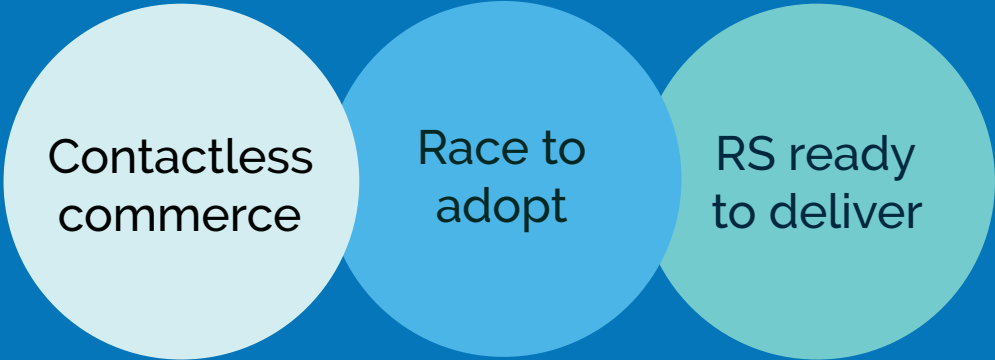
Contents

02	Contactless commerce, Race to adopt, RS ready to deliver
08	What makes us resilient and strengthens our future
14	Chairman's overview
18	Innovation
22	Board of directors
24	Executive team
28	Covid-19 accelerates Contactless commerce, and digital payments – where are the opportunities?
38	Realtime payments at RS Software
39	UPI - The global brand
40	Turnaround of the company
42	Risk and Fraud management in today's world
44	Bill payment network - transformative digital infrastructure
50	Management discussion and analysis
58	Risk and Response
60	Notice
69	Director's report
129	Standalone Financial statement
220	Consolidated Financial statement



Covid-19 Impact

Go Digital → Adoption Accelerated





Contactless commerce

If the demonetisation in India in November 2016 taught the Indian consumer the value of digital payments, the impact of Covid-19 virus has drilled deep the need for contactless commerce. Social distancing, masks, and a lockdown. The Covid-19 pandemic is forcing people to stay at home, work from home and buy from home. The fear of contagion is real. Anxious about the spread of Covid-19, consumers are being cautious about what they touch. The consumer psyche has undergone a permanent shift in the Covid-19 era. The fear of exposure to the virus so high that all shoppers – the ones who are shopping from home and the ones who are bravely venturing out – are demanding safety and hygiene. Factor in supply chain, uncertainty with consumer nerves and brands, retailers themselves are working towards providing technology solutions towards **contactless commerce**.

Small, medium and large scale businesses are all trying to integrate the 'no contact commerce' feature

in their businesses, keeping their limitations and budgets in mind. Since mid-March, many major retailers have pushed mobile payments as a means to reduce contact. Even small and medium scale vendors who demanded cash are requesting customers to break the norm and use digital payment apps.

The "hygiene-centric value proposition" has led contactless payments to experience a sudden surge in adoption. In United States, Curbside pickup options – such as those being used at Best Buy, Office Max and Target – encourage consumers to pay ahead of time and minimize human interaction. Burger King and Chick-Fil-A have both implemented contactless payment options through apps. Publix Super Markets rolled out contactless payments to its 1,200 stores in the southeast, and in late March, Walmart made changes to the Walmart Pay app so customers no longer had to touch a screen at self-checkout.



Race to adopt

Across the world, Coronavirus has led to a 20 per cent growth in revenues for digital commerce during the first quarter of 2020 from a year earlier. A survey by Mastercard says that during the months of February and March 2020, since many countries imposed necessary restrictions to promote social distancing, a significant majority of consumers turned to contactless card payments for necessary purchases. 79 percent of respondents worldwide say they are now using contactless payments, citing safety and cleanliness as key drivers. Consumer polling by Mastercard, studying changing consumer behaviors in 19 countries around the world, paints a picture of accelerated and sustained contactless adoption. While countries worldwide are at different stages of contactless deployment and usage for daily shopping habits, Mastercard's insights on grocery and pharmacy trends – two areas where many day-to-day essentials are being purchased – showed that nearly all regions experienced significant spikes in contactless usage in February and March. Further, reinforcing changing behaviors and consumer checkout preferences, Mastercard saw the number of contactless transactions grow twice as fast as the number of non-contactless transactions globally at grocery stores and pharmacies.

As the growing desire to minimize human contact leads to an increase in touchless fulfillment models, consumers' mobile devices have become the primary portal for ordering, payments and updates. In the US, prior to the pandemic, contactless payments didn't fully resonate with merchants or consumers. While many retailers had installed contactless-enabled terminals, and younger consumers showed interest, mainstream adoption never came as quickly as anticipated. Industry sources say that there will be an accelerated adoption, coming from retailer push and customer demand in this space. A large majority of consumers who have adopted contactless payments during the outbreak, or increased their usage of it, will continue as we push into this new normal. When executed properly, consumers can conduct entire transactions on their mobile devices without touching anything else.

For those who are stepping out of their homes in India, to go and shop, mall developers and retailers (both small and big, both in malls and in high streets) are integrating and implementing a whole host of 'no contact commerce' concepts.

Self-Checkout Systems: Automated self-service checkouts and secure cash handling machines have been huge successes, mostly being employed in store by big brands and retailers. Although not a new trend, self checkout systems were earlier used more for convenience and were not essential technology. While brands first introduced this for cost-saving and security reasons, the innovation is proving useful in limiting staff contact with potentially contaminated cash.

In this Covid era, there has been a huge shift over the digital and contactless payment, in the large format retail stores. In India, in Tier II cities and smaller towns, the number of transactions happening in the contactless mode have increased by 50 percent. In large urban areas, the transactions have increased by 200 percent. It is evident that the sudden leap to contactless payments could lead to a permanent shift in the retail industry. Eight in 10 consumers say they are using contactless methods due to safety and cleanliness concerns.

From tap-to-pay to no-touch, contactless payments are an alternative to carry out payments at the point of sale. Quick response (QR) code and near-field communication (NFC) are two widely used contactless payment technologies that witnessed a strong boost during the pandemic.

QR code payment emerged as the most popular as it does not require traditional infrastructure such as cards, payment networks, merchant accounts, and payment processing terminals. NFC uses near-field communication technology to exchange data between readers (payment terminals) and payment devices (smartphones having digital wallets).

While China's WeChat Pay and Alipay rely only on QR codes, popular mobile wallets such as Google Pay, Samsung Pay, and Apple Pay support both QR codes and NFC payments. At par with the providers of digital wallets, payment card companies Visa and Mastercard also introduced chip-based contactless cards to enable close-range payments using NFC technology.

We are standing 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 ways of working are designed for digital and, crucially, have payments technology embedded in the user experience from start to finish.



RS ready to deliver

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 make digital payments convenient and secure with a 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 increasing 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. Over the past 15 years, ownership of core payments processing assets has become more diverse, spanning banks, regional processors, and global organizations. In recent years, fintech innovators and private equity firms have also contributed significantly to the industry's rapid evolution. With the impact of Covid-19 globally, this trend will only continue at a faster pace.

At RS software **we build technologies for payments** for our clients and that trust is reinforced with each project we deliver.



RS Software is ready to deliver along the payments value chain

For Consumers

SEAMLESS choice of using preferred payment method (account/card/e-wallet), choice of preferred device/channel (mobile/POS/etc.) AND omni-channel experience, contactless payments, online bill payments across billers through a single transaction, having choices and easy decision making to get best value through data analytics, maximum services on the same platform –that can lead to offers, loyalty programs and cashbacks, zero drops and frauds (100% secure), timely refunds from merchants, complaint and dispute management, user experience in every leg of the user journey in the payment transaction

For Merchants

Maximum conversion, coverage of all payment types and devices to maximize customer coverage, minimum settlement TAT, as many value-add services as possible on the same platform (e.g. banking, invoice payment), B2C and B2B payments on the same platform, in-flow and out-flow on the same platform, driving

offline-to-online (reducing cash transactions), single integrated view of all money-flows, contactless payments, complex and end-to-end recon (across providers) and reporting, data analytics around consumers to drive growth – internal planning/inventory, market focus, pricing, offers/loyalty, etc, omni-channel, cross-border flexibility, efficient refunds, ease of integration and on-boarding and customization, online/real-time support

For Banks

Integrated payments platform (payment hub) – that can easily integrate with their existing systems (legacy or modern) and with value-added services (e.g. R2P/bill/invoice payment), supports/enables open banking, ease of incorporating new development/services/innovation, scalability, ease of connecting into central RTP rails, and FRM solution integrated into payment platform, data analytics, unified payments (meaning, batch ACH as well). Basically, payment productization

For Central Banks (in-country payment infrastructure)

RTP (mostly account based, or can ideally be across payment types), R2P/bill/invoice payments and FRM systems – preferably all integrated, scalable (horizontally and vertically) as transaction volume grows, therefore highly cost effective, TPS (performance), mobile-first, API-first and microservices technology architecture, local operations and ability to drive adoption and volumes

For Payment Networks

There are 50+ payment networks operating today, including those operating globally, and In-country. The technology giants like Google and Apple who are providing payments facilitation ride on these payment networks. RS enables these payment networks to build solutions, operate them and drive volumes on their platforms

“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”

-Psychology Today

What makes us resilient and strengthens our future ?

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.

Demonstrated success in implementing what is most needed today

Our strategy is working and during the fiscal 2020, platform revenues have started coming in, helping the company as standalone to improve its performance by 31% as compared to the previous fiscal year.

The 28 years spent across the value chain in payments has given us an intuitive sense of the factors impacting the digital payments industry globally. Our product suite built over the last 4 years at a significant investment combines with our core competencies portfolio built over last 28 years, *making us a company that is today at the right place, at the right time.*

While there are 50+ countries that have availability of some or all aspects of Realtime payments infrastructure, there are another 100+ countries that are still at varying stages of progress to have this capability. The requirement for real-time payments to support all payment types — including P2P, business-to-business (B2B), business-to-consumer (B2C) and consumer-to-business (C2B) — is forcing radical change to legacy systems that have reached their limits. Solving the challenge of integrating real-time payments into existing infrastructures and driving value, reducing transaction costs and delivering new services is a conundrum that must be solved and soon.

RS Software implements across the value chain of faster payments

1. Accelerate digital adoption across user base through an innovative, convenient, flexible and cost-effective payments platform

a) Implement **digital and instant payment platform** for faster and secured payments for every citizen and all tourists/visitors

Proof-point: Accelerated digital adoption across 1 Billion Indians through the UPI platform

b) **Mobile app** for fast, secure and convenient payment

Proof-point: Deployed BHIM payment app in India – doubled digital payments in its first month of launch

c) Low cost of acceptance with static and dynamic **QR codes** for merchants, instant payment to merchants

Proof-point: QR Code based apps for several banks

d) **API-led interface** to support innovation in the ecosystem, encouraging Fintechs and start-ups to build new use-cases

Proof-point: 50+ different use-cases now realized through the UPI platform in India

2. Accelerate financial inclusion across banked and unbanked users for instant access to 'good funds', and extending convenience of bill and other utility payments

a) **Digital Bank** solution to enable banked as well as unbanked population and tourists

b) Direct Benefit Transfer for remote citizens and dwellers, instant availability of 'good funds' through **one virtual account** that can be used for payments and purchase

c) Payment convenience for **Bill Payment**, other utility services, tax, etc. via **Push-Pay**

Proof-point: 6 Million bills paid digitally through Bharat Bill Payment (BBPS) platform built by RS Software for NPCI (India)

The RS Products Suite

The RS product suite spans across the value chain in providing processing and easy-integration solutions:

- a. Providing payment appliances (products) to customers for them to own the payment processing infrastructure – e.g. ACI, BPC, RS iFinSwitch™, etc. who have pre-built products
- b. Providing Payment-as-a-Service (PaaS) for customers for them to offer the service but not own the infrastructure – e.g. FIS, etc. who have cloud based SaaS offering
- c. Provide hosted payment and commerce processing with high-value UX for customers to subscribe and build / integrate their offerings for a low-friction user experience – e.g. Stripe, Razorpay, Payabbhi
- d. Enable high-value UX that offer low-friction highly-secure interface for the enterprises to own and deploy – e.g.

white-labelled separate instance of Payabbhi™

- e. Provide frameworks that can be used to created highly scalable systems and support high customization – e.g. BASE24 EPS that was used by Visa Europe for building EU Switch, RS BillAbhi, RS RTPS, RS IntelliEdge

Value stream for payment systems are in (a) online flow, (b) offline flow, (c) exception flow and (d) value-added service flow and looks different for the central (hub), peripheral (spoke), agency (hierarchical from spoke), and end-user (consumer)

- f. Online :
 - i. Highly scalable, highly secure, highly available, highly traceable, low latency
 - ii. Able to handle multiple formats and adapt accordingly
 - iii. Able to stand-in in case of loss of information from spoke
 - iv. Gracefully handle timeouts in any legs of transactions

- v. In-flight risk management
- g. Offline :
 - i. Fast processing, near to real-time to avoid large batch and thus improve overall throughput
 - ii. Reconciliation and mismatch handling
 - iii. Data dignity with processing compliance (PCI, GDPR, ...)
 - iv. Data enrichment and curating data

- h. Exception flow :
These are the non-value adding operational processes
 - i. Reduce through use of notification and analytics
 - ii. Enable through easy self-service portals
 - iii. Complaint and Dispute Management built into the design for traceability

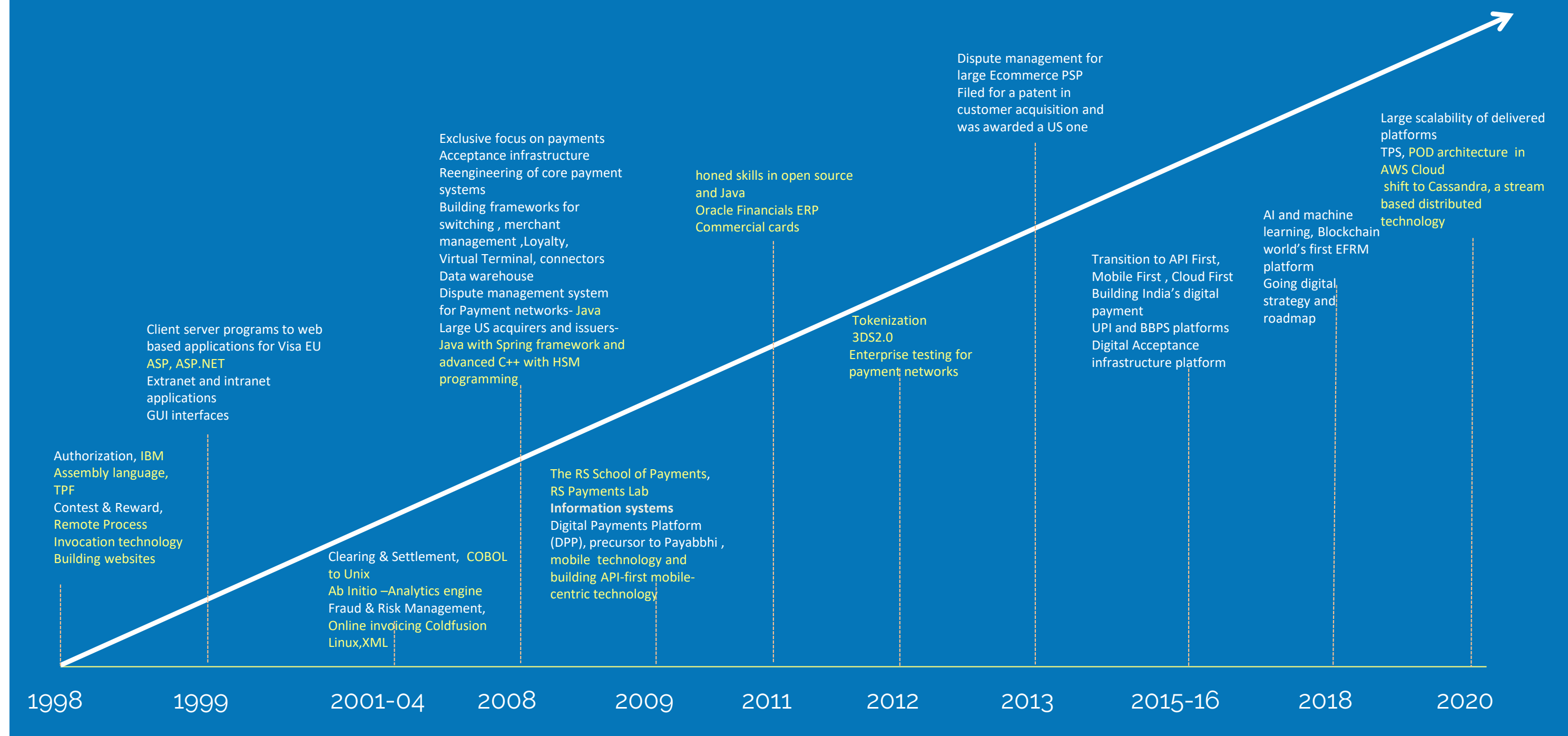
- i. Value-added flows
 - i. Analytics
 - ii. Compliance
 - iii. Metrics

RS Software has a ready to deploy combination of Products, Platform and Services offerings to address the market opportunity.

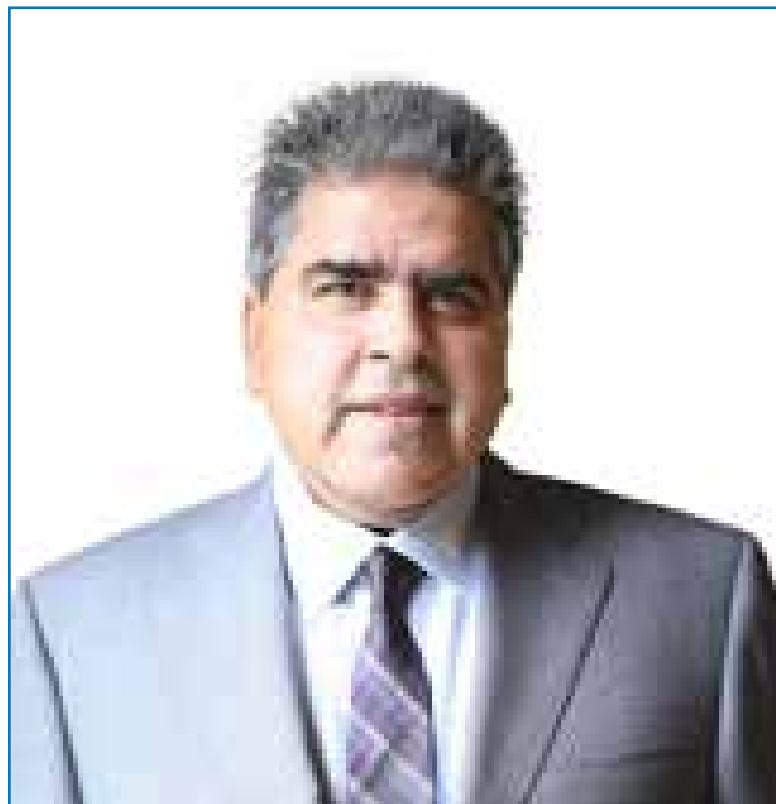
Opportunity	RS offering	Opportunity	RS offering
Central Banks (country-level)		Fintechs	
RTP	RS RTPS™, RS DOSL™	Almost similar set of solutions that Banks/FIs are seeking	
Bill Payments	RS BillAbhi – Central™	Virtual/digital wallets	(Services offerings)
Fraud and Risk Management	RS IntelliEdge – Central™	Digital Overlay Services Layer	RS RTP Connect™ (DOSL)
Banks/FIs		Merchants/Businesses	Payabbhi™
Connecting to real-time rails	RS RTP Connect™	Acceptance of all payment types	
Connecting to multiple payment types	RS RTP Connect™	Omni-channel payments	
Open banking	RS RTP Connect™ (DOSL)	Contactless payments	
Platform modernization	(Services offerings)	Analytics	
Digital Overlay Services Layer	RS RTP Connect™ (DOSL)	More value to end-customer	
Integrated fraud and risk management	RS IntelliEdge – Banks™		
Data driven value services (analytics)	(Services offerings)		



Core payments build journey, reinforced and validated with global leaders



Chairman's Overview



A crisis is like a receding tide — it reveals the rocks beneath the surface that were there all along. 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. Our investment of last four fiscal years in products and platforms is now ready for payoff, which combined with Focus on cash reserves management creates the war chest we need.

The fiscal 2020 has indeed served as a foundation to provide us the 20:20 insights, and a year of significant positive reinforcement. **The company achieved an improvement in its performance by 31% as compared to the previous fiscal year.** However, the fourth quarter of the fiscal is indeed an outlier in terms of the depth of its impact, and has confirmed that **we are now living in VUCA (Volatile, Uncertain, Complex and chaotic, Ambiguous) times.** Never before has everyone on the planet faced the exact same obstacles, fears, concerns, and questions at the same time. Never before have we truly had a globally shared conversation. We just haven't. Experts say they have no idea how the Covid-19 crisis will play out. Our usual ways of life have been disrupted, and we have all been thrust into a world in which intelligent and reliable predictions are difficult to make. We have been left questioning our basic assumptions, with very little sense of what will happen from day to day, let alone next week or next month. **Just as an earthquake produces a sudden release of pent-up force, the economic shock set off by the pandemic has accelerated and intensified trends that were already underway.**

Many organizations—from big corporations to nonprofits—suddenly find themselves facing existential threats, many organizations will not make it through the crisis. Along with the accelerated pace of change, however, comes a unique opportunity to unlock big strategic moves. The first questions for a business to answer in normal times include: How do we grow, and, how do we win? But in moments of existential threat, the key question is how do we stay alive so that we can win in the future? The profit pools are shifting already, as is observed since April 2020. Later in this report we have included detail on what gives us the confidence to turnaround our company in this very environment that we are faced with.

Resilience and our path to the future

➔ While this crisis is new in terms of the depth of its impact, the important question is how does one come out of trouble. And once you have created your 'new normal', how do you rise again? It is strange but true that principles of resilience are the same, and have been the same through the entire existence known to mankind. Several million years ago when a major asteroid hit the earth, dinosaurs got extinct, but there were other species that survived, and as the cycle of survival continued, humans evolved, and humanity has learnt to conquer what comes in their way. Since inception, our company has persistence as its core value, and this persistence is the foundation of resilience. We graduated from phase 1 of our corporate journey to phase 2 in 2004, and our phase 2 lasted till 2016. **During this period the company's revenue grew 5**

times as compared to the peak revenue of phase 1. We are now in phase 3 of our corporate journey and are confident of being worthy of great performance, yet again. **We have reasons to believe that our company is at the cusp of having the opportunities we have not seen before.**

➔ Path to the future

Our product suite is now ready which is targeted for country level digital payment infrastructure, and most importantly the largest ongoing opportunity is with our Digital overlay services (DOSL) product that enables banks and other providers to provide digital frontend to their legacy systems. As a result **we are now being able to respond to multiple opportunities,** through combination of direct RFP channel and partnering strategy.

➔ Enhancing our ability to compete:

During the 2nd half of the fiscal year, particular focus was put on productivity drive in the delivery of projects and as a result we were able to bring about major savings between projects direct cost, employee cost on bench, partial billable and project management talent. **The major benefit of this exercise is targeted to come from fiscal 21 onwards,** and help us to lower our cash burn significantly, as the revenue growth model leverages the large opportunity in the market.

"Tough times never last,
but tough people do."
—Robert H. Schuller

Strategic growth: Where, When and How?

According to McKinsey, the last 10 weeks have seen the level of digital enablement, that 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, have payments technology embedded in the user experience from start to finish. We don't know exactly what the payments landscape will look like in five years, but it will certainly be very different to what exists today. Just as demonetisation in India in 2016 helped accelerate the adoption of digital payments in India, SARS in 2003

super accelerated digital payments in China, creating mammoth corporations like Alibaba and Tencent, **Covid-19 is expected to bring atleast a million times more impact and that too globally.**

Key market trends that are most relevant to us

Growth in Digital Payments post Covid-19
(Source: McKinsey 2020)

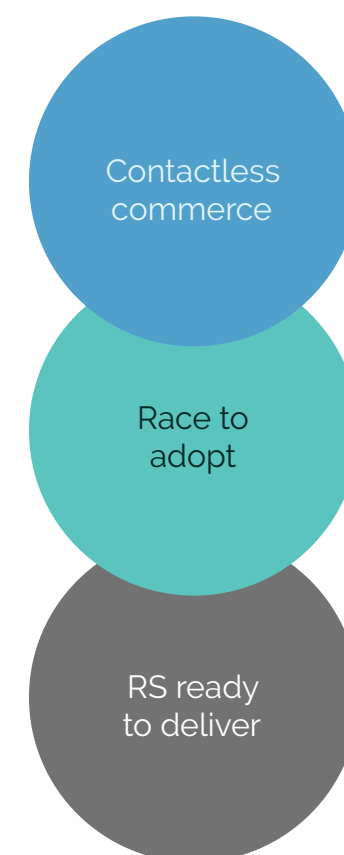
- ➔ Omni-channel payment solutions to support omni-channel commerce
- ➔ Make payments touchless/contactless
- ➔ Expand digital wallet solutions beyond payments (such as alert, decision making and supporting wearables)
- ➔ Deploy consumer and merchant transaction data as a protection against fraud
- ➔ Integrating payments with chat - Chat commerce on mobile devices holds the promise to improve the payment experience while making it more secure and easier to integrate in the user's lifestyle
- ➔ Transform bank payments operating models – Payments-as-a-Service

Worldwide Integrated Payment Platforms
(Source: IDC 2020)

An integrated payments platform, sometimes referred to as a payment hub, is a solution that enables the processing of multiple payment types across FIs/ Banks, including both consumer and corporate line of business, within a single management context. In some cases, these implementations serve as the sole processing platform across most payments, while in others, they serve as both a processing platform for some payments and a management orchestration layer across legacy systems.

Real-time Payment (Source: FIS 2019)

Acceleration in adoption of RTP platforms across the globe: 54 countries are live with real-time payment services. Almost all of them are laying the foundation for new open API-enabled services and ISO 20022 standardization. India (UPI) experienced a 10-fold increase in value and an 8-fold increase in transaction volume - the only RTP platform to be rated '5+'. Overall, growth was seen across all geographies.





- ➔ Services to the fore: More and more services around real-time payments extended in P2P and B2B use-cases.
- ➔ Opening up to connectivity: API-based solutions acting as catalyst for adoption of RTP and collections. Open banking growing in prominence.
- ➔ Data-led growth: Migration to ISO 20022 messaging standard an accelerator. Data capabilities key differentiator for payments leaders.
- ➔ Open API-enabled services: New service layers enabled by open and secure APIs, when implemented, will help accelerate volume growth, encouraging a new wave of innovation.
- ➔ Overlays fueling real-time innovation: Through the combination of faster payments and open payments paradigm, a wealth of innovative services and industry specific use-cases are proposed, sandboxed, piloted and rolled out. Nordic region – P27: World's first real-time multicurrency infrastructure, offering cross-border payments and streamlined domestic central infrastructure.

How we are positioned to address the growth opportunity through our offerings set?

Following are RS' key strengths:

- ➔ Core digital payments expertise
- ➔ Technological agility
- ➔ Flexibility to innovate
- ➔ Scalable products and platforms

Innovation

In the ecosystem that has been created around the real-time payments infrastructure, all kinds of innovation will be possible as various players collaborate and bring their applications to individuals and companies. In this digital environment, banks must decide what kind of institutions they want to be and whether they want to be pure infrastructure players that provide the pipes for payment flows, for example. Or, alternatively, they could abandon the goal of universal banking – which aims to provide all things to all customers – and instead opt for a platform model, where they provide the platform for

developers to offer apps and services to their customers.

Similar to the app store model of the iPhone, this opens up a world of possibilities. When the iPhone was introduced, if Apple had stuck with creating all the apps for the smartphone itself, innovation would have been limited. By opening up, and making its APIs available, all sorts of apps became possible, apps we have now that were unthinkable at the time the platform was created. A new wave of innovation swept in, and it is likely something similar will happen with the introduction of open banking, especially now that the foundation of real-time payments is in place to underpin it.

There has been a recognition by many financial institutions, and fintech companies, that they cannot do everything themselves and so they have embraced a collaborative partnership approach. For those who have not embraced being open, regulation in some jurisdictions is now mandating it – forcing banks to rethink their business models. For example, with the second Payments Services

Directive (PSD2), data is viewed as belonging to the customers – and not banks – and financial institutions must allow third party providers access to customer accounts, if the customer requests it. This enables a range of players to offer financial solutions, not just banks. In a simple form, it could be an account aggregator app that has data from various accounts feeding into it, crunching transaction data to offer financial advice. Or it could be an app that plays a musical note for each transaction on an account – a high note for credit, a higher note for more credit, a low note for debit, and so on, playing a melody of current account payments. The possibilities are endless, all enabled by the principles of open banking, APIs, and because of the real-time payment system that lies underneath.

We at RS Software continue to innovate and enhance / develop new products and payment expertise through continuous learning at RS School of Payments and RS Payments Innovation Lab, **Innovation has been institutionalized for the past 10 years and the company has to its credit patent filing in the US.** We have been developing products, platforms and building domain expertise in digital payments. The results of our business focused innovation are evident. When most of the products that we had developed in the past years are deployed and in use by our customers globally.

A branding and knowledge exchange platform RS Payments Universe has been built for the internal members of the organization to share knowledge documents. Both domain expert knowledge and technology expert information are regularly shared using this platform.

Participation in platform economy

The most important development during this fiscal year has been the launch of the Electronic fraud and risk management platform (EFRM) in India. This platform is the first of its kind in the world, and we have included a full case study in this annual report. **The intellectual property of this solution is owned by us and we are operating this platform for NPCI.** Our revenue model

is transaction based pricing, and this platform is now processing ~30 billion transactions annually. With this we have truly become a part of the platform economy, operating a platform of global scale. We continue to make progress with the beta launch of the Payabbhi™ platform for the Acceptance market. While the progress made is slow, the demand for these platforms has only increased significantly more, as a result of the acceleration of digital economy.

We have had the opportunity for the very first time during this fiscal year to respond to the RFI for Bill payment infrastructure where we have graduated to the RFP stage. The requirement here is to operate the bill payment platform. While some of the known global players did not make it to the RFP stage, our competition moving forward is with the best of the best in the payments industry. **This is the best testimony and a validation of all the investments we have been making during the last four fiscal years. This is a large multi-year opportunity.**

The war chest

Our strategy transition starting in 2016 committed significant investments in building product suite and platforms to help leverage the growth potential in digital payments globally. This investment is now ready for the payback. **This is the most important asset in our war chest which translates to us being at the right place, at the right time.** Covid-19 induces a forced behavioural change. Convenience has become a matter of reducing friction, especially by reducing touchpoints with external machines or contact between one human and another. This is building the pathway to Contactless commerce. Our core values since inception strengthen our war chest, and continuing cash reserves to ensure we can benefit from the positive opportunities created in the world of contactless commerce. The race to adopt digital payments is only accelerating, and **RS Software is ready to deliver, and benefit from the business model of Recurring revenue from platform economy.** This is phase 3 of our company and the best is yet to come.

Business model transition

- ➔ Recurring revenue from platform economy
- ➔ Our digital payments product suite
- ➔ Leverage the growth potential in building digital payment infrastructure, where we now have credibility and core strengths

In Essence

A crisis is like a receding tide — it reveals the rocks beneath the surface that were there all along. 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. Our investment of last four fiscal years in products and platforms is now ready for payoff, which combined with Focus on cash reserves management creates the war chest we need.

- ➔ An "Opportunity in Adversity" Mindset.
- ➔ Looking Ahead.
- ➔ Picking Up Weak Signals.
- ➔ Identify and support emerging growth pillars.
- ➔ Moving Fast.
- ➔ Transforming.
- ➔ Innovation Culture

Raj Jain
Chairman & Managing Director