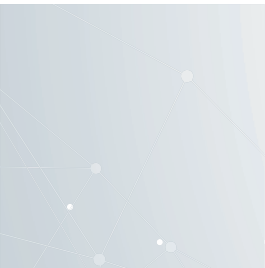
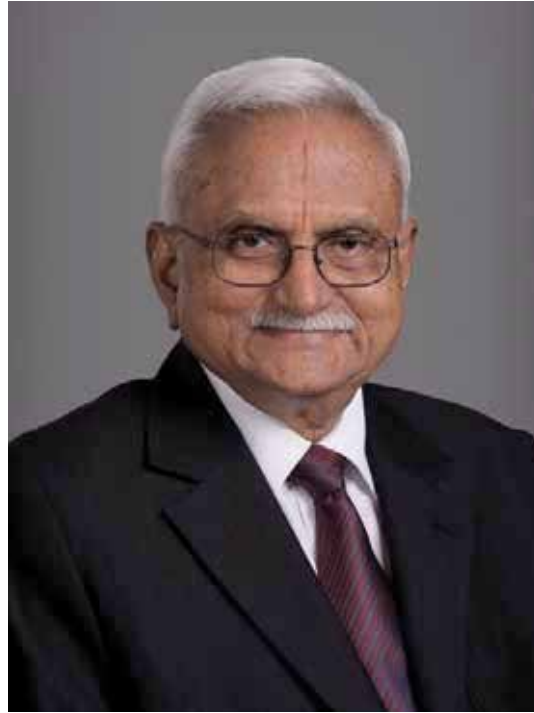


# Infusing Intelligence with AI & ML

Moving from a Passive to an Active ERP era







**"Gurubakthamani"**  
**Shri P R Ramasubrahmaneya Rajha**  
Sridharmarakshakar, Ramco Group



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# Board of Directors



**Shri P R Venketrama Raja**  
Chairman

**Shri P V Abinav Ramasubramaniam Raja**  
Whole-Time Director

**Shri M M Venkatachalam**

**Shri A V Dharmakrishnan**

**Shri R S Agarwal**

**Smt. Soundara Kumar**

**Shri Sankar Krishnan**

**Justice Shri P P S Janarthana Raja (Retd.)**

**Auditors:** M.S.Jagannathan & N.Krishnaswami, Chartered Accountants, Chennai

**Bankers:** Axis Bank Limited, HDFC Bank Limited, ICICI Bank Limited, IDBI Bank Limited, Kotak Mahindra Bank Limited, Yes Bank Limited

**Registered Office:** No. 47, P. S. K. Nagar, Rajapalayam - 626 108

**Corporate Office & Research and Development Centre:** No. 64, Sardar Patel Road, Taramani, Chennai - 600 113

**Subsidiaries:** Ramco Systems Corporation, USA, Ramco Systems Ltd., Switzerland, Ramco Systems Pte. Ltd., Singapore, Ramco Systems Sdn. Bhd., Malaysia, RSL Enterprise Solutions (Pty) Ltd., South Africa, Ramco Systems Canada Inc., Canada, Ramco Systems FZ-LLC, Dubai, RSL Software Company Limited, Sudan, Ramco Systems Australia Pty Ltd, Australia, Ramco System Inc., Philippines, Ramco Systems (Shanghai) Co.Ltd., China, PT Ramco Systems Indonesia, Indonesia and Ramco System Vietnam Company Limited, Vietnam. Ramco Systems Macau Limited, Macau.

**Registrar and Share Transfer Agent:** Messrs Cameo Corporate Services Limited, Subramanian Building, No. 1, Club House Road, Chennai - 600 002



## Dear Shareholders,

Your company made great strides in the year 2018-19 - in terms of innovation, order book as well as geographic growth. As we step into the new financial year, it is time to recollect some of these accomplishments.

From winning new clients across the world to bagging awards and recognition from prominent research organisations, this year was a significant one. Some of it includes; being positioned as Leader in NelsonHall's NEAT Matrix for Payroll Services to being featured in four of Gartner's Magic Quadrant across Cloud Financials, HCM, EAM and ERP and winning Global Payroll Association's Award for Payroll Innovation.

All this and more was possible because of the thrust we place on Innovation.

This year, we explored the world of Artificial Intelligence (AI) and Machine Learning (ML) from the perspective of enterprise applications.

### **Moving from a Passive to an Active ERP**

Enterprise Applications have been saddled with tonnes of data every time a user needs to transact. From customer order to

RFQs, Purchase request to Invoice, travel expenses to reimbursement claims – the standard ERP continues to ask for data every time a user logs in to transact.

The solution lies in Enterprise Applications moving from being passive to becoming active.

At Ramco, we are addressing this, leveraging behavioural analysis and prediction, using machine learning with the aim of reducing data entry to its bare minimum by learning from past patterns and predicting transactions.

This is a new paradigm in Enterprise Applications era, with the onset of a 'Self-validating ERP system'. It is certain that with the emergence of AI and ML, companies are about to leapfrog the barriers of trivial, time-consuming tasks, to focus on their core operations.

### **Thrust on Innovation**

Business transformation is both a big opportunity and a huge challenge for most enterprises. Globally, organisations are looking for technology partners who can help them not just with incremental improvements but enable transformational growth in the future. This has created an opportunity for new-age vendors to question the status quo and position solutions that are more efficient and outcome-driven.

At Ramco, we are leveraging Innovation to engage with stakeholders, manage costs, improve productivity and deliver a superior experience.

Moving to the business update, Ramco HCM with Global Payroll witnessed a 5-year CAGR of 41% and added some large and marquee customer names to the list. We launched Policy bot, Support bot and Ticketing bot; Net Pay Anomaly Detector and added Breath Analyzer integrated with our existing Facial Recognition system. One among the multiple recognitions that came our way was our maiden entry in Everest Group's PEAK Matrix for Multi-Country Payroll Platform (MCPPE).

On Aviation front, in addition to our stronghold in Heli and MRO segment, this year we had several Defense contractors and Military & Sustainment providers in the U.S. choose Ramco Aviation's solutions. We entered the Nigerian Aviation market with a leading charter, shuttle and maintenance company who signed up for our solutions. Globally, we won significant deals, implemented our solutions in several organisations, and renewed ties with a few more existing clients. We also implemented our AI and ML driven aviation solutions with select few clients to help in spotting discrepancy, auto suggestion of aircraft parts etc.

In the Ramco Logistics segment, there were quite a number of notable accomplishments. While an integrated system to connect Transportation, Warehouse, Fleet and HUB with Finance & HR on the Cloud along with a Command Centre and In-memory based Planning and Optimisation engine has been our value proposition in the market, we additionally equipped our offering with a range of e-commerce logistics specific capabilities, apt for the growing e-commerce industry.

Overall, our ERP solutions are moving towards becoming Active and Intelligent that are helping enterprises transform towards a successful and efficient working system. It has indeed been an eventful year for our company. We would like to express our heartfelt thanks to our stakeholders for the continued trust and belief in our potential. We will strive to continue this successful journey in the coming year as well with your support!

Regards,



P R Venketrana Raja



# Innovation moves ahead

The technology around us is exploding exponentially. The world has moved beyond the binary, the lines between artificial and human intelligence is fuzzy and a radical new innovation just happened at some corner of the world.

Technology is going through a tectonic shift. And Ramco is standing at the cusp of this change.

Which is why, this year we picked CHESS as our annual report theme. A game which continues to not only be the razor-sharp barometer for measuring human intelligence but also a perfect metaphor for the sweeping wave of technology.

The powers are definite. The possibilities are infinite.

What are the right moves? How many of them do you need? How do you own the game? How do you ride the wave? The answer is simple - Anticipate, Act, Accomplish.

The board is ready and so is Ramco.



# Ramco Systems Limited, INDIA

## REPORT OF THE BOARD OF DIRECTORS

Your Board has pleasure in presenting the Twenty Second Annual Report together with the Audited Financial Statements of the Company for the year ended 31<sup>st</sup> March 2019.

### 1. FINANCIAL RESULTS

The standalone and consolidated audited financial results for the year ended 31<sup>st</sup> March 2019 and 31<sup>st</sup> March 2018 are as follows:

Particulars	Standalone for the year ended 31 <sup>st</sup> March		Consolidated for the year ended 31 <sup>st</sup> March	
	2019	2018	2019	2018
	(Rs. Mln.)		(Rs. Mln.)	
Revenue from Operations	3,156.94	2,849.77	5,421.30	4,692.19
Other Income	88.07	132.44	96.68	97.20
<b>Total Revenue</b>	<b>3,245.01</b>	<b>2,982.21</b>	<b>5,517.98</b>	<b>4,789.39</b>
Expenditure				
- Purchase of Stock-in-trade	2.37	7.00	28.34	7.87
- Changes in Inventories of Finished Goods, Stock-in-process and Stock-in-trade	-	(0.16)	-	(0.16)
- Employee Benefits Expense	1,093.13	931.68	2,326.87	2,018.10
- Other Expenses	878.62	696.82	2,186.58	1,908.26
<b>Total Expenses</b>	<b>1,974.12</b>	<b>1,635.34</b>	<b>4,541.79</b>	<b>3,934.07</b>
<b>Profit Before Interest, Depreciation &amp; Amortisation &amp; Taxes</b>	<b>1,270.89</b>	<b>1,346.87</b>	<b>976.19</b>	<b>855.32</b>
Depreciation and Amortisation Expense	494.48	486.85	510.88	500.98
Finance Costs	41.03	11.95	42.03	13.09
<b>Profit Before Tax</b>	<b>735.38</b>	<b>848.07</b>	<b>423.28</b>	<b>341.25</b>
<b>Share of profit/(Loss) of an associate</b>	-	-	<b>0.44</b>	1.41
Tax Expenses				
- Current Tax	159.31	160.71	201.13	186.87
- Deferred Tax (including MAT credit)	57.21	29.00	53.48	40.10
<b>Net Profit After Tax</b>	<b>518.86</b>	<b>658.36</b>	<b>169.11</b>	<b>115.69</b>
Other comprehensive income (OCI)	(15.90)	6.25	61.02	(10.84)
<b>Total comprehensive income</b>	<b>502.96</b>	<b>664.61</b>	<b>230.13</b>	<b>104.85</b>

### 2. BUSINESS OPERATIONS

The details of the business operations appear in the following pages.

# Business Operations

To move ahead in every direction



# Ramco ERP

Driven by innovation, integration and tech evolution



Picture a person hunting for something all across a place without knowing where he can find it. The story of several organisations is more or less the same. They know they have to optimise costs, improve the efficiency and do all this while keeping in mind the well-being of their stakeholders, both internal and external. But they don't know where to find a way to get it done. As business needs grow more complex with every passing day, the need of the hour is to find an ERP that will replace an outdated version of it.

Ramco Systems not only made a note of it but also ensured passive enterprise application is replaced with one that helps an organisation match the needs of changing business landscape. With the emergence of Artificial Intelligence (AI) and Machine Learning (ML), our focus is on transforming Passive ERP to an Active ERP era.

At Ramco, the thrust has been towards building an Innovation-centric ERP – from Bots to Voice, AI & ML to Facial Recognition to enable simplification and many more tasks. A quick note on some of the product innovations we launched, this FY:

- Features for fixed assets included a very efficient Enquiry, Automation & Reporting
- Automation, Monitoring Hub and other added features work towards making Bank Recons an easier and error-free process
- QR/Barcode Generation and Customer Online ordering facility have drastically improved the supply chain functioning
- Along the lines of self-running financials, many automated jobs and processes, Copy & Create facilities have been added

Keeping up to date with the statutory requirements, Ramco ERP continued to:

- Make enhancements according to Indian GST, GSP and E-way Bill based on regulatory changes & reporting needs, in addition to handling GST-TDS
- Malaysia SALT/SERT was introduced replacing GST

On Innovations front, the following were added:

- Adoption of AI/ML: Using intelligent AI & ML algorithms, be it vendor invoicing or a purchase order, you can be assured of relevant and right details in the right columns, thanks to the tenets of AI/ML such as Auto defaulting and Anomaly detection
- Workflow: Notable enhancements have been made extending multi-level authorisation across functions including Email based approvals

- ANA - Smart Notification: Alerts and notifications can now be seen with a click, thanks to the features enabled through Mobile App across ERP functions
- Hubs: For efficient operations, hubs continued to get added, key ones being Inventory Hub & Production Reporting Hub

All this and much more along with the growing trust of our clients has helped us in being positioned in Four Gartner Magic Quadrants - Cloud HCM, ERP, EAM and Financials. In addition, we have also been featured in IDC's MarketScope for ERP as well as EAM. Being the only APAC based vendor to have got featured in these coveted reports is no simple task. This recognition has positively helped us in reaffirming our capability in the global arena.

## Identifying our Niche!

In a market flooded with hundreds of Enterprise applications, it is imperative that you build your niche to differentiate and capture the market. After finding our niche in Logistics ERP as a segment, we are now betting on identifying similar such niche offerings within ERP. This FY, a few such niche offerings emerged from the ERP stable.

## Ramco ERP for Services

While most ERPs were built for product-centric businesses, given our strength in HCM, we built an ERP for people-centric businesses like Staffing, Professional Services and so on; this is a major market we are going after.

## Enterprise Asset Management

Our strength and expertise in Maintenance module was the base on which Aviation Suite was built. Broadening this offering further to address the complete horizontal nature of assets has been the focus over the years. We, today, have a host of clients spread across Manufacturing, Transportation, Rental, Utilities, Real Estate, Ports and more. While most Asset Management applications are focusing on the asset lifecycle; Ramco EAM comes embedded with ERP Finance and HCM to enable organisations manage their end-to-end needs on a single suite.

This FY, we added one of the leading ports management company - Pelabuhan Tanjung Pelepas Sdn Bhd (PTP), a member of MMC Group as a client for ERP transformation. In addition, we also added a host of facility management companies in Middle East to get the EAM + ERP ball rolling.

## Ramco Contract Labour Management Suite

A report by Deloitte finds that only 42% of the organisations it surveyed are made up of salaried employees, whereas 77 million people are formally identified as freelancers in the U.S., Europe and India. This alternate workforce is gaining prominence and the need for managing them with an appropriate system has been the need of the hour. Ramco identified this as a niche opportunity and has built a comprehensive system to manage contract workforce of large organisations.

Ramco Contract Labour Management Suite helps organisations handle workmen productivity, statutory compliance, manpower planning, exception handling, attendance reconciliation and more. This FY, we added a multi-billion-dollar steel manufacturer and a leading retail chain both of whom were having a large contract workforce and facing challenges in effectively managing them.

## Ramco Logistics Suite

With digitalisation shaping almost all the industries across the globe, logistics industry is no exception. And we are well-aware of that. Having established Ramco Logistics Suite as an end-to-end solution for 3rd party logistics and parcel & express service providers, last year witnessed the introduction of new capabilities to enhance the platform in order to meet the requirements of Freight Forwarding and Project Logistics segments.

In addition to the capabilities to manage the new industry segments, more features were added to Ramco Logistics Suite including –

- Ability to handle cold chain logistics spanning Refrigerated Transportation and Cold Storage

- Ecosystem integration with advanced integration platform and superior portal solutions customers and vendors
- Enhancement of multi-faceted visibility in terms of new dimensions for profitability analysis

Amidst the major influence E-commerce continues to have on the Logistics industry, we equipped our offering with a range of ecommerce logistics specific capabilities –

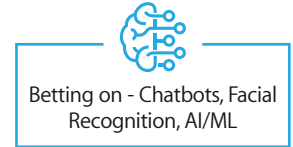
- API for Order Management to be able to connect with shopping carts
- API for Carrier Integration to be able to optimize shipping charges
- Order Streaming capabilities for automated order fulfilment
- API for Warehouse Robotics Systems, etc.

On the business front, several leading industry players continued to bestow their trust on us. This year witnessed the inclusion of some leading names like Philippines' Air Freight Leader AP Cargo; leading third party logistics and warehousing services provider, ProConnect Supply Chain Solutions, amongst the others.

In a nutshell, with the rapid expansion happening in the logistics industry, we at Ramco shall continue to reach newer heights and achieve the unimaginable with our constant thrust on innovation.

Ramco ERP has been delivering significant innovation, cost savings, and superior business processes to global organisations. Ramco's focus on usability, context-awareness, mobility, overall flexibility and comprehensive functionality has enabled smooth technological transitions for customers.

# HCM Carefully crafted – for humans, by technology



HR technology has grown, evolved and come a long way. What started off as a technique to streamline organisation-wide employee data is now witnessing digital transformation leveraging the latest technological trends. Employees nowadays prefer automated systems and auto-generated data to execute their routine activities. Taking a leaf out of this trend, Ramco HCM made use of Artificial Intelligence (AI) to make cumbersome tasks simple. AI is being infused into a wide range of work that is helping everyone, right from the members of top management to the ground-level staff members. Last year, Ramco witnessed the emergence of artificial intelligence and machine learning infused HCM application.

## Marching ahead

Success speaks for itself. Within 5 years of its existence, Ramco HCM with Global Payroll has grown to become the largest business unit with a cumulative average growth rate (CAGR) of 41%. With the focus that we have been placing on constantly evolving our Payroll software bundled with the innovative features, it is clear that Ramco HCM is a hit! This year as an organisational strategy, we decided to bet bigger on our Payroll solution, while continuing to support the operational HR needs.

Moving to the world of frictionless computing, the year witnessed technological advancements in Ramco's Global Payroll & HR solution, to help users embrace the Zero UI concept, through:

- Artificial Intelligence & Machine Learning embedded solutions to address payroll challenges around data hygiene, payroll fraud & leakage. With AI/ ML, organisations can now look at historical data spanning across years in a fraction of time to spot payroll anomalies. Ramco's Net Pay Anomaly Detector can easily look through net pay trends spanning many months using the Isolation Forest Algorithm (IFA) and spot outliers
- Chatbot – Ramco's intelligent AI driven bots resolved umpteen problems within minutes, saving tedious man-hours taken to address simple problems. This year we moved beyond ESS/MSS transactions, to launch Policy bot, Support bot and Ticketing bot. The BOT experience in Ramco produced excellent results with 10 customers going live and 10 more signing up during the year. We crossed 100,000+ users who signed up for Ramco Chia Bot, which is currently averaging with 200,000+ conversations per month
- Mail it – enabling users transact with the application via email
- Voice based transactions on Google Assistant / Alexa

- RamcoGEEK, our facial recognition system, continued to revolutionise the Time and Attendance module by removing the need for any clicks, IDs, or logins. This year, RamcoGEEK was further enhanced with features like Age Detection, Liveness Detection, and Breath Analyzer – to detect alcohol content, immensely helping organisations prevent some of the related problems
- Multidimensional Hubs to visualise multi-country payroll operations from a central Hub
- Calendar Integration - Auto creation of travel requests where the bot automatically creates travel requests based on the users' calendar

## Winning streak

While the innovations kept flowing in constantly during the year, so did our global endorsements! This year, yet again Ramco got featured in the Gartner Magic Quadrant for Cloud HCM Suites, and bagged the HR Vendors of the Year Award for Global Payroll. What's more, we also celebrated our maiden entry in Everest Group's PEAK Matrix for Multi-Country Payroll Platform (MCP). And to top it all, for the 4th consecutive year, we continued to reaffirm our position as a 'Leader' in NelsonHall's NEAT Matrix for Next Generation Payroll Services.

Much like a winning partnership between two cricket players, last year witnessed our successful association with partners including Microsoft and KPMG. Microsoft & Ramco jointly announced the launch of Ramco Global Payroll Software on Microsoft Dynamics 365, leveraging AI capabilities. The joint offering aimed to help global organisations manage Talent & Payroll operations on a unified platform hosted on Azure. On the other hand, we struck a platform partnership with KPMG to offer HR & Payroll Business Platform as a Service ("BPaaS").

On the business front, we continued to add some marquee customer names including a leading restaurants & foods company in MENA (Middle East and North Africa region); an American multinational corporation, who is a manufacturer, retailer, and marketer of non-alcoholic beverage concentrates and syrups; P&N Bank in Australia; Global Top 10 Casino and Resort Chain; Global Top 10 Chemical Manufacturing Company, among the others. Our successful implementations through the year went on to reiterate why our customers trust Ramco.

The year ahead promises action galore as we strive to better our performance year on year.

# Take off with Ramco Aviation



Technology takes care of direct and indirect operations which ensure the industry sees new heights every day, figuratively and quite literally as well. In this regard, it would not be an exaggeration to say Ramco Aviation, with continuous innovation at its core, has been a great aide to the Aerospace and Defense industry.

Ramco Aviation saw a good progress in the bygone financial year. Ramco won more than 5 large deals, successfully implemented its solution in client organisations, and had existing clients who renewed their trust in us by upgrading to the most recent version of the Aviation solution. It is worth mentioning that Ramco saw some Defense contractors and Military & Sustainment providers place faith in the specially tailored solution that Ramco Aviation provides for this niche segment. Interestingly, the year saw Ramco Aviation enter Nigeria.

Last year we witnessed the adoption of Artificial Intelligence (AI) and Machine Learning (ML) into Aviation ERP, to help businesses gain the competitive edge. Among the host of use cases that Ramco has churned out jointly with customers using AI and ML, some of them include; Ability to leverage data to assist mechanics while reporting discrepancy or non-routine; Automatic suggestion on parts required; Suggestions while ordering for a part (intuitive and cognitive part suggestions based on similar past pattern); Auto codification of accounting information and Defaulting of account codes direct expenses (reducing manual data entry by enabling auto filling of fields) and so on...

Ramco Aviation has also leveraged push notifications to proactively guide the users for performing tasks. All these innovations were rolled out to select customers as beta release and have seen very good uptake and results.

The future ready technology uses AI BOTS, pre-emptive MAIL IT and simple text messages to speed up work. Pre-populated fields, auto suggestions, and troubleshooting a problem based on prior incidents – these are just some of the focus areas of Ramco.

## Workflow for smooth transactions

These are complex tasks, but the aim has been to make them simple using technology which will save money and time for the aviation industry. In line with the vision of improving usability and simplicity, Ramco Systems has significantly enhanced the look, feel and navigation of the workflow set up functions. With easy drag and drop combinations, rich text controls, interactive business rule definition, the dependence on any technical expertise is completely eliminated.

## Forge on

Our organisation has only been growing from strength to strength, and the growing number of clients is a testimonial to this fact. With the breadth of our integrated solution that spans across Maintenance, Repair & Overhaul, Engineering, Supply Chain,

Compliance & Quality, Manufacturing, MRO Sales and Finance & Accounting, we have been successful in providing solutions that are currently used by more than 75 customers.

On the business front, Ramco widened its coverage into the world of Defense, especially in the US. We have won multiple Defense deals from adversary air support operators for US Airforce. Going forth, we hope to see this segment grow into a sizeable one at Ramco. Yet another laudable achievement would be the fact that several top-notch players from the MRO segment opted for Ramco's solution. HAECO ITM Ltd, one of the world's leading independent aircraft engineering and maintenance groups, is one among the companies that chose Ramco Aviation. Ramco will provide the solution to HAECO, to streamline end-to-end Inventory Technical Management.

Last year also witnessed Ramco furthering its reach in North Africa. Caverton Helicopters Limited, a leading aviation and marine logistics player in Nigeria, chose to digitise their maintenance and engineering (M&E) operations with Ramco. With a few more players from Africa, it is evident that geographic expansions are certainly on the horizon. Not just for Maintenance and Operations, sizeable number of clients have been adopting and seeing value in Ramco's end-to-end offering, especially the Financials.

## Trust

Existing ties became stronger over the past year, with multiple companies deciding to renew their trust with Ramco. PHI after a decade of partnership re-affirmed the faith again by renewing the contract in similar lines GMR Aero Technic, Aviation Partnership Philippines also extended the partnership by renewing the contracts.

A few companies such as GDC Middle East and Saudi Rotorcraft Support Company saw the successful implementation of Ramco Aviation Suite.

Ramco Aviation has extended the Eco connectors partnership with OneAero for EDI based exchanges of Purchase and Repair orders. We also got the Premium certification from Airbus Helicopters for Data loading, Data collection and Operational interface.

On the partnership front, we lived up to the age-old adage of working together for a common goal – that of providing the best for the aircraft. Other than going strong on the existing partnerships, we also bagged a partnership with OneAero. We also got certifications from leading aviation institutions such as Aeroexchange and Airbus.

Suffice to say the last year has been phenomenal for plenty of reasons. As we approach the upcoming year, we only hope that we surpass our own selves in every sense – innovations, client base and geographical presence.



# Innovation

That is ahead by leaps and bounds

## Stepping into the future

Imagine doing the same thing that millions do, every day. Where's the fun in that? If there is anything that sets one apart from the rest, it is the ability to think out of the box. The kind of thinking that leads one to innovate, to change the recurring patterns. Ramco strives to do exactly that!

For Ramco, it is crucial that it creates solutions using innovative ways to help make things better. This is the reason why innovation is the heartbeat of Ramco's R&D team which seeks to meet the current and future ERP needs of its clients in the core areas: HCM and Payroll, Logistics, ERP and Aviation.

## Making it smart

While Artificial Intelligence (AI) and Machine Learning (ML) are becoming increasingly common in certain areas, it is relatively new

in the realm of enterprise software. Tapping AI and ML, Ramco is leveraging behavioural analysis and prediction to reduce data entry and train the model to arrive at quick predictions. In other words, instead of feeding the information-hungry ERP all the time, Ramco is trying to see if Enterprise Applications could learn and serve an entity with information based on past transactions. From alerting one to anomalies in data, to defaulting values or even pre-populating fields based on historical data, Ramco is pushing the envelope when it comes to utilizing AI/ ML based algorithms for an intelligent ERP.

So instead of a simple system taking up the harrowing task of sifting through tons of information only to again ask for more information, our solutions readily spot and predict information that will be more than useful to the user.

The important tenets of the AI/ML driven solutions provided by Ramco include:

- Zero UI: Moving from data hungry screens to intuitive conversation/voice-based transactions
- Frictionless Experience: Allowing transactions to go through, without any hiccup
- Event driven Notification: The model which will notify user on the next step, a time saving experience that will drive forth the future of ERP
- Self-auditing enterprise system: Predictive engine powered by AI and ML will sense errors and guide the user to make corrections

Ramco leverages its Machine Learning platform to make intelligent decisions with the help of data gathered across several months or even years. The Microservices architecture (which betters the scalability of a project) utilises complex components such as Kafka, that acts as an event queue and Mongo DB which plays the role of a database to store configuration used for the ML platform, which we host to provide Machine Learning services to all our customers.

### Innovations galore

**Event Driven Architecture:** Real-time situational awareness will be a requisite for 80% of digital business solutions in the coming years, and the key to this transformation is event management. Towards this, the Ramco VirtualWorks (RVW) platform has been enhanced to support event messaging pub-sub (publish-subscribe) model with Kafka being the primary eventing hub. Enterprise application will

now be able to publish events as they happen, and the business can respond to the same as required by the context. These responses could be notifications or live analytics updates or 3rd party integration or asynchronous processing within Ramco ERP application.

For Example: A truck breakdown can publish multiple events like – notification to the operator on the breakdown, delay alert to the recipients, an alternate truck request for processing the load, and a repair request for taking care of the breakdown.

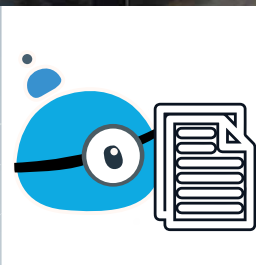
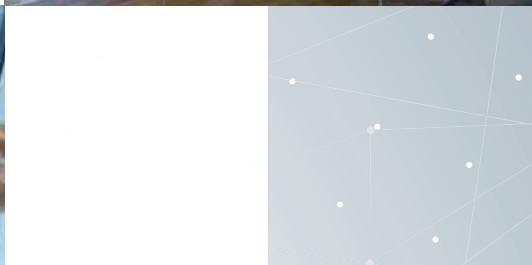
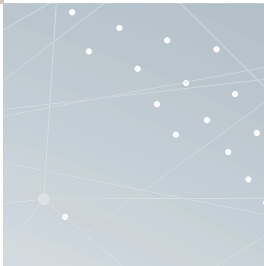
**REST API Infra:** REST API is the most logical, efficient and widespread standard for creation of APIs and paves way for horizontal growth in business by connecting with partners & suppliers seamlessly. This is a powerful means to integrate disparate systems which are complex in nature and varying in technology stack. RVW infra has now provision to model and publish REST APIs for external application integration. These APIs follow the open API specification which is a widely accepted standard for creating RESTful interfaces.

**Offline Capability:** While Internet is prima facie required for all applications to run, what would businesses do in locations or times when internet access is not available? Ramco has built offline access to its application via SMS and landline / mobile which are pre-registered.

**Ramco CHIA – Chatbot v2.0:** Ramco Systems' AI driven bots are not the average bots. They can resolve problems within minutes and save tedious man-hours taken to address simple problems. There is a good reason why more than 100,000 users are saying hello to our Ramco CHIA. And in the last year, we went a little beyond the ESS/MSS transactions.







- Policy Bot answers company specific policies, which hitherto were stored in Intranet and PDF files, and are now easily made accessible anywhere/anytime on Policy Bot. Questions like, "How do I open a Bank account?" or "What is the Saturday Overtime Policy?" is answered swiftly by the bot
- Support Bot can answer 70% of employee queries and help cut HR shared services cost by up to half. It supports 30+ self service functions and is available on Facebook, Skype, Microsoft Teams and Slack. Get answers to queries like, "Why is my basic pay less last month?" or "How is my overtime computed last month?" through simple conversations
- Ticketing Bot will help you raise an issue ticket in a conversational mode, check and track the issue status. AI based instant response for frequently asked queries will help the employees save time

**Calendar Integration:** Making the busy work life a tad easier is the smart Calendar Integration. Ramco's calendar-based application can help schedule work, so that one can use their precious time to focus on other work. Here's an example: You may receive a calendar invite confirming a meeting in the upcoming week with a key prospect in Hong Kong. But you may be busy with another work and may not have time to raise travel request for your Hong Kong meeting. The Bot will automatically create a travel request based on your calendar and resolve it for you.

**Voice UI:** "Please include oregano to my groceries list" or "Can you please play me an MJ song" are things that you may be asking your voice assistants to do. But ever imagine using the same for work? Ramco, an early mover to the use of voice-based assistants on Google Assistant or Alexa, offers Voice UI functionality for regular transactions such as accessing payslips and leave balance, raising purchase requests or even booking timesheet.

**Facial Recognition:** No more traditional punch or biometric devices. FACE is now the new ID! Say cheese to the system and the attendance is done. By upgrading Facial Recognition, Ramco has ensured that the system can now differentiate between a photo and an actual person standing in front of the scanner.

**Breath Analyser:** Alcohol is a strict no-no at work. In some cases, it can jeopardise other people at work or even the end consumers. For instance, airline pilots or drivers in the logistics industry. Ramco's Breath Analyzer allows our clients to study substance abuse within the office premises. As soon as it detects an employee with substance abuse, the application will send a notification to the employer suggesting that a particular employee may not be fit to work.

While the world is still exploring RPA and other forms of technology, Ramco is already treading into the future that not only addresses organisation pain points but also thinks of the upcoming events to keep them ready.



# Culture

Uniting even the most diverse



## Driving forth change, upgrading skills

A successful organisation is a blend of everything – its values, strong vision and mission, sharply defined goals and expectations, good infrastructure and its employees who will experience these every single work day. All of these factors come together to reflect on what corporate pundits emphasise a lot, the culture of an organisation.

Ramco ensures that every year, it innovates not just in terms of products but also for its employees, making the workplace a healthy and happy one. At Ramco, work culture is all about making the employees understand, value their work and feel content and at home. With employee friendly policies, comfortable and safe work

spaces, delicious and nutritious food available round the clock, professional self-enhancement programs and a culture that emphasises on work-life balance, Ramco looks at several aspects to foster a great working culture.

All these make the employees happy to be working at a space that helps in getting their creative juices flowing while bettering themselves in their careers. We dispel the myth of Monday morning blues and foster a culture that makes our employees say, “Thank-God-It’s-Monday!”

Ramco has offices across the globe with multi-cultural and multi-national employees. A special shout out for the efforts in striving towards maintaining a healthy gender parity at its offices.

## Chow down

At the entrance near our in-house artsy café, Fika, reads a line that hunger can hamper our productivity levels. Ramco firmly believes that, and ensures that employees are not hungry amidst their busy schedule. The food at the office is carefully planned, which is both tasty and delicious. Not to forget there is also a good variety of food for the employees that is offered here.

## Health first

Ramco believes that a healthy mind resides in a healthy body. Perhaps the reason why it takes initiatives to keep employees fit and healthy. Fitness sessions in the campus include cross-fit, yoga and Zumba. Any employee can walk into the Retreat space and get trained by fitness experts, without having to spend a penny. Employees are often given special discount coupons or offers to avail check-ups. On Women's Day, every woman in the office was given coupons for mammogram at a discounted price. Last year, we also conducted health check-up camps right within the campus including an eye check-up and general check-up, which saw many Ramco employees check their blood pressure levels among others.

## New look

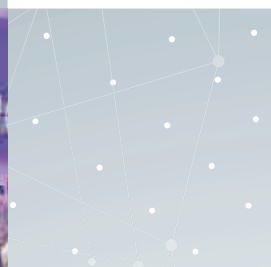
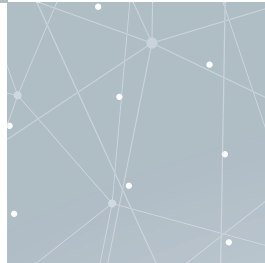
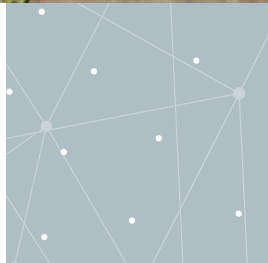
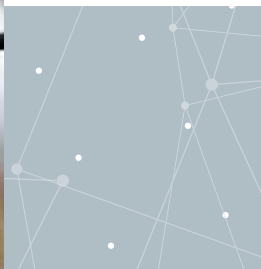
Last year, the training halls were revamped and wore a fresh look. Bright colours, inspiring quotes and trendy designs on the walls welcomed people into the training halls that are named after great philosophers - Plato, Aristotle and Galileo. In fact, Ramco invited employees to suggest these names and the winning entries were rewarded. Just another instance of how the organisation involves its employees.

That aside, we are also geographically expanding. We started a new office in Philippines, where close to 25 employees work.

## A kind offer

Perks of working at Ramco are aplenty. For instance, Ramco employees receive a promo offer for availing the services of Quick Ride, a car/bike pooling app. In tandem with our corporate philosophy of green governance and sustainability, we aim to help professionals carpool as well as connect with each other. Employees also enjoy special offers and discounted prices while availing services or shopping at several places. Ramco TREATS is the organisation's initiative to bring smiles beyond office. Ramco collaborated with various spas, salons, fitness clubs and restaurants to bring to its employees great deals and premium offers.





## Skilling it

With evolving trends and technology, Ramco makes sure that it matches the industry standards. And how does it achieve that? By organizing workshops and training programs to upskill employees from all levels. Some of them are:

- **4-week HCM Training:** The 2-week HCM product training program evolved into a 4-week module. The training and certification program for Ramco employees across the globe has been a hit, with people flaunting the certification on LinkedIn, that evinced interest from professionals in the field.
- **Project Manager Competency Building Framework:** There are several challenges including time, cost and other things when it comes to implanting a project. Project managers who manage this were identified and chosen to go through PM Competency Building Framework, a 6 month program that imparts knowledge on global standards of project management. While Chennai employees get trained in the office, employees from overseas offices like the US or Australia attend through webex.
- **DevOps Workshop:** As a first step, DevOps principles are now adopted in the early stages of software product development (Static Code Analysis) to identify issues early in the life cycle and to reduce the SW development timelines. Subsequent steps will be planned to implement full-fledged CI/CD (Continuous Integration /Continuous Development).
- **Logistics Training:** Logistics product training was introduced recently. The newly launched program is for people to familiarise themselves with Ramco's Logistics offerings. The program that is getting shaped will be fully functional by the end of the year.
- **Soft Skills Training:** From managing time to manners, Ramco gives its employees great opportunity to hone their soft skills. Available online for its employees, they are accessible to one and all, and the completion also earns them the certificates.

### 3. DIVIDEND AND APPROPRIATIONS

Your Directors have not recommended any dividend for the financial year 2018-19 and no appropriations have been made to general reserves.

### 4. INFORMATION ON SUBSIDIARIES AND ASSOCIATE

As on 31<sup>st</sup> March 2019, the Company has thirteen subsidiaries and an associate.

Ramco Systems Macau Limited, was incorporated on 3<sup>rd</sup> May 2019 as a wholly owned subsidiary of Ramco Systems Pte. Ltd., Singapore.

There has been no material change in the nature of the business of subsidiaries and associate during the year.

A statement containing the salient features of the financial statements of the Company's Subsidiaries' and Associate (in Form AOC-1) in accordance with Rule 5 of Companies (Accounts) Rules, 2014 is attached to the financial statements. Details of the performance and financial position of subsidiaries and associate and their contribution to the overall performance of the Company are available in AOC-1 and under Note No.34 (statutory group information) to the consolidated financial statements.

As required under Regulation 46(2)(h) of SEBI (LODR) Regulations, 2015, the Company's Material Subsidiary Policy is disclosed in the Company's website and its weblink is: <https://www.ramco.com/investor-relations/ramco-material-subsiidiary-policy.pdf> . The Company does not have any material subsidiary for the financial year 2018-19. For the financial year 2019-20 Ramco Systems Corporation, USA and Ramco Systems Pte Ltd., Singapore would be considered as material subsidiaries.

### 5. CONSOLIDATED FINANCIAL STATEMENTS

As required under Section 129(3) of the Companies Act, 2013 and Regulation 33 and 34 of SEBI (LODR) Regulations, 2015, the consolidated financial statements incorporating the accounts of subsidiary companies and associate company along with the Auditors' Report thereon forms part of this Annual Report.

As per Section 136(1) of the Companies Act, 2013 the financial statements including consolidated financial statements are available at the Company's website at the following link at [https://www.ramco.com/investor-relations/ramco\\_annual\\_report\\_2018-19.pdf](https://www.ramco.com/investor-relations/ramco_annual_report_2018-19.pdf) .

Separate audited / reviewed accounts in respect of the subsidiary companies are also made available at the Company's website at the following link at <https://www.ramco.com/investor-relations/investor-information/subsidiary-financials/>. The Company shall provide a copy of the same to any shareholder of the Company who asks for it.

### 6. CHANGES IN CAPITAL STRUCTURE

The Share Capital and the Securities Premium of the Company have undergone changes to the extent of allotment of equity shares to option grantees under the various Employee Stock Option Schemes (ESOS) of the Company, as below:

A total of 53,639 equity shares were allotted to the option grantees of the Company and its Subsidiaries during the year, pursuant to exercise of the vested options under ESOS 2008, ESOS 2009 - Plan A, ESOS 2009 - Plan B, ESOS 2013 and ESOS 2014.

The following table presents the allotment of equity shares by the Allotment Committee of the Board during the year:

<b>Date of allotment</b>	<b>No. of shares allotted</b>
26 <sup>th</sup> April 2018	12,822
14 <sup>th</sup> June 2018	10,798
2 <sup>nd</sup> August 2018	14,486
4 <sup>th</sup> October 2018	7,082
26 <sup>th</sup> November 2018	3,199
26 <sup>th</sup> February 2019	5,252
<b>Total</b>	<b>53,639</b>

# Ramco Systems Limited, INDIA

## 7. PUBLIC DEPOSITS

Your Company has not accepted any deposits within the meaning of Chapter V - Acceptance of Deposits by Companies under the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 from the public during the year and no deposits are outstanding as at the end of financial year.

## 8. BOARD OF DIRECTORS, COMMITTEES AND KEY MANAGERIAL PERSONNEL

The Independent Directors hold office for a fixed term of five (5) years and are not liable to retire by rotation. The Company has received necessary declarations from the Directors of the Company who have been classified as Independent Directors as on 31<sup>st</sup> March 2019 under Section 149(7) of the Companies Act, 2013, that they meet the criteria of independence as provided in Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI (LODR) Regulations, 2015. Independent Directors have also complied with the Code for Independent Directors prescribed in Schedule IV to the Act.

Shri M M Venkatachalam (DIN:00152619) and Shri R S Agarwal (DIN:00012594) were reappointed as Independent Directors for the second consecutive term of five (5) years starting from 1<sup>st</sup> April 2019 to 31<sup>st</sup> March 2024 and the same was approved by the Members by way of special resolution in the Twenty First Annual General Meeting held on 3<sup>rd</sup> August 2018.

Justice Shri P P S Janarthana Raja (Retd.) (DIN:06702871) has been co-opted as an Additional Director under Independent Director category to hold the office for five (5) consecutive years with effect from 29<sup>th</sup> August 2018, without being subject to retirement by rotation. Approval of the Members for his appointment is being sought at the ensuing Annual General Meeting (AGM).

The Company has issued letters of appointment to them. As required under Regulation 46(2)(b) of the SEBI (LODR) Regulations, 2015, the terms and conditions of appointment of Independent Directors are available at the Company's website at the following link at <https://www.ramco.com/investor-relations/independent-directors-terms-of-appointment.pdf>.

Smt. Soundara Kumar (DIN:01974515) was appointed as an Independent Director for a period of five (5) years from 27<sup>th</sup> March 2015 to 26<sup>th</sup> March 2020. She is eligible for reappointment for second consecutive term of five (5) years as Independent Director starting from 27<sup>th</sup> March 2020 to 26<sup>th</sup> March 2025. The Nomination and Remuneration Committee in its meeting held on 22<sup>nd</sup> May 2019 and Board of Directors at the meeting held on 22<sup>nd</sup> May 2019 have evaluated the performance of the Independent Directors and based on the contribution of the Directors, have recommended the reappointment of Smt. Soundara Kumar. In accordance with Section 149(10) of the Companies Act, 2013, approval of the Members through special resolution is being sought for her reappointment at the ensuing AGM.

Shri Sankar Krishnan (DIN:01597033) ceased to be an Independent Director from 22<sup>nd</sup> May 2019, consequent to his engagement as an advisor in a Promoter Group Company. Considering his expertise and contribution to the Company, it is felt that his continuity in the Board would be in the best interests of the Company. Based on the recommendation of the Nomination and Remuneration Committee he has been co-opted as an Additional Director, in the category of Non-Executive Non-Independent Director w.e.f. 22<sup>nd</sup> May 2019 upto the date of ensuing AGM. The Board has recommended his appointment as Director liable to retire by rotation at the ensuing AGM.

Shri P R Venketrama Raja, Director (DIN:00331406), Non-Executive Non-Independent Director retires by rotation at the ensuing AGM of the Company and being eligible offers himself for reappointment. The Board of Directors recommends the above reappointment for approval of the Members.

The brief resume and other details relating to Justice Shri P P S Janarthana Raja (Retd.), Smt. Soundara Kumar, Shri Sankar Krishnan and Shri P R Venketrama Raja, as stipulated under Regulation 36(3)(a) of the SEBI (LODR) Regulations, 2015 are furnished in the Notice of AGM.

The Audit Committee had four members, out of which three were Independent Directors. During the year, Shri R S Agarwal and Justice Shri P P S Janarthana Raja (Retd.) Independent Directors were inducted as Members of the Committee. The Committee have six members as detailed in the Corporate Governance Report. Pursuant to Section 177(8) of the Companies Act, 2013, it is reported that all the recommendations of the Audit Committee during the year were accepted by the Board.

In accordance with Section 178(3) of the Companies Act, 2013 and based upon the recommendation of the Nomination and Remuneration Committee, the Board of Directors had in its meeting held on 6<sup>th</sup> November 2014 approved a policy relating to appointment and remuneration of Directors, Key Managerial Personnel and Other Employees. As per

Proviso to Section 178(4), the salient features of the Nomination and Remuneration Policy should be disclosed in the Board's Report. Accordingly the following disclosures are given:

Salient features of the Nomination and Remuneration Policy:

The objective of the Policy is to ensure that:

- a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully;
- b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- c) remuneration to Directors, Key Managerial Personnel and senior management shall be appropriate to the working of the Company and its goals.

The composition of the Nomination and Remuneration Committee is in compliance with the Companies Act, 2013 and LODR. The Nomination and Remuneration policy is available at the Company's website at the following link at <https://www.ramco.com/investor-relations/ramco-nomination-and-remuneration-policy.pdf> .

As required under Regulation 25(7) of SEBI (LODR) Regulations, 2015, the Company has programmes for familiarisation for the Independent Directors. As required under Regulation 46(2) of SEBI (LODR) Regulations, 2015, the details of the Familiarisation Programme for Independent Directors are available at the Company's website, at the following link at <https://www.ramco.com/investor-relations/DIRECTORS-FAMILIARISATION-PROGRAMME.pdf> .

There were no changes in the Key Managerial Personnel during the year.

The Company had formulated a Code of Conduct for the Directors and Senior Management personnel and the same has been complied with.

## 9. BOARD EVALUATION

Pursuant to Section 134(3)(p) of the Companies Act, 2013 the Board of Directors have at their meeting held on 28<sup>th</sup> January 2019 made a formal annual evaluation of its own performance and that of its Committees and individual Directors including Independent Directors.

Pursuant to Regulation 25(4) of the SEBI (LODR) Regulations, 2015, Independent Directors have evaluated the quality, quantity and timeliness of the flow of information between the Management and the Board, Performance of the Board as a whole and its Members and other required matters.

The above mentioned evaluations were made taking into account the criteria laid down in this regard by the Nomination and Remuneration Committee like attendance, expertise and contribution made.

Pursuant to Regulation 17(10) of LODR, the Board of Directors have evaluated the performance of Independent Directors and observed the same to be satisfactory and their deliberations beneficial in Board / Committee meetings.

Pursuant to Regulation 4(2)(f)(ii) of LODR, the Board of Directors have reviewed and observed that the evaluation framework of the Board of Directors was adequate and effective.

The Board's observations on the evaluations for the previous year were similar to their observations for the year under review. No specific actions have been warranted based on current year observations. The Company would continue to familiarise its Directors on the industry, technological and statutory developments, which have a bearing on the Company and the industry, so that Directors would be effective in discharging their expected duties.

## 10. BOARD AND COMMITTEE MEETINGS

During the year, four Board Meetings were held. The details of the number and dates of Meetings of the Board and Committees held during the financial year indicating the number of Meetings attended by each Director are given in the Corporate Governance Report.

## 11. SECRETARIAL STANDARDS

As required under Clause 9 of Secretarial Standard on Meetings of the Board of Directors (SS-1), the Board of Directors confirm that the Company has complied with applicable Secretarial Standards.

# Ramco Systems Limited, INDIA

## 12. SIGNIFICANT AND MATERIAL ORDERS PASSED BY REGULATORS OR COURTS OR TRIBUNALS

Pursuant to Rule 8(5)(vii) of Companies (Accounts) Rules, 2014, it is reported that, no significant and material orders have been passed by the Regulators or Courts or Tribunals, impacting the going concern status and Company's operations in future.

## 13. INTERNAL FINANCIAL CONTROLS

In accordance with Section 134(5)(e) of the Companies Act, 2013, the Company has Internal Financial Controls Policy by means of Policies and Procedures commensurate with the size and nature of its operations and pertaining to financial reporting. In accordance with Rule 8(5)(viii) of Companies (Accounts) Rules, 2014, it is hereby confirmed that the Internal Financial Controls are adequate with reference to the financial statements.

## 14. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The particulars of the investments / loans / guarantees under Section 186(4) of the Companies Act, 2013 are provided under Note Nos. 7, 11, 31 and 34 forming part of standalone financial statements.

## 15. AUDITORS

### (I) STATUTORY AUDITOR

M/s.M.S.Jagannathan & N.Krishnaswami, Chartered Accountants, (FRN:001208S) have been appointed as the Statutory Auditors of the Company at the 20<sup>th</sup> AGM till the conclusion of the 25<sup>th</sup> AGM of the Company to be held in the year 2022. They have confirmed their eligibility in terms of Section 141(3) to continue as Statutory Auditors for the financial year 2019-20.

The reports issued by them on both Standalone and Consolidated financial statements for the year ended 31<sup>st</sup> March 2019, do not contain any qualification, reservation or adverse remark or disclaimer.

### (II) INTERNAL AUDITOR

M/s. SRSV & Associates, Chartered Accountants, (FRN:015041S) have been appointed as the Internal Auditors of the Company.

### (III) SECRETARIAL AUDITOR

M/s. S.Krishnamurthy & Co., Company Secretaries, have been appointed to conduct the Secretarial Audit of the Company. Pursuant to Section 204(1) of the Companies Act, 2013, the Secretarial Audit Report submitted by the Secretarial Auditors for the year ended 31<sup>st</sup> March 2019 is attached herewith as **Annexure A**. The report does not contain any qualification, reservation or adverse remark or disclaimer.

### (IV) COST RECORDS AND COST AUDIT

Maintenance of cost records and requirement of cost audit as prescribed under the provisions of Section 148(1) of the Companies Act, 2013 are not applicable to the business activity carried out by the Company.

(V) None of the Auditors of the Company have reported any fraud specified under the second proviso of Section 143(12) of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force).

## 16. EXTRACT OF ANNUAL RETURN

In accordance with Section 92(3) of the Companies Act, 2013, read with Rule 12(1) of Companies (Management and Administration) Rules, 2014, an extract of the Annual Return in Form MGT-9 for the year ended 31<sup>st</sup> March 2019 is attached herewith as **Annexure B**.

In accordance with Clause 22 of Secretarial Standard on Report of the Board of Directors (SS-4), a copy of the Annual Return for the year ended 31<sup>st</sup> March 2018 is available at the Company's website, at the following link at <https://www.ramco.com/investor-relations/Annual-Return-17-18.pdf> .



**17. CORPORATE SOCIAL RESPONSIBILITY (CSR)**

In terms of Section 135 and Schedule VII of the Companies Act, 2013, the Board of Directors have constituted a Corporate Social Responsibility (CSR) Committee and adopted a CSR Policy, in accordance with Schedule VII of the Companies Act, 2013. The CSR obligations pursuant to Section 135(5) of the Companies Act, 2013, for the year 2018-19 was Rs.9.27 Mln., and the same was spent in full during the year. Annual Report on CSR activities as prescribed under Companies (Corporate Social Responsibility Policy) Rules, 2014 is attached as **Annexure C**.

**18. VIGIL MECHANISM / WHISTLE BLOWER POLICY**

In accordance with Section 177(9) and (10) of the Companies Act, 2013 and Regulation 22 of the SEBI (LODR) Regulations, 2015, the Company has established a Vigil Mechanism and has a Whistle Blower Policy. The Policy provides the mechanism for the receipt, retention and treatment of complaints and to protect the confidentiality and anonymity of the stakeholders. The Company has also created a separate email id to which the complaints can be forwarded. The Corporate Ombudsman shall have the sole access to these. The Policy provides to the complainant access to the Chairman of the Audit Committee. The policy is available at the Company's website at the following link at <https://www.ramco.com/investor-relations/ramco-whistle-blower-policy.pdf> .

**19. PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE**

The Company has in place a Policy on Prevention and Redressal of Sexual Harassment in accordance with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013. The Policy is available in the intranet for access by employees.

Pursuant to Rule 8(5)(x) of Companies (Accounts) Rules, 2014, the Company has complied with the provisions relating to the constitution of Internal Complaints Committee under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

**20. RISK MANAGEMENT POLICY**

Pursuant to Section 134(3)(n) of the Companies Act, 2013 and Regulation 17(9) of SEBI (LODR) Regulations, 2015, the Company has developed and implemented a Risk Management Policy. The Policy envisages identification of risk and procedures for assessment and minimisation of risk thereof. The policy is available at the Company's website, at the following link at <https://www.ramco.com/investor-relations/Risk-Management-Policy.pdf> . There is no element of risk which in the opinion of the Board may threaten the existence of the Company.

**21. RELATED PARTY TRANSACTIONS**

Prior approval / omnibus approval have been obtained from Audit Committee for all Related Party Transactions and these transactions are periodically placed before the Audit Committee. All related party transactions that were entered into during the financial year were on arm's length basis and were in the ordinary course of business and not attracting Section 188(1) of the Companies Act, 2013. No transaction with the related party is material in nature, in accordance with Company's "Related Party Transaction Policy" and Regulation 23 of SEBI (LODR) Regulations, 2015. In accordance with Ind AS 24, the details of the transactions with the related parties are set out in the Disclosures forming part of Financial Statements.

As required under Regulation 46(2)(g) of SEBI (LODR) Regulations, 2015, the Company's Related Party Transaction Policy is available at the Company's website, at the following link at <https://www.ramco.com/investor-relations/ramco-related-party-transaction-policy.pdf> .

**22. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

Pursuant to Section 134(3)(m) of the Companies Act, 2013 and Rule 8(3) of Companies (Accounts) Rules, 2014, the information relating to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo are annexed to, and forms part of, this report as **Annexure D**.

# Ramco Systems Limited, INDIA

## 23. EMPLOYEE STOCK OPTION PLANS / SCHEMES AND EMPLOYEE STOCK PURCHASE SCHEME

The growth of the Company has, in large measure, been possible owing to the wholehearted support, commitment and teamwork of its personnel. Accordingly, the Company had instituted various Employee Stock Option Plans / Schemes (ESOP / ESOS) for the benefit of employees. The following schemes have been established by the Company:

- (A) Employee Stock Option Plan, 2000 (ESOP 2000)
- (B) Employee Stock Option Scheme, 2003 (ESOS 2003)
- (C) Employee Stock Option Scheme, 2004 (ESOS 2004)
- (D) Employee Stock Option Scheme, 2008 (ESOS 2008)
- (E) Employee Stock Option Scheme, 2009 - Plan A (ESOS 2009 - Plan A)
- (F) Employee Stock Option Scheme, 2009 - Plan B (ESOS 2009 - Plan B)
- (G) Employee Stock Option Scheme, 2013 (ESOS 2013)
- (H) Employee Stock Option Scheme, 2014 (ESOS 2014)

The Company has implemented Employee Share Purchase Plan, 1999 (ESPP 1999) and Employee Stock Purchase Scheme, 2004 (ESPS 2004).

The above plans / schemes are in compliance with the SEBI Regulations. During the year under review, no changes were made in the above said plans / schemes. Details regarding the above mentioned plans / schemes along with their status are annexed to, and forms part of, this report as **Annexure E**. In addition, the following details are disclosed.

Relevant disclosures in terms of the 'Guidance note on accounting for employee share-based payments' issued by ICAI and Diluted EPS on issue of shares pursuant to all the schemes covered under the regulations are disclosed in accordance with 'Ind AS 33 - Earnings Per Share' issued by ICAI.

The above information forms part of the Annual Report. The weblink to access the Annual Report is:

[https://www.ramco.com/investor-relations/ramco\\_annual\\_report\\_2018-19.pdf](https://www.ramco.com/investor-relations/ramco_annual_report_2018-19.pdf) .

Further, a certificate from Statutory Auditors, with respect to implementation of the above Employee Stock Option Schemes in accordance with SEBI Guidelines and the resolution passed by the Members of the Company, would be placed before the Members at the ensuing AGM and a copy of the same shall be available for inspection at the Corporate Office of the Company during normal business hours on any working day.

## 24. CORPORATE GOVERNANCE REPORT & AUDITOR'S CERTIFICATE

The Company has complied with the requirements regarding Corporate Governance as stipulated in SEBI (LODR) Regulations, 2015.

A detailed Corporate Governance Report of the Company as required under Schedule V(C) of SEBI (LODR) Regulations, 2015 along with the declaration on Code of Conduct and Secretarial Auditor's Certificate confirming Compliance with the conditions on Corporate Governance as stipulated under Schedule V(E) of SEBI (LODR) Regulations, 2015, is annexed to and forms part of, this report as **Annexure F, G & H**.

## 25. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

In terms of requirement of Regulation 34(2)(e) read with Schedule V(B) of SEBI (LODR) Regulations, 2015, a Management Discussion and Analysis Report elaborating upon the operations of the Company is annexed to and forms part of, this report as **Annexure I**.

## 26. BUSINESS RESPONSIBILITY REPORT (BRR)

Since, the Company is not under the category of top 500 listed companies based on market capitalisation as on 31<sup>st</sup> March 2019, it is not required to provide a BRR in the Annual Report 2018-19 in terms of Regulation 34(2)(f) of SEBI (LODR) Regulations, 2015.

**27. PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES**

The disclosures in terms of provisions of Section 197(12) of the Companies Act, 2013, read with Rule 5(1), (2) & (3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, relating to remuneration, are provided in this report as **Annexure K**.

Having regard to the first proviso to Section 136(1) of the Companies Act, 2013, the physical copy of the Annual Report excluding the aforesaid information is being sent to the members of the Company. The said information is available for inspection at the Registered Office of the Company during working hours and any member interested in obtaining such information may write to the Company Secretary and the same will be furnished on request. The full Annual Report including the aforesaid information is being sent electronically to all those members who have registered their email addresses and is also available on the Company's website.

**28. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY AFTER 31<sup>ST</sup> MARCH 2019**

There are no material changes and commitments affecting the financial position of the Company which have occurred between the 31<sup>st</sup> March 2019 and the date of this report, except as otherwise disclosed in this Report.

**29. INVESTOR EDUCATION AND PROTECTION FUND (IEPF)**

The Company does not have any amount of unclaimed/unpaid dividend or corresponding shares to be transferred to IEPF pursuant to Section 124 of the Companies Act, 2013.

**30. DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the requirement under Section 134(5) of the Companies Act, 2013, the Directors confirm that:

- a) in the preparation of the annual accounts for the year ended 31<sup>st</sup> March 2019, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March 2019 and of the profit of the Company for the year ended on that date;
- c) they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) they had prepared the annual accounts on a going concern basis;
- e) they had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- f) they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**ACKNOWLEDGEMENT**

Your Directors take this opportunity to convey their appreciation for the support and co-operation received during the year under review, from all the Government Authorities, Shareholders, Clients, Vendors, Partners, Bankers and other Business Associates. Your Directors wish to place on record their deep sense of appreciation for the dedicated and sincere services rendered by the Employees at all levels.

By Order of the Board,  
**For RAMCO SYSTEMS LIMITED**

Place : Chennai  
Date : 22<sup>nd</sup> May 2019

**P R VENKETRAMA RAJA**  
CHAIRMAN

### Form No. MR-3

#### Secretarial Audit Report for the financial year ended 31<sup>st</sup> March 2019

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To

**The Members,**

**RAMCO SYSTEMS LIMITED** [CIN: L72300TN1997PLC037550]

47, PSK Nagar, Rajapalayam – 626 108.

We have conducted a Secretarial Audit of the compliance of applicable statutory provisions and adherence to good corporate practices by RAMCO SYSTEMS LIMITED ('the Company') during the financial year from 1<sup>st</sup> April 2018 to 31<sup>st</sup> March 2019 ('the year' / 'audit period' / 'period under review').

We conducted the Secretarial Audit in a manner that provided us a reasonable basis for evaluating the Company's corporate conducts and statutory compliances and expressing our opinion thereon.

We are issuing this report based on:

- (i) Our examination / verification of the books, papers, minute books and other records maintained by the Company and furnished to us, forms and returns filed and compliance related action taken by the Company during the year as well as after 31<sup>st</sup> March 2019 but before the issue of this report;
- (ii) Compliance report on all laws applicable to the Company given by the Chief Executive Officer and the Chief Financial Officer of the Company and taken on record by the Board of Directors; and
- (iii) Representations made and information provided by the Company, its officers, agents and authorised representatives during our conduct of the Secretarial Audit.

In our opinion, during the audit period covering the financial year ended on 31<sup>st</sup> March 2019, the Company has complied with the statutory provisions listed hereunder; and also has Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

The members are requested to read this report along with our letter of even date annexed to this report as Annexure-1.

#### 1. Compliance with specific statutory provisions

We report that:

- 1.1. We have examined the books, papers, minute books and other records maintained by the Company and the forms, returns, reports, disclosures and information filed or disseminated during the year according to the applicable provisions/ clauses of the Acts, Rules, Regulations, Standards and Agreements set out hereunder.
- 1.2. During the period under review, and also considering the compliance related action taken by the Company after 31<sup>st</sup> March 2019 but before the issue of this report, to the best of our knowledge and belief and based on the records, information, explanations and representations furnished to us, the Company's compliance with the said applicable provisions/ clauses of the Acts, Rules, Regulations, Standards and Agreements are as set out hereunder.
- 1.3. The Company has complied with the following:
  - (i) The Companies Act, 2013 and the rules made thereunder ('the Act');
  - (ii) The Securities Contracts (Regulation) Act, 1956 and the rules made thereunder;
  - (iii) The Depositories Act, 1996 and the regulations and bye-laws framed thereunder;
  - (iv) The Foreign Exchange Management Act, 1999, and the rules and regulations made thereunder, to the extent of Foreign Direct Investment and Overseas Direct Investments ('FEMA');

- (v) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 ('SAST');
- (vi) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- (vii) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (viii) The listing agreements entered into by the Company with the National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) (Agreements) read with The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR), except that:
  - a) The Chairperson of the Audit Committee, Mrs. Soundara Kumar, was not present at the 21<sup>st</sup> Annual General Meeting held on 3<sup>rd</sup> August 2018 ('the 21<sup>st</sup> AGM') as required under Regulation 18(1)(d) of LODR and Mr. M. M. Venkatachalam, Member of the Audit Committee and the previous Chairman of the Audit Committee, who was authorised by the Board of directors, represented the Committee at the AGM; and
  - b) Regulation 33(1)(d) of LODR requires the listed entity to ensure that the limited review reports submitted to the stock exchanges on a quarterly basis are to be given only by an Auditor who has subjected himself to peer review process of the Institute of Chartered Accountants of India (ICAI) and holds a valid certificate issued by the Peer Review Board of ICAI. The Peer Review process of the Auditors was due for review on 1<sup>st</sup> June 2018. The Certificate was issued to the Auditors by the Peer Review Board of ICAI on 26<sup>th</sup> March 2019.
- (ix) The Software Technology Park (STP) Scheme based on Foreign Trade Policy of the Department of Commerce, Ministry of Commerce and Industry, Government of India which is specifically applicable to the Company's STP unit in Chennai.

1.4. The Company has generally/ broadly complied with:

- (i) The following Secretarial Standards issued by The Institute of Company Secretaries of India (Secretarial Standards):
  - (a) Meetings of the Board of Directors (SS-1) to the extent applicable to Board meetings held during the year; and
  - (b) On General Meetings (SS-2) to the extent applicable to the 21<sup>st</sup> AGM.

1.5. The Company was not required to comply with the following on account of non-applicability / non-occurrence of any relevant event during the year:

- (i) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of External Commercial Borrowings;
- (ii) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act, 2013, and dealing with the client;
- (iii) The Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 1998, which was replaced by the Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 2018 (with effect from 11<sup>th</sup> September 2018);
- (iv) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (v) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, which was replaced by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (with effect from 10<sup>th</sup> November 2018) (ICDR);
- (vi) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- (vii) Secretarial Standards on Dividend (SS-3) (non-mandatory) issued by the Institute of Company Secretaries of India; and
- (viii) Secretarial Standards on Board's Report (SS-4) (non-mandatory) issued by the Institute of Company Secretaries of India on 1<sup>st</sup> October 2018.

# Ramco Systems Limited, INDIA

## 2. Board processes

We further report that:

### 2.1 Board constitution and balance

- (a) The constitution of the Board of Directors of the Company during the year was in compliance with the applicable provisions of the Act and LODR.
- (b) As on 31<sup>st</sup> March 2019, the Board has:
  - (i) One Executive Director;
  - (ii) Two Non- Executive Non-Independent Directors; and
  - (iii) Five Non-Executive Independent Directors, including One Woman director.
- (c) The following changes took place in the composition of the Board of Directors during the year, in compliance with the provisions of the Act and LODR, wherever applicable:
  - (i) Re-appointment of Shri A V Dharmakrishnan (DIN: 00693181) as a director, upon retirement by rotation at the 21<sup>st</sup> Annual General Meeting held on 3<sup>rd</sup> August 2018 ('the 21<sup>st</sup> AGM').
  - (ii) Re-appointment of two Independent Directors, namely, Shri R S Agarwal (DIN: 00012594) and Shri M M Venkatachalam (DIN: 00152619) for a second term of five consecutive years from 1<sup>st</sup> April 2019 to 31<sup>st</sup> March 2024, which was approved at the 21<sup>st</sup> AGM.
  - (iii) Appointment of Shri Sankar Krishnan (DIN: 01597033) as an Independent Director in the category of Additional Director on 11<sup>th</sup> May 2018, which was approved at the 21<sup>st</sup> AGM, for a period of 5 (five) consecutive years from 11<sup>th</sup> May 2018 to 10<sup>th</sup> May 2023.
  - (iv) Appointment of Justice Shri P P S Janarthana Raja (Retd.) (DIN: 06702871) as an Additional Director in the category of Independent Director, with effect from 29<sup>th</sup> August 2018, subject to approval of the members.

### 2.2 Board meetings

- (a) Adequate notice was given to all the directors to enable them to plan their schedule for the Board meetings; and Notice of Board meetings were sent at least seven days in advance.
- (b) Agenda and detailed notes on agenda were sent to the directors at least seven days before the Board meetings. However, the following items were either circulated separately or at the Board meetings with the requisite consent as per SS-1:
  - (i) Supplementary agenda notes and annexures in respect of unpublished price sensitive information such as financial statements / results and related matters; and
  - (ii) Additional subjects/ information/ presentations and supplementary notes.

**2.3** A system exists for directors to seek and obtain further information and clarifications on the agenda items before the meetings and for their meaningful participation at the meetings.

**2.4** We note from the Minutes that, at the Board meetings held during the year:

- (i) Majority decisions were carried through; and
- (ii) No dissenting views were expressed by any Board member on any of the subject matters discussed, that were required to be captured and recorded as part of the Minutes.

## 3. Compliance mechanism

We further report that:

There are reasonably adequate systems and processes in the Company, commensurate with the Company's size and operations, to monitor and ensure compliance with applicable laws, rules, regulations and guidelines. The Company should take steps to further strengthen the compliance systems and processes, especially with regard to its wholly-owned foreign subsidiaries, commensurate with the expanding business operations and continuously increasing legal requirements.

**4. Specific events / actions**

4.1 During the year, the following specific events/ actions having a major bearing on the Company's affairs took place in pursuance of the above referred laws, rules and regulations:

(a) Allotment of shares under ESOP

An aggregate of 53,639 Equity Shares of Rs.10/- each were allotted for cash at the applicable exercise prices to eligible employees of the Company under various Employees Stock Option Schemes.

(b) Loans to wholly-owned subsidiaries

Loans were given to wholly-owned subsidiaries as follows:

- (i) SGD 66,55,000 to Ramco Systems Pte. Ltd., Singapore
- (ii) AUD 42,10,000 to Ramco Systems Australia Pty. Ltd., Australia
- (iii) AED 43,00,000 to Ramco Systems FZ-LLC, Dubai
- (iv) USD 6,60,000 to Ramco Systems Sdn. Bhd., Malaysia
- (v) USD 5,60,000 to Ramco System Inc., Philippines

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For **S Krishnamurthy & Co.,**  
**Company Secretaries**

**K. Sriram**  
**Partner**

Membership No: **F6312**  
Certificate of Practice No: **2215**

Place : Chennai  
Date : 22<sup>nd</sup> May 2019

# Ramco Systems Limited, INDIA

## Annexure – 1 to Secretarial Audit Report of even date

To

**The Members,**

**RAMCO SYSTEMS LIMITED** [CIN: L72300TN1997PLC037550]

47, PSK Nagar, Rajapalayam – 626 108.

**Our Secretarial Audit Report (Form MR-3) of even date for the financial year ended 31<sup>st</sup> March 2019 is to be read along with this letter.**

1. The Company's management is responsible for maintenance of secretarial records and compliance with the provisions of corporate and other applicable laws, rules, regulations and standards. Our responsibility is to express an opinion on the secretarial records produced for our audit.
2. We have followed such audit practices and processes as we considered appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records.
3. While forming an opinion on compliance and issuing this report, we have taken an overall view based on the compliance process / procedures followed by the Company, and also considered compliance related action taken by the Company after 31<sup>st</sup> March 2019 but before the issue of this report.
4. We have considered compliance related actions taken by the Company based on independent legal/ professional opinion / certification obtained as being in compliance with law.
5. We have verified the secretarial records furnished to us on a test basis to see whether the correct facts are reflected therein. We also examined the compliance procedures followed by the Company on a test basis. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
6. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
7. We have obtained the Management's representation about compliance of laws, rules and regulations and happening of events, wherever required.
8. Our Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

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For **S Krishnamurthy & Co.,**  
**Company Secretaries**

**K. Sriram**  
**Partner**

Membership No: **F6312**  
Certificate of Practice No: **2215**

Place : Chennai  
Date : 22<sup>nd</sup> May 2019



**Annexure B**
**Form No. MGT - 9**
**EXTRACT OF ANNUAL RETURN**

for the financial year ended on 31<sup>st</sup> March 2019 of Ramco Systems Limited  
[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the  
Companies (Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS:**

(i)	CIN	:	L72300TN1997PLC037550
(ii)	Registration Date	:	19 <sup>th</sup> February 1997
(iii)	Name of the Company	:	Ramco Systems Limited
(iv)	Category of the Company	:	Company Limited by Shares
	Sub-Category of the Company	:	Indian Non-Government Company
(v)	Address of the Registered office and contact details	:	47, PSK Nagar, Rajapalayam - 626 108 Phone: +91 4563 235688 Email: <a href="mailto:secretarial@ramco.com">secretarial@ramco.com</a>
(vi)	Whether listed Company	:	Yes
(vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	Cameo Corporate Services Limited 'Subramanian Building', No.1, Club House Road, Chennai – 600 002 Phone: +91 44 2846 0390 (5 Lines) Fax: +91 44 2846 0129 Email: <a href="mailto:investor@cameoindia.com">investor@cameoindia.com</a>

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:**

All the business activities contributing 10% or more of the total turnover of the Company shall be stated

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1.	Computer Programming, Consultancy and related activities	620	100
2.	Hosting and related activities	631	

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:**

Sl. No.	Name and address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
1.	Ramco Systems Corporation 136, Main Street (Forrestal Village), Suite 305, Princeton NJ 08540 USA	NA	Subsidiary	98%	2(87)(ii)
2.	Ramco Systems Limited Dorfplatz 3, CH - 4418 Reigoldswil Switzerland	NA	Subsidiary	100%	2(87)(ii)

## Ramco Systems Limited, INDIA

Sl. No.	Name and address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
3.	Ramco Systems Pte. Ltd. 79 Anson Road, #15-04/05 Singapore - 079906	NA	Subsidiary	100%	2(87)(ii)
4.	Ramco Systems Sdn. Bhd. 3B-5-3, Block 3B, Level 5 Plaza Sentral, Jalan Stesen Sentral 5, Kuala Lumpur – 50470 Malaysia	NA	Subsidiary	100%	2(87)(ii)
5.	RSL Enterprise Solutions (Pty) Limited No 5, Walnut Road, 2 <sup>nd</sup> Floor, Smart Xchange Building, Durban-4000 South Africa - PO No: 1228	NA	Subsidiary	100%	2(87)(ii)
6.	Ramco Systems Canada Inc. 25 <sup>th</sup> Floor, 666 Burrard Street, Vancouver, BC V6C 2X8, Canada	NA	Subsidiary of Sl. No.1	100% held by Sl.No.1	2(87)(ii)
7.	Ramco Systems FZ-LLC Suite No.210, 2 <sup>nd</sup> Floor, BT Building, EIB 04, Dubai Internet City, P O Box : 500189, Dubai – U.A.E.	NA	Subsidiary	100%	2(87)(ii)
8.	RSL Software Company Ltd. House number 306, Second Floor, Block 21, Riyadh, Khartoum, Sudan	NA	Subsidiary	100%	2(87)(ii)
9.	Ramco Systems Australia Pty Ltd. Level 17, 60, City Road, Southbank, Melbourne, VIC 3006, Australia	NA	Subsidiary	100%	2(87)(ii)
10.	Ramco System Inc. 17 <sup>th</sup> Floor, BDO Equitable Tower, 8751 Paseo de Roxas Makati, 1227 Metro Manila, Philippines	NA	Subsidiary	100%	2(87)(ii)
11.	Ramco Systems (Shanghai) Co. Ltd. Unit No. 336 Suite B, Floor 3 No 99 Gongping Road, Hongkou District, Shanghai	NA	Subsidiary	100%	2(87)(ii)
12.	PT Ramco Systems Indonesia The Executive Center, Suite 28 at Level 30, South Tower, Sampoerna Strategic Square, Jl. Jend. Sudirman Kav. 45-46, South Jakarta 12930, Indonesia	NA	Subsidiary	100%	2(87)(ii)
13.	Ramco System Vietnam Company Limited Room 24, 16 <sup>th</sup> Floor, Saigon Tower, 29 Le Duan Boulevard, District 1, Ho Chi Minh City	NA	Subsidiary	100%	2(87)(ii)
14.	City Works (Pty) Limited (earlier known as Redlex 47 (Pty) Limited) No 5, Walnut Road, 3 <sup>rd</sup> Floor, SmartXchange Building, Durban-4001, South Africa	NA	Associate of Sl. No.5	30% held by Sl. No.5	2(6)
15.	Ramco Systems Macau Limited Block G, 14 <sup>th</sup> Floor, China Plaza, No. 762-804 Avenida da Praia Grande, Macao Incorporated on 3 <sup>rd</sup> May 2019.	NA	Subsidiary of Sl. No. 3	100% held by Sl.No.3	2(87)(ii)

#### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

##### i) Category-wise Share Holding:

Category of Shareholders	No. of Shares held at the beginning of the year (01-04-2018)			% of Total Shares	No. of Shares held at the end of the year (31-03-2019)			% of Total Shares	% of Change during the Year
	Demat	Physical	Total		Demat	Physical	Total		
<b>(A) Promoter &amp; Promoter Group</b> (Promoter Group is as per the classification shown under Regulation 31 of SEBI (LODR) Reg, 2015 & SEBI (SAST) Regulations, 2011)									
<b>(a) Promoter</b>									
<b>(1) Indian</b>									
(a) Individual/HUF	33,53,366	-	33,53,366	10.98	33,53,366	-	33,53,366	10.96	(0.02)
(b) Central Govt	-	-	-	-	-	-	-	-	-
(c) State Govt (s)	-	-	-	-	-	-	-	-	-
(d) Bodies Corp.	-	-	-	-	-	-	-	-	-
(e) Banks / FI	-	-	-	-	-	-	-	-	-
(f) Any Other	-	-	-	-	-	-	-	-	-
<b>Sub-Total (A) (a) (1)</b>	<b>33,53,366</b>	<b>-</b>	<b>33,53,366</b>	<b>10.98</b>	<b>33,53,366</b>	<b>-</b>	<b>33,53,366</b>	<b>10.96</b>	<b>(0.02)</b>
<b>(2) Foreign</b>									
(a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
(b) Other - Individuals	-	-	-	-	-	-	-	-	-
(c) Bodies Corp.	-	-	-	-	-	-	-	-	-
(d) Banks / FI	-	-	-	-	-	-	-	-	-
(e) Any Other	-	-	-	-	-	-	-	-	-
<b>Sub-Total (A) (a) (2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>(b) Promoter Group</b>									
<b>(1) Indian</b>									
(a) Individual/HUF	11,90,182	-	11,90,182	3.90	11,77,795	-	11,77,795	3.85	(0.05)
(b) Central Govt	-	-	-	-	-	-	-	-	-
(c) State Govt (s)	-	-	-	-	-	-	-	-	-
(d) Bodies Corp.	1,21,75,979	-	1,21,75,979	39.87	1,22,04,679	-	1,22,04,679	39.89	0.02
(e) Banks / FI	-	-	-	-	-	-	-	-	-
(f) Any Other	-	-	-	-	-	-	-	-	-
<b>Sub-Total (A) (b) (1)</b>	<b>1,33,66,161</b>	<b>-</b>	<b>1,33,66,161</b>	<b>43.77</b>	<b>1,33,82,474</b>	<b>-</b>	<b>1,33,82,474</b>	<b>43.74</b>	<b>(0.03)</b>
<b>(2) Foreign</b>									
(a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
(b) Other - Individuals	-	-	-	-	-	-	-	-	-
(c) Bodies Corp.	-	-	-	-	-	-	-	-	-
(d) Banks / FI	-	-	-	-	-	-	-	-	-
(e) Any Other	-	-	-	-	-	-	-	-	-
<b>Sub-Total (A) (b) (2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Shareholding of Promoter &amp; Promoter Group (A) = (A) (a) (1) + (A) (a) (2)+(A) (b)(1) + (A) (b) (2)</b>	<b>1,67,24,527</b>	<b>-</b>	<b>1,67,24,527</b>	<b>54.75</b>	<b>1,67,35,840</b>	<b>-</b>	<b>1,67,35,840</b>	<b>54.70</b>	<b>(0.05)</b>

# Ramco Systems Limited, INDIA

Category of Shareholders	No. of Shares held at the beginning of the year (01-04-2018)			% of Total Shares	No. of Shares held at the end of the year (31-03-2019)			% of Total Shares	% of Change during the Year
	Demat	Physical	Total		Demat	Physical	Total		
<b>(B) Public Shareholding</b>									
<b>(1) Institutions</b>									
(a) Mutual Funds	26,88,662	300	26,88,962	8.80	31,58,287	300	31,58,587	10.32	1.52
(b) Banks/FI	52,690	150	52,840	0.17	55,300	150	55,450	0.18	0.01
(c) Central Govt	-	-	-	-	-	-	-	-	-
(d) State Govt (s)	-	-	-	-	-	-	-	-	-
(e) Venture Capital funds	-	-	-	-	-	-	-	-	-
(f) Insurance Companies	-	-	-	-	-	-	-	-	-
(g) FII's	4,77,358	-	4,77,358	1.56	4,77,358	-	4,77,358	1.56	-
(h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
(i) Others									
(a) Foreign Portfolio Investor (Corporate)	37,02,595	-	37,02,595	12.12	29,67,563	-	29,67,563	9.70	(2.42)
(b) Alternate Investment Funds	210,067	-	210,067	0.70	2,87,116	-	2,87,116	0.94	0.24
<b>Sub-Total (B)(1)</b>	<b>71,31,372</b>	<b>450</b>	<b>71,31,822</b>	<b>23.35</b>	<b>69,45,624</b>	<b>450</b>	<b>69,46,074</b>	<b>22.70</b>	<b>(0.65)</b>
<b>(2) Non- Institutions</b>									
(a) Bodies Corp									
i. Indian	8,67,727	559	8,68,286	2.84	6,42,355	559	6,42,914	2.10	(0.74)
ii. Overseas	-	-	-	-	-	-	-	-	-
(b) individuals									
i. Individual shareholders holding nominal share capital up to Rs. 1 lakh	26,66,820	1,07,816	27,74,636	9.09	29,88,401	89,235	30,77,636	10.06	0.97
ii. Individual shareholders holding nominal share capital in excess of Rs 1 lakh	20,42,528	85,567	21,28,095	6.97	20,61,140	28,217	20,89,357	6.83	(0.14)
(c) Others (Specify)									
Clearing Member	16,645	-	16,645	0.05	20,212	-	20,212	0.07	0.02
Foreign Nationals	10,178	4,100	14,278	0.05	10,178	4,100	14,278	0.05	-
Hindu Undivided Families	2,53,485	-	2,53,485	0.83	3,39,891	-	3,39,891	1.11	0.28
Non Resident Indians	6,32,409	-	6,32,409	2.07	7,26,620	-	7,26,620	2.38	0.31
Trusts	-	-	-	-	-	-	-	-	-
<b>Sub-Total (B)(2)</b>	<b>64,89,792</b>	<b>1,98,042</b>	<b>66,87,834</b>	<b>21.90</b>	<b>67,88,797</b>	<b>1,22,111</b>	<b>69,10,908</b>	<b>22.60</b>	<b>0.70</b>
<b>Total Public Shareholding (B) = (B) (1) + (B) (2)</b>	<b>1,36,21,164</b>	<b>1,98,492</b>	<b>1,38,19,656</b>	<b>45.25</b>	<b>1,37,34,421</b>	<b>1,22,561</b>	<b>1,38,56,982</b>	<b>45.30</b>	<b>0.05</b>
<b>C. Shares held by custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>3,03,40,691</b>	<b>1,98,492</b>	<b>3,05,39,183</b>	<b>100.00</b>	<b>3,04,70,261</b>	<b>1,22,561</b>	<b>3,05,92,822</b>	<b>100.00</b>	<b>0.00</b>

**(ii) Shareholding of Promoters / Promoter Group:**

**(a) Promoter**

Sl. No.	Shareholders' Name	Shareholding at the beginning of the year (As on 01-04-2018)			Shareholding at the end of the year (As on 31-03-2019)			% of Change in shareholding during the Year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares*	
1.	Shri P R Venketrama Raja	33,53,366	10.98	0.49	33,53,366	10.96	-	(0.02)
	<b>Total</b>	<b>33,53,366</b>	<b>10.98</b>	<b>0.49</b>	<b>33,53,366</b>	<b>10.96</b>	-	<b>(0.02)</b>

**(b) Promoter Group**

1.	Ramco Industries Limited	54,67,376	17.90	-	54,67,376	17.87	-	(0.03)
2.	The Ramco Cements Limited	54,17,810	17.74	-	54,17,810	17.71	-	(0.03)
3.	The Ramaraju Surgical Cotton Mills Ltd	12,739	0.04	-	12,739	0.04	-	-
4.	Smt. Nalina Ramalakshmi	3,22,649	1.06	-	3,22,649	1.05	-	(0.01)
5.	Smt. Sarada Deepa	2,66,954	0.87	-	2,54,567	0.83	-	(0.04)
6.	Smt.R Sudarsanam	2,90,615	0.95	-	2,90,615	0.95	-	-
7.	Smt. P V Nirmala	11,902	0.04	-	11,902	0.04	-	-
8.	Shri P V Abinav Ramasubramaniam Raja	1,10,332	0.36	-	1,10,332	0.36	-	-
9.	Smt. B Srisandhya Raju	1,10,670	0.36	-	1,10,670	0.36	-	-
10.	Smt. R Chittammal	77,060	0.25	-	77,060	0.25	-	-
11.	Ramco Agencies Private Limited	1,388	-	-	1,388	-	-	-
12.	Ramco Private Limited	3,713	0.01	-	3,713	0.01	-	-
13.	Rajapalayam Mills Limited	7,33,531	2.40	-	7,33,531	2.40	-	-
14.	Ramco Management Private Limited	300	-	-	300	-	-	-
15.	Ramco Industrial and Technology Services Limited (previously Ontime Industrial Services Limited)	5,39,122	1.77	-	5,67,822	1.86	-	0.09
	<b>Total</b>	<b>1,33,66,161</b>	<b>43.77</b>	<b>-</b>	<b>1,33,82,474</b>	<b>43.74</b>	<b>-</b>	<b>(0.03)</b>

\* 1,50,000 shares pledged by Shri P R Venketrama Raja, Promoter was released on 28<sup>th</sup> September 2018 and intimated to Stock Exchanges accordingly.

# Ramco Systems Limited, INDIA

## (iii) Change in Promoters / Promoter Group Shareholding:

### (a) Promoter

Sl. No.	Shareholding		Date	Increase / decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-2018 to 31-03-2019)	
	No. of Shares at the beginning (01-04-2018) / end of the year (31-03-2019)	% of total shares of the Company				No. of Shares	% of total shares of the Company
1.	33,53,366	10.98	1-Apr-2018	-	-	33,53,366	10.96
	33,53,366	10.96	31-Mar-2019				

### (b) Promoter Group

1.	1,33,66,161	43.77	01-Apr-18				
			06-Aug-18	(1,981)	Sale	1,33,64,180	43.71
			07-Aug-18	(278)	Sale	1,33,63,902	43.71
			14-Aug-18	(5,000)	Sale	1,33,58,902	43.69
			16-Aug-18	(1,000)	Sale	1,33,57,902	43.69
			17-Aug-18	(4,077)	Sale	1,33,53,825	43.67
			20-Aug-18	(51)	Sale	1,33,53,774	43.67
			12-Feb-19	12,100	Purchase	1,33,65,874	43.70
			19-Feb-19	16,600	Purchase	1,33,82,474	43.75
				1,33,82,474	43.75	31-Mar-19	

## (iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	Name	No. of Shares at the beginning (01-04-2018) / end of the year (31-03-2019)		Date*	Increase / Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-2018 to 31-03-2019)	
		No. of shares	% of total shares of the Company				No. of shares	% of total shares of the Company
1a	HDFC Trustee Company Limited-HDFC Equity Fund	13,83,900	4.53	01-Apr-18	-	-		
		13,83,900	4.52	31-Mar-19	-	-	-	-
1b	HDFC Trustee Company Limited-HDFC Prudence Fund	8,63,500	2.83	01-Apr-18	-	-		
		8,63,500	2.82	31-Mar-19	-	-	-	-
2	J O Hambro Capital Management Umbrella Fund PLC J O Hambro Capital Management Asia Ex Japan Fund	12,43,713	4.07	01-Apr-18				
				06-Apr-18	(8,211)	Sale	12,35,502	4.05
				04-May-18	(63,807)	Sale	11,71,695	3.84
				11-May-18	(19,950)	Sale	11,51,745	3.77
				18-May-18	(10,000)	Sale	11,41,745	3.74
				25-May-18	(69,982)	Sale	10,71,763	3.51
				08-Jun-18	(45,440)	Sale	10,26,323	3.36
				15-Jun-18	(1,47,414)	Sale	8,78,909	2.88
				06-Jul-18	(3,500)	Sale	8,75,409	2.86
				07-Sep-18	(16,340)	Sale	8,59,069	2.81
				14-Sep-18	(2,770)	Sale	8,56,299	2.80
				29-Mar-19	(24,163)	Sale	8,32,136	2.72
		8,32,136	2.72	31-Mar-19				

Sl. No.	Name	No. of Shares at the beginning (01-04-2018) / end of the year (31-03-2019)		Date*	Increase / Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-2018 to 31-03-2019)	
		No. of shares	% of total shares of the Company				No. of shares	% of total shares of the Company
3	Goldman Sachs India Fund Limited	8,10,357	2.65	01-Apr-18				
		8,10,357	2.65	31-Mar-19	-	-	-	-
4a	Ravikumar Ramkishore Sanwalka	4,67,199	1.53	01-Apr-18				
				08-Jun-18	300	Purchase	4,67,499	1.53
				15-Jun-18	(160)	Sale	4,67,339	1.53
				22-Jun-18	7,961	Purchase	4,75,300	1.56
				11-Jan-19	800	Purchase	4,76,100	1.56
				18-Jan-19	200	Purchase	4,76,300	1.56
				01-Mar-19	700	Purchase	4,77,000	1.56
				08-Mar-19	1,415	Purchase	4,78,415	1.56
				22-Mar-19	585	Purchase	4,79,000	1.57
				29-Mar-19	300	Purchase	4,79,300	1.57
4b	Ravi R Sanwalka	6,050	0.02	01-Apr-18				
				25-May-18	1,751	Purchase	7,801	0.03
				22-Jun-18	(7,801)	Sale	-	-
		-	-	31-Mar-19				
5	BT Funds Management Limited as Trustee of BT Asian Share Fund	4,77,358	1.56	01-Apr-18				
		4,77,358	1.56	31-Mar-19	-	-	-	-
6	Reliance Capital Trustee Co. Ltd-A/C Reliance small Cap Fund	-	-	01-Apr-18				
				18-May-18	27,270	Purchase	27,270	0.09
				25-May-18	46,732	Purchase	74,002	0.24
				15-Jun-18	1,14,937	Purchase	1,88,939	0.62
				29-Jun-18	50,000	Purchase	2,38,939	0.78
				13-Jul-18	41,195	Purchase	2,80,134	0.92
				20-Jul-18	17,670	Purchase	2,97,804	0.97
				27-Jul-18	30,960	Purchase	3,28,764	1.08
				05-Oct-18	50,000	Purchase	3,78,764	1.24
				26-Oct-18	31,815	Purchase	4,10,579	1.34
				02-Nov-18	10,410	Purchase	4,20,989	1.38
				09-Nov-18	15,225	Purchase	4,36,214	1.43
		16-Nov-18	1,817	Purchase	4,38,031	1.43		
		31-Mar-19						
7a	Sundaram Mutual Fund A/C Sundaram Smile Fund	3,70,000	1.21	01-Apr-18				
				11-May-18	33,594	Purchase	4,03,594	1.32
		4,03,594	1.32	31-Mar-19				
7b	Sundaram Mutual Fund A/C Sundaram Long Term Micro Cap Tax Advantage Fund Series III	28,000	0.09	01-Apr-18				
		28,000	0.09	31-Mar-19	-	-	-	-
8	Al Mehwar Commercial Investments LLC - (JOHO)	-	-	01-Apr-18				
				08-Jun-18	3,79,548	Purchase	3,79,548	1.24
		3,79,548	1.24	31-Mar-19				
9	TFL Pension Fund	3,14,906	1.03	01-Apr-18				
		3,14,906	1.03	31-Mar-19	-	-	-	-

# Ramco Systems Limited, INDIA

Sl. No.	Name	No. of Shares at the beginning (01-04-2018) / end of the year (31-03-2019)		Date*	Increase / Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-2018 to 31-03-2019)	
		No. of shares	% of total shares of the Company				No. of shares	% of total shares of the Company
10	Ashmore India Opportunities Fund	2,10,067	0.69	01-Apr-18				
				19-Oct-18	33,825	Purchase	2,43,892	0.80
				26-Oct-18	22,143	Purchase	2,66,035	0.87
				11-Jan-19	21,081	Purchase	2,87,116	0.94
		2,87,116	0.94	31-Mar-19				
11	Johcm Asia Ex-Japan Equity Fund	5,79,330	1.90	01-Apr-18				
				06-Apr-18	(18,040)	Sale	5,61,290	1.84
				13-Apr-18	(33,335)	Sale	5,27,955	1.73
				18-May-18	(30,953)	Sale	4,97,002	1.63
				06-Jul-18	(1,500)	Sale	4,95,502	1.62
				30-Nov-18	(1,774)	Sale	4,93,728	1.61
				07-Dec-18	(41,970)	Sale	4,51,758	1.48
				14-Dec-18	(95,500)	Sale	3,56,258	1.16
				21-Dec-18	(32,696)	Sale	3,23,562	1.06
				28-Dec-18	(10,585)	Sale	3,12,977	1.02
				04-Jan-19	(7,000)	Sale	3,05,977	1.00
				11-Jan-19	(31,664)	Sale	2,74,313	0.90
				18-Jan-19	(6,116)	Sale	2,68,197	0.88
		2,68,197	0.88	31-Mar-19				
12	Abu Dhabi Investment Council - (JOHO)	3,79,548	1.24	01-Apr-18				
				08-Jun-18	(3,79,548)	Sale	-	-
		-	-	31-Mar-19				

\* Date represents the date of the statement of beneficial positions of the members as furnished by the depositories or as declared by them where applicable.

## (v) Shareholding of Directors and Key Managerial Personnel:

### (a) Shareholding of Directors

Sl. No.	Name	Shareholding at the beginning(01-04-2018) / end of the year (31-03-2019)		Date	Increase / Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-2018 to 31-03-2019)	
		No. of shares	% of total shares of the Company				No. of shares	% of total shares of the Company
1	Shri P R Venketrama Raja	33,53,366	10.98	01-Apr-18				
		33,53,366	10.96	31-Mar-19	-	-	-	-
2	Shri P V Abinav Ramasubramaniam Raja	1,10,332	0.36	01-Apr-18	-	-		
		1,10,332	0.36	31-Mar-19			-	-
3	Shri A V Dharmakrishnan	1,70,692	0.56	01-Apr-18	-	-		
		1,70,692	0.56	31-Mar-19			-	-

Note: Other Directors did not hold any shares during the year.



**(b) Shareholding of Key Managerial Personnel:**

Sl. No.	Name	Shareholding at the beginning(01-04-2018) / end of the year (31-03-2019)		Date	Increase / Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-2018 to 31-03-2019)	
		No. of shares	% of total shares of the Company				No. of shares	% of total shares of the Company
1	Shri Virender Aggarwal (Chief Executive Officer)	2,24,583	0.74	01-Apr-18	-	-		
		2,24,583	0.73	31-Mar-19	-	-	-	-
2	Shri R Ravi Kula Chandran (Chief Financial Officer)	42,455	0.14	01-Apr-18	-	-		
		42,455	0.14	31-Mar-19	-	-	-	-
3.	Shri P R Karthic (Company Secretary)	-	-	01-Apr-18	-	-		
		-	-	31-Mar-19	-	-	-	-

**V. INDEBTEDNESS:**
**Indebtedness of the Company including interest outstanding / accrued but not due for payment (Rs. Mln.)**

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	88.44	278.00	-	366.44
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>88.44</b>	<b>278.00</b>	<b>-</b>	<b>366.44</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	606.81	2,401.32	-	3,008.13
Reduction	517.13	2,054.46	-	2,571.59
<b>Net Change</b>	<b>89.68</b>	<b>346.86</b>	<b>-</b>	<b>436.54</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	178.12	624.87	-	802.99
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>178.12</b>	<b>624.87</b>	<b>-</b>	<b>802.99</b>

# Ramco Systems Limited, INDIA

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

### A. Remuneration to Managing Director (MD), Whole-time Directors (WTD) and/or Manager: (Rs.)

Sl. No.	Particulars of Remuneration	Name of Manager / WTD	
		Shri P V Abinav Ramasubramaniam Raja	
1.	Gross Salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		10,80,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961		-
	(c) Profits in lieu of salary u/s 17(3) Income-tax Act, 1961		-
2.	Commission - as % of profit		-
3.	Contribution to Provident Fund		86,400
4.	Contribution towards Superannuation Fund / NPS		1,08,000
5.	Medical Reimbursement		-
6.	Gratuity on accrual basis		34,620
7.	Sitting Fees		1,20,000
	<b>Total (A)</b>		<b>14,29,020</b>
	Ceiling as per the Act		See note below

**Note:** Shri P V Abinav Ramasubramaniam Raja is the Managing Director of Ramco Industries Ltd from 4<sup>th</sup> June 2017 from where he drew remuneration, subject to his aggregate remuneration drawn from both the Companies limited to the higher of 3% of the net profits of the Company or Ramco Industries Ltd. His remuneration from Ramco Industries Ltd., during that period was Rs. 2,90,49,317/-.

### B. Remuneration to Other Directors: (Rs.)

Sl. No.	Particulars of Remuneration	Name of the Directors							Total Amount
		Shri P R Venketrama Raja	Shri M M Venkatachalam	Shri A V Dharmakrishnan	Shri R S Agarwal	Smt. Soundara Kumar	Shri Sankar Krishnan	Justice Shri P P S Janarthana Raja (Retd.)	
1.	Independent Directors								
	Fee for attending board / committee meetings	-	1,50,000	-	2,40,000	1,95,000	1,65,000	1,50,000	9,00,000
	<b>Total (1)</b>	-	<b>1,50,000</b>	-	<b>2,40,000</b>	<b>1,95,000</b>	<b>1,65,000</b>	<b>1,50,000</b>	<b>9,00,000</b>
2.	Other Non Executive Directors								
	Fee for attending board / committee meetings	1,20,000	-	2,25,000	-	-	-	-	3,45,000
	Others - Stock options exercised during the year	-	-	-	-	-	-	-	-
	<b>Total (2)</b>	<b>1,20,000</b>	<b>-</b>	<b>2,25,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,45,000</b>
	<b>Total (B) = (1+2)</b>	<b>1,20,000</b>	<b>1,50,000</b>	<b>2,25,000</b>	<b>2,40,000</b>	<b>1,95,000</b>	<b>1,65,000</b>	<b>1,50,000</b>	<b>12,45,000</b>
	Overall Ceiling as per the Act	1% of the net profit of the Company, calculated as per Sec.198 of the Companies Act, 2013 + Sitting Fees							
	<b>Total Managerial Remuneration (A+B)*</b>								<b>26,74,020</b>

\*Represents the total of remuneration to Managing Director, Manager / WTD and other Directors.

**C. Remuneration to Key Managerial Personnel other than MD / WTD / Manager:**

(Rs.)

Sl. No.	Particulars of Remuneration	Shri R Ravi Kula Chandran Chief Financial Officer	Shri P R Karthic Company Secretary	Total
1.	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	56,83,317	8,04,962	64,88,279
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary u/s 17(3) Income- tax Act, 1961	-	-	-
2.	Stock Option granted / exercised during the year (in numbers)	-	-	-
3.	Others, Retirement benefits	5,19,768	42,749	5,62,517
	<b>Total</b>	<b>62,03,085</b>	<b>8,47,711</b>	<b>70,50,796</b>

**Note:** Shri Virender Aggarwal, Chief Executive Officer is an employee of Ramco Systems Pte. Ltd. Singapore, a subsidiary of the Company, where his remuneration was USD 0.96 million (Rs.66.49 million) including USD 0.01 million (Rs.0.67 million) towards retrials. He did not draw any remuneration from Ramco Systems Limited, India.

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
<b>COMPANY / DIRECTORS / OTHER OFFICERS IN DEFAULT</b>					
Penalty			NIL		
Punishment					
Compounding					

**For and on Behalf of the Board**

Place : Chennai  
Date : 22<sup>nd</sup> May 2019

**P R VENKETRAMA RAJA**  
CHAIRMAN

### ANNUAL REPORT ON CSR ACTIVITIES

1. A brief outline of the Company's CSR policy:

The objective of the CSR Policy, amongst others, is to:

- a) Ensure an increased commitment at all levels in the organisation, to operate its business in an economically, socially & environmentally sustainable manner, while recognising the interests of all its stakeholders.
- b) To generate, through its CSR initiatives, a community goodwill for Ramco Systems Limited (RSL) and help reinforce a positive & socially responsible image of RSL as a corporate entity.

Weblink to the CSR Policy: <https://www.ramco.com/investor-relations/Corporate-Social-Responsibility-Policy.pdf>

2. The composition of the CSR Committee:

- a) Shri P R Venketrama Raja
- b) Shri M M Venkatachalam
- c) Shri A V Dharmakrishnan

3. Average net profit of the Company u/s 198 for the last three financial years (FY 2015-16 to 2017-18) = Rs.463.49 Mn.

4. Prescribed CSR expenditure = Rs.9.27 Mn. (2% of the amount as in item 3 above)

5. Details of CSR spent

- a) Total amount spent for the financial year = Rs.9.27 Mn.
- b) Amount unspent, if any; = Nil
- c) The manner in which the amount spent during the financial year is detailed below:

1	2	3	4	5	6	7	8
Sl. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or programmes (1) local area or other (2) specify the State and District, where projects or programmes were undertaken	Amount of outlay (Budget) projects or programmes – wise Rs.	Amount spent on the projects or programmes Sub-heads: (1) Direct expenditure on projects or programmes (2) Overheads Rs.	Cumulative expenditure upto the reporting period Rs.	Amount spent – direct or through implementing agency Rs.
1	Promoting education, including special education and employment enhancing vocation skills, especially, among children, women, elderly and the differently abled and livelihood enhancement projects (Clause (ii))	Education	In and around the Registered Office and Corporate Office	92,70,000	92,70,000	92,70,000	Through Agency - Shri Abhinava Vidyatheertha Seva Trust

The CSR Committee confirms that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Company.

**P R VENKETRAMA RAJA**  
CHAIRMAN OF CSR COMMITTEE

**M M VENKATACHALAM**  
DIRECTOR

## Annexure D

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

(Pursuant to Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of Companies (Accounts) Rules, 2014, the following information is furnished for the year ended 31<sup>st</sup> March 2019)

#### (A) Conservation of Energy:

Steps taken or impact on conservation of energy;

- (i) Completed the migration from conventional lightings system to LED based energy efficient system for the Corporate Office at Adyar.
- (ii) Steps taken by the company for utilizing the alternate sources of energy: - Nil
- (iii) Capital investment on energy conservation equipments:- Nil

#### (B) Technology Absorption:

- (i) Efforts made towards technology absorption:

The Ramco VirtualWorks (RVW) platform has been enhanced to support event messaging pub-sub (publish-subscribe) model with Kafka being the primary eventing hub. Enterprise application will now be able to publish events as they happen and the business can respond to the same as required by the context. On the other hand, REST API is the most logical, efficient and widespread standard for creation of APIs which paves way for horizontal growth in business by connecting with partners & suppliers seamlessly. This is a powerful way to integrate disparate systems which are complex in nature and varying in technology stack.

For instance, one of the solutions that we commercialized along with a customer partner of ours has helped them gain reputation for providing solutions superior to that of their competitor's, which has increased their top line (new customers) as well as bottom line (improved the utilization of their surplus components).

Another solution that we implemented for an environmental company in Middle East helped them in improvising their bottom line as they are able to have a very clear visibility of their blue-collared workers working across 7 different countries as at that moment.

As a part of our innovation initiatives, we created a partnership ecosystem comprising of:

- Technology Leaders like Microsoft, Google, Facebook
- Start-ups like XinFin, Intain
- Research institutes like National University of Singapore, Nanyang Technological University

Our innovations were built by millennials with strong analytical minds and high academic scores from across several countries! All these innovations have positively influenced the perceptions of our customers when they think about Ramco Systems. Not just that, it has helped our customers in being positioned as leaders in their respectable industry.

- (ii) Benefits derived:

The benefits arising of the R&D efforts can be categorised as below:

- With a majority of the audience relying more on their smartphone and tablets, Ramco's event messaging pub-sub (publish-subscribe) feature has come in handy for users to seamlessly receive push notifications on mobile phones, enabling them to interact with the application on the move, without unlocking their phone.
- Considering the increased adoption of REST APIs, we at Ramco have built an integration capability in our application that will help users quickly develop non-standard APIs and publish them instantly, to address their integration needs and that can be consumed by any 3rd party application.
- Our chatbot, Ramco Chia successfully influenced the top-line and helped in changing the perceptions of the customers positively, who visited Ramco's Innovation Lab in Singapore. This also led to the addition of prominent logos to our growing clientele.

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- By closely working with the technology leaders and our partner ecosystem, we at Ramco have been able to successfully deliver the latest technological innovations integrated with our enterprise application. An ERP integrated with Google Assistant, Facebook Messenger, and Amazon Alexa is now a reality, with Ramco.

(iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year) following information may be furnished:

- Technology Imported - Nil
- Year of import - Not applicable
- Has technology been fully absorbed - Not applicable
- If not fully absorbed, areas where absorption has not taken place, and the reasons thereof - Not applicable

(iv) Expenditure on R&D (Refer Note 5 to R&D Accounts) (Rs. Mln.)

<b>Particulars</b>	<b>Amount</b>
Capital	3.20
Recurring	418.11
<b>Total</b>	<b>421.31</b>
Total R&D expenditure as a percentage of total revenue	13.35%

### (C) Foreign Exchange Earnings and Outgo:

Foreign Exchange Earned in terms of actual inflows :	2,124.12
Foreign Exchange Outgo in terms of actual outflows :	359.13

For and on Behalf of the Board

Place : Chennai  
Date : 22<sup>nd</sup> May 2019

**P R VENKETRAMA RAJA**  
CHAIRMAN

## Annexure E

## DETAILS OF EMPLOYEE STOCK OPTION PLANS / SCHEMES

**(A) Employee Stock Option Plan 2000 (ESOP 2000)**

At the Extra-Ordinary General Meeting held on 28<sup>th</sup> August 2000, the Shareholders had approved an issue of 1,60,000 stock options, convertible into equity shares of Rs.10 each under Employee Stock Option Plan, 2000. The Compensation Committee, in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, framed a detailed scheme.

Further, the shareholders have approved the following amendments to ESOP 2000:

(a) Amendments approved at the Extra-Ordinary General Meeting held on 29<sup>th</sup> September 2006:

1. The options other than those vested in the first lot vests on a quarterly basis with the options under the first lot vesting at the end of one year from the date of Grant.
2. The exercise period has been increased to 10 years from the date of the vesting of the final lot.

(b) Amendments approved at the Annual General Meeting held on 27<sup>th</sup> July 2007:

In case of severance of employment as a part of the reconstitution / amalgamation / sell off or otherwise all options granted to the employee would vest immediately and the employee would be required to exercise the options within a period of 18 months from the date of severance instead of 3 months from the date of severance. In the event the options are not so exercised within such period, the unexercised options would lapse.

All the unexercised options have been cancelled, pursuant to the tendering for cancellation by the option holders, except for options, details of which are given in the table below:

**Details of options granted, vested and exercised as on 31<sup>st</sup> March 2019:**

Date of grant	Number of options granted	Vesting Period	Exercise Price (Rs.)	Options exercised and shares issued	Live vested options (net of cancellations and employee separations)
12 <sup>th</sup> April 2001	1,26,150	2 to 3 years	254 per option	11,750 shares*	Nil
14 <sup>th</sup> December 2003	67,700	3 years	254 per option**	19,950 shares	Nil
4 <sup>th</sup> October 2006	87,500	3 years	177 per option***	Nil	734 exercisable till 3 <sup>rd</sup> October 2019

\* 11,750 options were exercised at the rate of Rs.254 per option.

\*\* The price of the options were adjusted to Rs.227 per option for the Rights Issue 2003 exercise and further adjusted to Rs.223 per option for the Rights Issue 2005 exercise as per SEBI guidelines. 18,900 options were exercised at the rate of Rs.227 per option and 1,050 options were exercised at the rate of Rs.223 per option.

\*\*\* Consequent to the completion of Rights Issue 2013, the outstanding stock options on the record date for Rights Issue 2013 i.e., 23<sup>rd</sup> April 2014 were increased by a factor of 0.049156 per option and the exercise price of the stock options was revised downwards by multiplying the same with the factor of 0.9531, thus:

Plan	Original price (Rs.)	No. of options outstanding on 23 <sup>rd</sup> April 2014	Revised price (Rs.)	Revised no. of options
ESOP 2000	177	1,300	169	1,363

**(B) Employee Stock Option Scheme, 2003 (ESOS 2003)**

At the Extra-Ordinary General Meeting held on 9<sup>th</sup> April 2003, the Shareholders had approved an issue of 5,00,000 stock options convertible into equity shares of Rs.10 each. The Compensation Committee in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, framed a detailed scheme. Further, the shareholders had approved certain amendments to ESOS 2003 at the Extra-Ordinary General Meetings held on 29<sup>th</sup> September 2006 and 27<sup>th</sup> July 2007, as mentioned in (A) above.

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All the unexercised options have been cancelled, pursuant to the tendering for cancellation by the option holders, except for options, details of which are given in the table below:

## Details of options granted, vested and exercised as on 31<sup>st</sup> March 2019:

Date of grant	Number of options granted	Vesting Period	Exercise Price (Rs.)	Options exercised and shares issued	Live vested options (net of cancellations and employee separations)
14 <sup>th</sup> December 2003	4,64,500	3 years	284 per option*	37,975 shares*	Nil
1 <sup>st</sup> December 2005	9,200	3 years	266 per option	Nil	Nil
4 <sup>th</sup> October 2006	2,19,800	3 years	177 per option	Nil	944 exercisable till 3 <sup>rd</sup> October 2019
14 <sup>th</sup> July 2007	1,01,100	3 years	163 per option	Nil	Nil

\* The price of the options was adjusted to Rs.266 per option for the Rights Issue 2005 exercise as per SEBI guidelines. 36,350 options were exercised at the rate of Rs.284 per option and 1,625 options were exercised at the rate of Rs.266 per option post adjustment of exercise price.

Consequent to the completion of Rights Issue 2013, the outstanding stock options on the record date for Rights Issue 2013 i.e., 23<sup>rd</sup> April 2014 were increased by a factor of 0.049156 per option and the exercise price of the stock options was revised downwards by multiplying the same with the factor of 0.9531, thus:

Plan	Original price (Rs.)	No. of options outstanding on 23 <sup>rd</sup> April 2014	Revised price (Rs.)	Revised no. of options
ESOS 2003	177	1,900	169	1,994
	266	500	254	525

## (C) Employee Stock Option Scheme 2004 (ESOS 2004)

At the Extra-ordinary General Meeting held on 24<sup>th</sup> December 2004, the Shareholders had approved an issue of 9,00,000 options convertible into equity shares of Rs.10 each to the Key Managerial Personnel (including, but not limited to, Independent Directors, President and CEO) of the Company as well as Subsidiaries. The Compensation Committee in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, framed a detailed scheme. The options other than those vested in the first lot vests on a quarterly basis with the options under the first lot vesting at the end of one year from the date of grant.

Further, the Shareholders have approved the following amendments to the ESOS 2004:

(a) Amendments approved at the Extra-Ordinary General Meeting held on 29<sup>th</sup> September 2006:

1. The number of shares underlying the aggregate options that may be granted was increased to 12,00,000 equity shares of Rs.10 each from 9,00,000 equity shares of Rs.10 each.
2. Broad basing of the coverage of the scheme to the employees of the Company and its Subsidiaries at all levels as provided in other schemes instead of the scheme being applicable only to the senior level employees.

(b) Amendments approved at the Annual General Meeting held on 27<sup>th</sup> July 2007:

In case of severance of employment as a part of the reconstitution / amalgamation / sell off or otherwise all options granted to the employee would vest immediately and the employee would be required to exercise the options within a period of 3 months from the date of severance. In the event the options are not so exercised within such period, the unexercised options would lapse.



All the unexercised options have been cancelled, pursuant to the tendering for cancellation by the option holders, except for options, details of which are given in the table below:

**Details of options granted, vested and exercised as on 31<sup>st</sup> March 2019:**

Date of grant	Number of options granted	Vesting Period	Exercise Price (Rs.)	Options exercised and shares issued	Live vested options (net of cancellations and employee separations)
1 <sup>st</sup> December 2005	1,00,000	4 years	315 per option	Nil	Nil
4 <sup>th</sup> October 2006	7,47,350	4 years	177 per option	1,500 shares	Nil
14 <sup>th</sup> July 2007	3,00,500	4 years	163 per option	Nil	Nil
31 <sup>st</sup> October 2007	1,62,000	4 years	156 per option	Nil	Nil
6 <sup>th</sup> February 2008	20,000	4 years	165 per option	Nil	Nil
7 <sup>th</sup> August 2008	20,750	4 years	100 per option	Nil	Nil

**(D) Employee Stock Option Scheme, 2008:**

At the Extra-Ordinary General Meeting held on 18<sup>th</sup> September 2008, the shareholders had approved, an issue of 12,00,000 stock options convertible into equity shares of Rs.10 each. The Compensation Committee in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, framed a detailed scheme in this regard. The options granted have a vesting period of 4 years and exercise period of 10 years from the date of the vesting of the final lot. The options other than those vested in the first lot shall vest on a Quarterly basis. The options under the first lot shall vest at the end of one year from the date of grant.

Certain employees, being the option holders under ESOP 2000, ESOS 2003 and ESOS 2004, of the Company have surrendered the options for cancellation, owing to the then unfavorable stock market conditions, against grant of fresh options under ESOS 2008, made by the Compensation Committee of the Board of Directors of the Company, in its meeting held on 11<sup>th</sup> April 2009. The options were surrendered vide Letter of Release dated 5<sup>th</sup> May 2009 and the same was accepted by the Company. The surrendered options have been cancelled. Accordingly, no further options under ESOP 2000, ESOS 2003 and ESOS 2004 can be granted and the said schemes have been discontinued in respect of the cancelled options. However, there are few employees holding 3,700 options under the aforementioned schemes, representing the earlier grants under ESOP 2000, ESOS 2003 and ESOS 2004, which have not been tendered for cancellation and these options are exercisable in terms of the original grants under the respective schemes.

Initially, at the meeting of the Compensation Committee held on 11<sup>th</sup> April 2009, 11,28,875 options were granted to the eligible employees at a price of Rs.53 per share, with a vesting period of 4 years and an exercise period of 10 years from the date of vesting of the final lot. Further grants of options were made to eligible employees by the Compensation Committee as follows with a vesting period of 4 years and an exercise period of 10 years from the date of vesting of the final lot:

Date of the meeting	No. of options granted	Price per option (Rs.)
25 <sup>th</sup> June 2012	50,000	143 per share
23 <sup>rd</sup> August 2012	25,000	138 per share
7 <sup>th</sup> November 2012	50,000	125 per share
29 <sup>th</sup> July 2013	95,000	87 per share
7 <sup>th</sup> March 2014	65,000	241 per share
27 <sup>th</sup> March 2014	20,000	204 per share
<b>Total</b>	<b>3,05,000</b>	

Consequent to the completion of Rights Issue 2013, the outstanding stock options on the record date for Rights Issue 2013 i.e., 23<sup>rd</sup> April 2014 were increased by a factor of 0.049156 per option and the exercise price of the stock options was revised downwards by multiplying the same with the factor of 0.9531, thus:

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Plan	Original price (Rs.)	No. of options outstanding on 23 <sup>rd</sup> April 2014	Revised price (Rs.)	Revised no. of options
ESOS 2008	53	2,91,023	51	3,05,306
	87	95,000	83	99,670
	125	50,000	119	52,458
	138	25,000	132	26,229
	143	50,000	136	52,458
	204	20,000	194	20,983
	241	65,000	230	68,195

Details of options vested, exercised, lapsed etc. for ESOS 2008 during the year are given in Table 1 – “Option movement during the year 2018-19”, given at the end of this Annexure.

### (E) Employee Stock Option Scheme, 2009 – Plan A (ESOS 2009 – Plan A) & Employee Stock Option Scheme, 2009 – Plan B (ESOS 2009 – Plan B):

#### ESOS 2009 – Plan A:

The shareholders at the Twelfth Annual General Meeting held on 5<sup>th</sup> August 2009, have approved, an issue of 5,00,000 options convertible into equity shares of Rs.10 each with the number of options that could be granted to the Non- Executive Directors of the Company not exceeding 20,000 options per year and 1,00,000 options in aggregate. The Compensation Committee in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, framed detailed schemes in this regard.

At the meeting of the Compensation Committee held on 27<sup>th</sup> October 2009, 20,000 stock options were granted to Shri A V Dharmakrishnan, Non-Executive Director of the Company, at an exercise price of Rs.98 per share. Further 20,000 options were granted at the meeting of the Compensation Committee held on 22<sup>nd</sup> December 2011 at an exercise price of Rs.61 per share with a vesting period of 3 years and an exercise period of 10 years from the date of vesting of the final lot.

At the meeting of the Compensation Committee held on 2<sup>nd</sup> March 2010, 3,82,220 stock options were granted to the eligible employees, at an exercise price of Rs.94 per option.

During the year 2012-13, the Compensation Committee amended the key features of the ESOS 2009-Plan A under the powers granted by the Shareholders resolution passed on 5<sup>th</sup> August 2009. As per this, the Compensation Committee can fix the terms and conditions regarding vesting period and vesting pattern at the time of each grant under the scheme. Further to this, the Compensation Committee granted further 1,30,000 options to eligible employees of the Company on 17<sup>th</sup> May 2012. Out of the 1,30,000 options, 60,000 options were granted to Shri Virender Aggarwal, Chief Executive Officer of the Company, at an exercise price of Rs.115 per share, having a vesting period of 3 years and an exercise period of 10 years from the date of vesting of the final lot. The options other than those vested in the first lot shall vest on a quarterly basis. The options under the first lot shall vest at the end of one year from the date of grant. 20,000 options were granted to Shri A V Dharmakrishnan, Non-Executive Director of the Company, at an exercise price of Rs.10 per share, having a vesting period of 1 year and an exercise period of 10 years from the date of vesting. The remaining 50,000 options were granted to an eligible employee at an exercise price of Rs.10 per share, having a vesting period of 1 year and an exercise period of 10 years from the date of vesting.

During the year 2013-14, the Compensation Committee granted 5,000 options on 31<sup>st</sup> May 2013 at an exercise price of Rs.10 per share to Shri A V Dharmakrishnan, Non-Executive Director of the Company with a vesting period of 1 year and an exercise period of 10 years from the date of vesting.

During the year 2014-15, the Compensation Committee granted the following stock options on 8<sup>th</sup> August 2014 with a vesting period of 3 years and an exercise period of 10 years from the date of vesting of the final lot:

Category	Price (Rs.)	Number of options
Shri Virender Aggarwal, CEO	356	25,000
Other employees	356	1,05,000

Consequent to the completion of Rights Issue 2013, the outstanding stock options on the record date for Rights Issue 2013 i.e., 23<sup>rd</sup> April 2014 were increased by a factor of 0.049156 per option and the exercise price of the stock options was revised downwards by multiplying the same with the factor of 0.9531, thus:

Plan	Original price (Rs.)	No. of options outstanding on 23 <sup>rd</sup> April 2014	Revised price (Rs.)	Revised no. of options
ESOS 2009 – PLAN A	10	25,000	10	25,000
	61	20,000	58	20,983
	94	1,91,431	90	2,00,878
	98	20,000	93	20,983
	115	60,000	110	62,949

Details of options vested, exercised, lapsed etc., for ESOS 2009 Plan-A during the year are given in Table 1 – “Option movement during the year 2018-19”, given at the end of this Annexure.

#### ESOS 2009 – Plan B:

The shareholders at the Twelfth Annual General Meeting held on 5<sup>th</sup> August 2009, have approved, an issue of 7,50,000 options convertible into equity shares of Rs.10/- each with the number of options that could be granted to the Non-Executive Directors of the Company not exceeding 25,000 options per year and 1,50,000 options in aggregate. The Compensation Committee in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, framed detailed schemes in this regard.

At the meeting of the Compensation Committee held on 2<sup>nd</sup> March 2010, 5,73,330, options were granted to the eligible employees, at an exercise price of Rs.94 per share. The options granted have a vesting period of 3 years and an exercise period of 10 years from the date of vesting of the final lot. The options other than those vested in the first lot shall vest on a Quarterly basis. The options under the first lot shall vest at the end of one year from the date of grant.

During the year 2012-13, the Compensation Committee amended the key features of the ESOS 2009-Plan B under the powers granted by the Shareholders resolution passed on 5<sup>th</sup> August 2009. As per this, the Compensation Committee can fix the terms and conditions regarding vesting period and vesting pattern at the time of each grant under the scheme.

Further to this, the Compensation Committee granted further 85,000 options to eligible employees on 17<sup>th</sup> May 2012. Out of the 85,000 options, 25,000 options were granted to Shri A V Dharmakrishnan, Non-Executive Director of the Company, at an exercise price of Rs.10 per share, having a vesting period of 1 year and an exercise period of 10 years from the date of vesting. The balance 60,000 options were granted to Shri Virender Aggarwal, Chief Executive Officer of the Company, at an exercise price of Rs.115 per share, having a vesting period of 3 years and an exercise period of 10 years from the date of vesting of the final lot.

During the year 2014-15, the Compensation Committee granted the following stock options on 8<sup>th</sup> August 2014 with a vesting period of 3 years and an exercise period of 10 years from the date of vesting of the final lot:

Category	Price (Rs.)	Number of options
Shri A V Dharmakrishnan, Non-Executive Director	10	18,750
Shri Virender Aggarwal, CEO	10	25,000
Shri R Ravi Kula Chandran, CFO	10	6,250
	356	6,250
Other Employees	10	1,31,250
	356	1,13,750

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Consequent to the completion of Rights Issue 2013, the outstanding stock options on the record date for Rights Issue 2013 i.e., 23<sup>rd</sup> April 2014 were increased by a factor of 0.049156 per option and the exercise price of the stock options was revised downwards by multiplying the same with the factor of 0.9531, thus:

Plan	Existing price (Rs.)	Existing no. of options	Revised price (Rs.)	Revised no. of options
ESOS 2009 – Plan B	10	25,000	10	25,000
	94	2,95,210	90	3,09,750
	115	60,000	110	62,949

Details of options vested, exercised, lapsed etc., for ESOS 2009 Plan-B during the year are given in Table 1 – “Option movement during the year 2018-19”, given at the end of this Annexure.

### (F) Employee Stock Option Scheme, 2013 (ESOS 2013):

The shareholders at the Sixteenth Annual General Meeting held on 29<sup>th</sup> July 2013, have approved, an issue of 10,00,000 stock options convertible into equity shares of Rs.10 each with the number of stock options that could be granted to the Non-Executive Directors of the Company not exceeding 2,00,000 options per year and 4,00,000 options in aggregate. The Compensation Committee in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, framed detailed schemes in this regard.

During the year 2014-15, the Compensation Committee / Nomination and Remuneration Committee had granted the following number of stock options on various dates at various exercise prices:

Shri A V Dharmakrishnan, Non-Executive Director: 37,500 @ Rs.155 each and 18,750 @ Rs.356 each

Shri Virender Aggarwal, CEO: 50,000 @ Rs.155 each

Shri R Ravi Kula Chandran, CFO: 12,500 @ Rs.155 each

Other Employees: 20,500 @ Rs.10 each, 5,13,750 @ Rs.155 each, 22,500 @ Rs.250 each, 25,000 @ Rs.340 each, 7,000 @ Rs.348 each, 98,750 @ Rs.356 each, 7,500 @ Rs.426 each, 15,000 @ Rs.431 each, 17,500 @ Rs.462 each, 46,250 @ Rs.482 each, 27,500 @ Rs.679 each and 5,250 @ Rs.696 each.

During the year 2015-16, the Nomination and Remuneration Committee in its meeting held on 11<sup>th</sup> May 2015 had granted 11,875 stock options @ Rs.10 each, 23,750 stock options @ Rs.307 each and 26,875 stock options @ Rs.613 each.

All the above mentioned options granted have a vesting period of 3 years and an exercise period of 10 years from the date of vesting of the final lot.

Details of options vested, exercised, lapsed etc. for ESOS 2013 during the year are given in Table 1 – “Option movement during the year 2018-19”, given at the end of this Annexure.

### (G) Employee Stock Option Scheme, 2014 (ESOS 2014):

The shareholders vide postal ballot dated 12<sup>th</sup> September 2014 have approved, an issue of 10,00,000 stock options convertible into equity shares of Rs.10 each with the number of stock options that could be granted to the Non-Executive Directors of the Company not exceeding 2,00,000 options per year and 4,00,000 options in aggregate. The Compensation Committee in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, framed detailed schemes in this regard.

During the year 2015-16, the Nomination and Remuneration Committee had granted the following No. of stock options on various dates viz., 5<sup>th</sup> August 2015, 21<sup>st</sup> November 2015, 9<sup>th</sup> February 2016 and 4<sup>th</sup> March 2016 at various exercise prices viz., 26,875 stock options @ Rs.10 each, 18,000 stock options @ Rs.155 each, 12,500 stock options @ Rs.311 each, 13,750 stock options @ Rs.345 each, 10,000 stock options @ Rs.399 each, 12,500 stock options @ Rs.533 each, 6,250 stock options @ Rs.622 each, 6,875 stock options @ Rs.690 each, 5,000 stock options @ Rs.797 each and 15,750 stock options @ Rs.1,066 each.

During the year 2016-17, the Nomination and Remuneration Committee had granted the following stock options on various dates viz., 29<sup>th</sup> April 2016, 17<sup>th</sup> June 2016, 2<sup>nd</sup> August 2016, 30<sup>th</sup> August 2016 and 8<sup>th</sup> November 2016 at

various exercise prices viz., 20,625 stock options @Rs.10 each, 13,250 stock options @ Rs.377 each, 6,625 stock options @ Rs.753 each, 16,500 stock options @ Rs.351 each, 8,250 stock options @ Rs.701 each, 2,500 stock options @ Rs.332 each, 1,250 stock options @ Rs.663 each, 4,000 stock options @ Rs.257 each, 2,000 stock options @ Rs.513 each, 5,000 stock options @ Rs.222 each and 2,500 stock options @ Rs.443 each.

During the year 2017-18, the Nomination and Remuneration Committee had granted the following stock options on various dates viz., 29<sup>th</sup> May 2017, 21<sup>st</sup> July 2017, 11<sup>th</sup> September 2017, 13<sup>th</sup> October 2017, 2<sup>nd</sup> November 2017, 15<sup>th</sup> December 2017, 16<sup>th</sup> January 2018 and 8<sup>th</sup> March 2018 at various exercise prices viz .,45,000 stock options @ Rs.10 each, 12,500 stock options @ Rs.168 each, 5,000 stock options @ Rs.184 each, 10,000 stock options @ Rs.193 each, 2,500 stock options @ Rs.202 each, 7,500 stock options @ Rs.214 each, 22,500 stock options @ Rs.228 each, 17,500 stock options @ Rs.245 each, 12,500 stock options @ Rs.277 each, 6,250 stock options @ Rs.336 each, 2,500 stock options @ Rs.367 each, 5,000 stock options @ Rs.385 each, 1,250 stock options @ Rs.404 each, 3,750 stock options @ Rs.427 each, 11,250 stock options @ Rs.455 each, 8,750 stock options @ Rs.490 each and 6,250 stock options @ Rs.553 each.

During the year 2018-19, the Nomination and Remuneration Committee had granted the following stock options on various dates viz., 14<sup>th</sup> June 2018 and 4<sup>th</sup> October 2018 at various exercise prices viz .,20,000 stock options @ Rs.10 each, 20,000 stock options @ Rs.163 each, 20,000 stock options @ Rs.186 each, 10,000 stock options @ Rs.326 each and 10,000 stock options @ Rs.372 each.

All the above mentioned options granted have a vesting period of 3 years and an exercise period of 10 years from the date of vesting of the final lot.

Details of options vested, exercised, lapsed etc. for ESOS 2014 during the year are given in Table 1 – “Option movement during the year 2018-19”, given at the end of this Annexure.

**Table 1 – Option movement during the year 2018-19:**

Sl. No.	Particulars	ESOS 2008	ESOS 2009 – Plan A	ESOS 2009 – Plan B	ESOS 2013	ESOS 2014	Weighted Avg. Exercise prices (Rs.)
1.	Number of options outstanding at the beginning of the year	1,04,292	1,24,620	1,67,806	4,39,275	2,91,743	258.66
2.	Number of options granted during the year	-	-	-	-	80,000	177.00
3.	Number of options forfeited / lapsed during the year	1,532	714	1,762	5,372	83,983	266.51
4.	Number of options vested during the year	-	-	-	2,802	1,03,485	N.A.
5.	Number of options exercised during the year	734	5,068	4,429	14,958	19,654	116.74
6.	Number of shares arising as a result of exercise of options	734	5,068	4,429	14,958	19,654	N.A.
7.	Money realized by exercise of options (INR), if scheme is implemented directly by the Company	37,434	8,55,120	2,41,570	24,69,240	16,31,496	N.A.
8.	Loan repaid by the Trust during the year from exercise price received	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
9.	Number of options outstanding at the end of the year	1,02,026	1,18,838	1,61,615	4,18,945	2,68,106	257.82
10.	Number of options exercisable at the end of the year	1,02,026	1,18,838	1,61,615	4,18,945	1,27,241	266.14

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11.	Method of calculation of employee compensation cost	Fair Value, using Black Scholes Merton model				
12.	Fair value of the options for the year 2018-19 (using Black Scholes Merton model)	Rs.7.95 Mln.				
13.	Difference between employee compensation cost so computed using the intrinsic value for expensing of the options computed at Sl. No. 11 above and the employee cost that shall have been recognized if fair value of options computed at Sl. No. 12 above is used	Not Applicable				
14.	The impact of the difference mentioned in Sl. No. 13 above on profits and on EPS of the Company	Not Applicable				
15.	Weighted-average exercise prices and Weighted-average fair values of options for options whose exercise price either equals or exceeds or is less than the market price of the stock	Weighted average exercise price per option is Rs.257.82 Weighted average fair value per option is Rs.279.05				
16.	Weighted average share price at the date of exercise	The weighted average share price arising upon exercise of Options, based on the closing market price on National Stock Exchange of India Limited on the date of exercise of options (the date of allotment of shares by the Allotment Committee) for the year ended 31 <sup>st</sup> March 2019 was Rs.342.07				
17.	Range of Exercise Prices & Weighted Average remaining contractual life	Sl. No.	Particulars	As at 31 <sup>st</sup> March 2019		
				No. of Options Outstanding	Range of Exercise Prices (Rs.)	Weighted Average remaining contractual life (years)
		1.	ESOS 2008	1,02,026	51 to 230	7.07
		2.	ESOS 2009 – Plan A	1,18,838	10 to 356	7.46
		3.	ESOS 2009 – Plan B	1,61,615	10 to 356	6.92
		4.	ESOS 2013	4,18,945	10 to 696	8.50
		5.	ESOS 2014	2,68,106	10 to 1066	11.30
<b>Assumptions used during the year to estimate the fair value of options are given below:</b>						
i)	Weighted Average Market price	Rs. 389.09				
ii)	Weighted Average Exercise Price	Rs. 257.82				
iii)	Weighted Average Stock Volatility	11.42%				
iv)	Weighted Average Risk Free Interest Rate (%)	7.80				
v)	Weighted Average expected option life	10 years				
vi)	Weighted Average expected dividends	Dividend yield not considered				

vii)	Methodology for determination of volatility	<p>The volatility of the stock returns (closing price of the Company's stock on NSE) of the Company for the period of one year prior to the date of grant of options has been considered.</p> <p>The Company has not incorporated the early exercise of options. There are no market conditions attached to the grant and vest.</p>
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**Table 2 – Details of options granted in Financial Year 2018-19 (all grants under ESOS 2014) to:**

Key Managerial Personnel	Nil
Employees who received a grant in the year amounting to 5% or more of options granted during the year	<p>Shri Jayakrishnan R – Associate Vice President – Logistics: 10,000 options (2,500 @ Rs.10 each, 5,000 @Rs.186 each &amp; 2,500 @ Rs.372 each)</p> <p>Shri Naval Sabharwal–Vice President - Logistics: 25,000 options (6,250 @ Rs.10 each, 12,500 @ Rs.186 each &amp; 6,250 @ Rs.372 each)</p> <p>Shri Praveenkumar Ramachandran – Deputy General Manager - QMG: 5,000 options (1,250 @Rs.10 each, 2,500 @ Rs.186 each &amp; 1,250 @ Rs.372 each)</p> <p>Shri Anandkumar A: 20,000 options (5,000 @ Rs.10 each, 10,000 @ Rs.163 each &amp; 5,000 @ Rs.326 each)</p> <p>Smt. Jayalakshmi T N – Director (RDMS): 10,000 options (2,500@ Rs.10 each, 5,000 @ Rs.163 each &amp; 2,500 @ Rs.326 each)</p> <p>Shri Vikas Goel - Associate Vice President: 10,000 options (2,500 @ Rs.10 each, 5,000 @ Rs.163 each &amp; 2,500 @ Rs.326 each)</p>
Identified employees who were granted option, during the year equal to or exceeding 1% of the Issued Capital (excluding outstanding warrants and conversions) of the Company at the time of grant	Nil

**For and on Behalf of the Board**

Place : Chennai  
Date : 22<sup>nd</sup> May 2019

**P R VENKETRAMA RAJA**  
CHAIRMAN

### REPORT ON CORPORATE GOVERNANCE

[Pursuant to Schedule V(C) of SEBI (LODR) Regulations, 2015]

#### Company's Philosophy on Code of Corporate Governance

We are committed to maintaining high standards of Corporate Governance, protecting Customers', Shareholders' and other Stakeholders' interests. In line with this philosophy, we endeavor to maintain transparency at all levels through adoption of best Corporate Governance Practices. The basic governance framework reflecting the values of the entity are ingrained in the functions. The following is a report on the status and progress on major aspects of Corporate Governance for the year ended 31<sup>st</sup> March 2019.

#### 1. BOARD OF DIRECTORS

The Directors of the Company possess highest personal and professional ethics, integrity and values and are committed to representing the long-term interests of the Stakeholders. The basic responsibility of the Board is to provide effective governance over the Company's affairs exercising its reasonable business judgment on behalf of the Company.

The Board has an optimum combination of Executive, Non-Executive and Independent Directors, which ensures proper governance and management. The Chairman of the Board is a Non-Executive Promoter Director. As at 31<sup>st</sup> March 2019, the composition of the Company's Board of Directors is in conformity with the prescribed code of Corporate Governance by the Stock Exchanges. As required by the Code of Corporate Governance, not less than 50% of the Board of Directors consists of Independent Directors.

As mandated under Regulation 26(1) of the SEBI (LODR) Regulations, 2015, none of the Directors is a member in more than ten Committees nor any of them is a Chairperson of more than five committees across all listed entities in which they are Directors.

The Company was managed by the Manager in the designation of Whole Time Director, assisted by the Management Team headed by the Chief Executive Officer (CEO).

The Board reviews and approves strategy and oversees the performance to ensure that the long term objective of enhancing Stakeholders' value is achieved.

#### a) Composition of the Board and Category of Directors as on 31<sup>st</sup> March 2019

Sl. No.	Name of the Director	DIN	Category
1.	Shri P R Venketrana Raja	00331406	Chairman / Non Executive Promoter Director
2.	Shri P V Abinav Ramasubramaniam Raja	07273249	Manager / Executive Non Independent Director
3.	Shri M M Venkatachalam	00152619	Non Executive Independent Director
4.	Shri A V Dharmakrishnan	00693181	Non Executive Non Independent Director
5.	Shri R S Agarwal	00012594	Non Executive Independent Director
6.	Smt. Soundara Kumar	01974515	Non Executive Independent Director
7.	Shri Sankar Krishnan	01597033	Non Executive Independent Director
8.	Justice Shri P P S Janarthana Raja (Retd.)	06702871	Non Executive Independent Director

#### Note:

- Shri Sankar Krishnan, Non-Executive Independent Director was appointed on 11<sup>th</sup> May 2018 as an Additional Director by the Board of Directors and his appointment as a Director was subsequently approved by the shareholders in the AGM held on 3<sup>rd</sup> August 2018.
- Justice Shri P P S Janarthana Raja (Retd.), Non-Executive Independent Director was appointed on 29<sup>th</sup> August 2018 as an Additional Director by the Board of Directors and his appointment as a Director will be considered by the shareholders in the ensuing AGM.



The Board of Directors have confirmed that all the Independent Directors fulfil the conditions specified in LODR as on 31<sup>st</sup> March 2019 and are independent of the management.

During the year under review, no Independent Director has resigned.

In accordance with Clause C(2)(h)(i) of Schedule V read with Regulations 34(3) of LODR, the Board of Directors have identified the following Core Skills / Expertise / Competencies, required for Board Members in the context of Company's business and sectors, to function effectively.

List of Core Skills / Expertise / Competencies required	Available with the Board
Expert knowledge in Information Technology	Yes
Banking and Financial Management	Yes
Legal Knowledge	Yes
General Administration	Yes
Knowledge on International Business and Economic Affairs	Yes
Strategy Management	Yes
Business Management	Yes
Project Management	Yes
Tax Planning and Management	Yes
Knowledge on Environmental Laws	Yes
Risk Management including Foreign Exchange Management	Yes

List of Directorship and category of Directorship held in other listed companies:

Name of the Director	Name of the Company	Category of Directorship
Shri P R Venketrana Raja	The Ramco Cements Limited	Executive & Non-Independent
	Ramco Industries Limited	Non-Executive & Non-Independent
	Rajapalayam Mills Limited	Non-Executive & Non-Independent
	The Ramaraju Surgical Cotton Mills Limited	Non-Executive & Non-Independent
Shri P V Abinav Ramasubramaniam Raja	Ramco Industries Limited	Executive & Non-Independent
	Rajapalayam Mills Limited	Non-Executive & Non-Independent
Shri M M Venkatachalam	The Ramco Cements Limited	Non-Executive & Independent
	Coromandel International Limited	Non-Executive & Non-Independent
	E.I.D.-Parry (India) Limited	Non-Executive & Non-Independent
	Coromandel Engineering Company Limited	Non-Executive & Non-Independent
Shri A V Dharmakrishnan	Rajapalayam Mills Limited	Non-Executive & Non-Independent
Shri R S Agarwal	The Ramco Cements Limited	Non-Executive & Independent
	Ramco Industries Limited	Non-Executive & Independent
	Suryalakshmi Cotton Mills Limited	Non-Executive & Independent
Smt. Soundara Kumar	Rajapalayam Mills Limited	Non-Executive & Independent
	Tamilnadu Newsprint & Papers Limited	Non-Executive & Independent
	Orchid Pharma Limited	Nominee Director
	Shanthi Gears Limited	Non-Executive & Independent
	Bank of Baroda	Shareholder Director
Shri Sankar Krishnan	Nil	Nil
Justice Shri P P S Janarthana Raja (Retd.)	Rajapalayam Mills Limited	Non-Executive & Independent
	The Ramaraju Surgical Cotton Mills Limited	Non-Executive & Independent

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The number of other Boards or Board Committees in which the Director is a Member or Chairperson as on 31<sup>st</sup> March 2019 are given below:

Name of the Director	Other Directorships*	Committee Position**	
		Chairperson	Member
Shri P R Venketrama Raja	8	3	6
Shri P V Abinav Ramasubramaniam Raja	3	-	-
Shri M M Venkatachalam	7	2	6
Shri A V Dharmakrishnan	6	-	2
Shri R S Agarwal	4	2	4
Smt. Soundara Kumar	7	1	4
Shri Sankar Krishnan	1	-	1
Justice Shri P P S Janarthana Raja (Retd.)	2	2	3

\* Public Limited Companies, other than Ramco Systems Limited.

\*\* Audit Committee and Stakeholders' Relationship Committee of Public Limited Companies, other than Ramco Systems Limited.

## Disclosure of relationships between Directors inter-se:

None of the Directors are related to any other Director except Shri P R Venketrama Raja and Shri P V Abinav Ramasubramaniam Raja who are related to each other as father and son.

## b) Board Meetings and Attendance

The Board met four times during the financial year 2018-19 viz., 23<sup>rd</sup> May 2018, 2<sup>nd</sup> August 2018, 31<sup>st</sup> October 2018 and 28<sup>th</sup> January 2019. Details of attendance of each Director at the Board Meetings held during the year and at the last Annual General Meeting (AGM) of the Company are as follows:

Name of the Director	Attendance	
	Board Meetings	Last AGM
Shri P R Venketrama Raja	4	Yes
Shri P V Abinav Ramasubramaniam Raja	4	Yes
Shri M M Venkatachalam	2	Yes
Shri A V Dharmakrishnan	4	Yes
Shri R S Agarwal	4	Yes
Smt. Soundara Kumar	3	No
Shri Sankar Krishnan (appointed w.e.f. 11 <sup>th</sup> May 2018)	2	No
Justice Shri P P S Janarthana Raja (Retd.) (appointed w.e.f. 29 <sup>th</sup> August 2018)	2	NA

The Board of Directors periodically review Compliance Reports pertaining to all laws applicable to the Company. No non-compliance was reported during the year under review.

The Board also satisfies itself that plans are in place for orderly succession for appointment of Board of Directors and Senior Management.

A Code of Conduct has been laid out for all Members of the Board and Senior Management suitably incorporating the duties of Independent Directors as laid down in the Companies Act, 2013 and the same is available at the Company's website, at the following link at <https://www.ramco.com/investor-relations/code-of-conduct-business-ethics.pdf>.

The minimum information to be placed before the Board of Directors at their meeting, as specified in Part A of Schedule II of SEBI (LODR) Regulations, 2015 have been adequately complied with.

Details of Familiarisation Programme for Independent Directors

The details of the familiarisation programme for Independent Directors are available at the Company's website, at the following link at <https://www.ramco.com/investor-relations/DIRECTORS-FAMILIARISATION-PROGRAMME.pdf>.

## 2. AUDIT COMMITTEE

The Company has a qualified and independent Audit Committee with all its members being Non-Executive Directors, to oversee the accounting and financial governance of the Company. The Chairperson of the Committee is an Independent Director.

### a) Composition

The Audit Committee of the Board comprises of the following Directors:

Sl. No.	Name of the Director	No. of Meetings attended
1.	Smt. Soundara Kumar, Chairperson of the Committee	3
2.	Shri M M Venkatachalam	2
3.	Shri A V Dharmakrishnan	4
4.	Shri Sankar Krishnan	3
5.	Shri R S Agarwal	3
6.	Justice Shri P P S Janarthana Raja (Retd.)	2

#### Note:

The Committee has been reconstituted during the year, with the induction of new Members as below:

- Shri Sankar Krishnan, Non-Executive Independent Director was inducted as Member of the Audit Committee on 11<sup>th</sup> May 2018.
- Shri R S Agarwal, Non-Executive Independent Director was inducted as Member of the Audit Committee on 19<sup>th</sup> July 2018.
- Justice Shri P P S Janarthana Raja (Retd.), Non-Executive Independent Director was inducted as Member of the Audit Committee on 29<sup>th</sup> August 2018.

During the year, the Committee met four times, viz., 22<sup>nd</sup> May 2018, 2<sup>nd</sup> August 2018, 31<sup>st</sup> October 2018 and 28<sup>th</sup> January 2019.

The Chairman, the Whole Time Director, the Chief Executive Officer, the Chief Financial Officer, the Statutory Auditor and the Internal Auditor have attended all the meetings of the Audit Committee as invitees. The Company Secretary is the Secretary to the Committee. The Secretarial Auditors are invited to attend the meeting of the Audit Committee when their reports are tabled for discussion.

Against the requirement of a minimum of two thirds of the Audit Committee being Independent Directors as stipulated in Regulation 18(1)(b) of SEBI (LODR) Regulations, 2015, which amounts to 4, the number of Independent Directors in the Audit Committee is 5.

### b) Brief description of terms of reference

The terms of reference of the Committee, which are in line with the requirements of the Part C of Schedule II of SEBI (LODR) Regulations, 2015 as amended from time to time and the provisions of Section 177 of the Companies Act, 2013, include the following:

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- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
- Evaluation of internal financial controls and risk management systems;
- Reviewing the adequacy of internal audit function;
- Reviewing the functioning of the Whistle Blower mechanism;
- Other roles and responsibilities as prescribed by the SEBI (LODR) Regulations, 2015 and Companies Act, 2013;

During the year the terms of reference were enlarged by including the following w.e.f. 1<sup>st</sup> April 2019:

Reviewing the utilization of loans and/ or advances from/investment by the holding Company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments.

### 3. NOMINATION AND REMUNERATION COMMITTEE

#### a) Composition

The Nomination and Remuneration Committee discharges the functions as envisaged by the Companies Act, 2013 and the SEBI (LODR) Regulations, 2015 as amended from time to time.

The Nomination and Remuneration Committee comprises of the following Non-Executive Directors and the Chairperson of the Committee is an Independent Director:

Sl. No.	Name of the Director	No. of Meetings attended
1.	Shri M M Venkatachalam, Chairperson of the Committee	4
2.	Shri A V Dharmakrishnan	5
3.	Shri Sankar Krishnan (w.e.f. 11 <sup>th</sup> May 2018)	1

#### Note:

The Committee has been reconstituted during the year, with the induction of new Members as below:

- Shri R S Agarwal, Non-Executive Independent Director was inducted as Member of Nomination and Remuneration Committee on 7<sup>th</sup> May 2018 and continued till 11<sup>th</sup> May 2018.
- Shri Sankar Krishnan, Non-Executive Independent Director was inducted as Member of Nomination and Remuneration Committee on 11<sup>th</sup> May 2018.

During the year the Committee met five times, viz., 8<sup>th</sup> May 2018, 22<sup>nd</sup> May 2018, 14<sup>th</sup> June 2018, 22<sup>nd</sup> August 2018 and 4<sup>th</sup> October 2018.

#### b) Brief description of terms of reference

The terms of reference include the following:

- Identifying persons who are qualified to become Directors and who may be appointed in Senior Management and their removal.
- Formulation of Criteria for evaluation of Independent Directors and the Board
- Evaluation of the Directors' performance
- Formulating the criteria for determining qualification, positive attributes and independence of a Director and to recommend to the Board a policy relating to the remuneration for the Directors, Key Managerial Personnel and other Employees.
- Formulation of detailed terms and conditions of Share Based Employee Benefits Scheme, administration and supervision of the same.

During the year the terms of reference were enlarged by including the following w.e.f. 1<sup>st</sup> April 2019:

Recommend to the Board, all remuneration, in whatever form, payable to Senior Management.

c) **Nomination and Remuneration Policy**

The Nomination and Remuneration Policy ensures that the level and composition of remuneration is reasonable, the relationship of remuneration to performance is clear and appropriate to the long term goals of the Company. The said Policy is available in the Company's website, at the following link at <https://www.ramco.com/investor-relations/ramco-nomination-and-remuneration-policy.pdf>.

The Nomination and Remuneration Committee has laid down evaluation criteria for performance evaluation of Independent Directors, which will be based on attendance, expertise and contribution brought in by the Independent Directors at the Board and Committee Meetings, which shall be taken into account at the time of reappointment of Independent Director(s).

d) **Remuneration to the Directors**

The details of remuneration paid to Directors are given in Form No. MGT-9, forming part of annexure to Board of Directors' Report.

(i) **Remuneration to Non-Executive Directors during the Financial Year 2018-19**

The Non-Executive Directors were paid the following sitting fees per meeting:

Particulars	(Rs.)
Board Meeting	30,000
Audit Committee Meeting	30,000
Meeting of Independent Directors	30,000

**Note:**

Sitting fee for attending the Board meetings, Audit Committee meetings and meeting of Independent Director has been increased to Rs.30,000 per meeting with effect from 23<sup>rd</sup> May 2018. No sitting fee is payable for attending the meetings of any other Committees of the Board, unless approved by the Board.

The Non-Executive Directors were paid remuneration only by way of sitting fees for attending meetings of Board and Committees thereof. The details of sitting fees paid during the financial year 2018-19 are as follows:

Name of the Director	Board Meeting (Rs.)	Committee Meeting (Rs.)	Total (Rs.)
Shri P R Venketrama Raja	1,20,000	-	-
Shri M M Venkatachalam	60,000	90,000*	1,50,000
Shri A V Dharmakrishnan	1,20,000	1,05,000	2,25,000
Shri R S Agarwal	1,20,000	1,20,000*	2,40,000
Smt. Soundara Kumar	90,000	1,05,000*	1,95,000
Shri Sankar Krishnan	60,000	1,05,000*	1,65,000
Justice Shri P P S Janarthana Raja (Retd.)	60,000	90,000*	1,50,000

\* Includes fee of Rs.30,000 for the meeting of Independent Directors.

(ii) **Remuneration to Executive Directors**

Particulars of Remuneration	Name of Manager / WTD
	Shri P V Abinav Ramasubramaniam Raja
Salary	10,80,000
Retirement benefits	2,29,020
Bonuses	-
Stock Options	-
Performance Linked incentives	-
Sitting Fees	1,20,000
<b>Total</b>	<b>14,29,020</b>

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(iii) **Stock options granted to Non-Executive Directors**

During the year there were no stock options granted to or exercisable by any Non-Executive Directors.

(iv) **The details of the shares held by the Directors of the Company as at 31<sup>st</sup> March 2019 are as follows:**

Name of the Director	No. of shares held	Percentage to Capital
Shri P R Venketrama Raja	33,53,366	10.96
Shri P V Abinav Ramasubramaniam Raja	1,10,332	0.36
Shri A V Dharmakrishnan	1,70,692	0.56
<b>Total</b>	<b>36,34,390</b>	<b>11.88</b>

Other Directors did not hold any shares at any point of time during the year.

(v) **Pecuniary relationship / transactions of Non-Executive Directors:**

There are no pecuniary relationship or transactions of Non-Executive Directors vis-a-vis the Company, other than fees for attending Meetings of the Board and its Committees.

## 4. STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Company attaches highest importance to Investor Relations. The Committee discharges the functions as envisaged by the Companies Act, 2013 and the SEBI (LODR) Regulations, 2015 to focus on the prompt and effective redressal of the Shareholders' grievances and strengthening of Investor Relations.

a) **Composition**

The Stakeholders' Relationship Committee comprises of the following Directors:

Sl. No.	Name of the Director	No. of Meetings attended
1.	Shri P R Venketrama Raja, Chairperson of the Committee	5
2.	Shri A V Dharmakrishnan	6
3.	Shri P V Abinav Ramasubramaniam Raja	5
4.	Justice Shri P P S Janarthana Raja (Retd.)	4

**Note:**

The Committee has been reconstituted during the year, with the induction of new Members as below:

- Shri P V Abinav Ramasubramaniam Raja, Executive Non-Independent Director was inducted as Member of Stakeholders' Relationship Committee on 11<sup>th</sup> May 2018.
- Justice Shri P P S Janarthana Raja (Retd.), Non-Executive Independent Director was inducted as Member of Stakeholders' Relationship Committee on 29<sup>th</sup> August 2018.

During the year, the Committee met six times viz., 20<sup>th</sup> April 2018, 15<sup>th</sup> May 2018, 28<sup>th</sup> November 2018, 13<sup>th</sup> December 2018, 26<sup>th</sup> February 2019 and 30<sup>th</sup> March 2019.

b) **Brief description of terms of reference**

The Committee's main focus is on the basic rights of the Shareholders including, Transfer of Shares, Transmission / Transposition of Shares, Issue of Duplicate / Split Certificates, Sub Division / Consolidation of Shares, Consolidation of Folios, Dematerialisation / Rematerialisation of Shares, Change of address, non receipt of the Refund Orders, non receipt of the Share Certificates and such other issues relating to investor relations.

During the year the terms of reference were enlarged by including the following w.e.f. 1<sup>st</sup> April 2019:

- Resolving the grievances of the security holders of the listed entity including complaints related to transfer/ transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/ duplicate certificates, general meetings etc.
- Review of measures taken for effective exercise of voting rights by shareholders.

- Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.
- Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company.
- Various aspects of interest of shareholders, debenture holders and other security holders.

c) **Status of Shareholders' Grievances as at 31<sup>st</sup> March 2019**

No. of complaints received during the year	Nil
Number of complaints not solved to the satisfaction of shareholders	Nil
Number of pending complaints	Nil

d) **Name and designation of Compliance Officer**

Shri P R Karthic, Company Secretary is the Compliance Officer as per Regulation 6 of SEBI (LODR) Regulations, 2015.

**5. OTHER COMMITTEES OF THE BOARD OF DIRECTORS**

i) **ALLOTMENT COMMITTEE**

a) **Composition**

The Board of Directors has constituted an Allotment Committee with the following Members:

Sl. No.	Name of the Director	No. of Meetings attended
1.	Shri M M Venkatachalam, Chairperson of the Committee	6
2.	Shri P R Venketrama Raja	4
3.	Shri P V Abinav Ramasubramaniam Raja	5

**Note:**

The Committee has been reconstituted during the year, with the induction of new Member as below:

Shri P V Abinav Ramasubramaniam Raja, Executive Non-Independent Director was inducted as Member of Allotment Committee on 11<sup>th</sup> May 2018.

During the year, the Committee met six times, viz., 26<sup>th</sup> April 2018, 14<sup>th</sup> June 2018, 2<sup>nd</sup> August 2018, 4<sup>th</sup> October 2018, 26<sup>th</sup> November 2018 and 26<sup>th</sup> February 2019.

b) **Brief description of terms of reference**

The scope of the Committee comprises of allotment of shares and/or securities arising out of the stock option schemes, Rights Issues, Public Issues, Preferential Issues etc. The Meetings of the Committee are held based on the requirements for the business to be transacted.

ii) **FUND RAISING COMMITTEE**

a) **Composition**

The Board of Directors, at the meeting held on 6<sup>th</sup> November 2014, had constituted Fund Raising Committee with the following Members:

Sl. No.	Name of the Director
1.	Shri M M Venkatachalam
2.	Shri P R Venketrama Raja
3.	Shri A V Dharmakrishnan
4.	Shri P V Abinav Ramasubramaniam Raja

**Note:**

The Committee has been reconstituted during the year, with the induction of new Members as below:

Shri P V Abinav Ramasubramaniam Raja, Executive Non-Independent Director was inducted as Member of Fund Raising Committee on 11<sup>th</sup> May 2018.

During the year, the Committee did not meet.

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b) **Brief description of terms of reference**

The scope of the Committee comprises of overseeing the entire fund raising programme of the Company.

iii) **Corporate Social Responsibility Committee**

a) **Composition**

Sl. No.	Name of the Director	No. of Meetings attended
1.	Shri P R Venketrama Raja, Chairperson of the Committee	2
2.	Shri M M Venkatachalam	1
3.	Shri A V Dharmakrishnan	2

During the year, the Committee met two times, viz., 22<sup>nd</sup> May 2018 and 28<sup>th</sup> January 2019.

b) **Brief description of terms of reference**

The scope of the Committee comprises of the following:

- Formulate and recommend CSR Policy to the Board.
- Recommend amount of CSR expenditure on any project / program / activities to the Board.
- Establish a monitoring mechanism for implementation of the projects/programs/activities undertaken by the Company.
- Ensure that the CSR activities undertaken by the Company is in conformity with activities listed in Schedule VII to the Companies Act, 2013.

iv) **Rights Issue 2013 Committee (upto 23<sup>rd</sup> May 2018)**

**Composition**

Sl. No.	Name of the Director
1.	Shri M M Venkatachalam
2.	Shri V Jagadisan (upto 16 <sup>th</sup> March 2018)
3.	Shri P R Venketrama Raja
4.	Shri A V Dharmakrishnan

The Committee did not meet during the year.

The Rights Issue 2013 Committee had been dissolved at the Board Meeting held on 23<sup>rd</sup> May 2018.

## 6. MEETING OF INDEPENDENT DIRECTORS

The Independent Directors of the Company had met during the year on 28<sup>th</sup> January 2019 as stipulated under Regulation 25(3) of SEBI (LODR) Regulations, 2015.

## 7. GENERAL BODY MEETINGS

- (i) The following are the details of Date, Location and Time of the General Meetings held during last three financial years:

Date	Meeting	Location	Time
3 <sup>rd</sup> August 2018	AGM	P.A.C.R. Centenary Community Hall, Sudarsan Gardens, P.A.C. Ramasamy Raja Salai, Rajapalayam - 626 108	11.45 A.M.
4 <sup>th</sup> August 2017	AGM	P.A.C.R. Centenary Community Hall, Sudarsan Gardens, P.A.C. Ramasamy Raja Salai, Rajapalayam - 626 108	11.45 A.M.
4 <sup>th</sup> August 2016	AGM	P.A.C.R. Centenary Community Hall, Sudarsan Gardens, P.A.C. Ramasamy Raja Salai, Rajapalayam - 626 108	11.45 A.M.



(ii) Details of Special Resolutions passed in the previous three Annual General Meetings:

Date of the AGM	Subject Matter of the Special Resolution
3 <sup>rd</sup> August 2018	(i) Reappointment of Shri M M Venkatachalam (DIN:00152619), as an Independent Director from 1 <sup>st</sup> April 2019 to 31 <sup>st</sup> March 2024. (ii) Reappointment of Shri R S Aggarwal (DIN:00012594), as an Independent Director from 1 <sup>st</sup> April 2019 to 31 <sup>st</sup> March 2024.
4 <sup>th</sup> August 2017	Appointment of Shri P V Abinav Ramasubramaniam Raja (DIN:07273249) as a whole time key managerial personnel in the position of Manager, with the designation as Whole Time Director.
4 <sup>th</sup> August 2016	Reappointment of Shri P R Venketrama Raja, as Managing Director from 1 <sup>st</sup> April 2017 in order to align the term with the financial year being followed by the Company i.e., 1 <sup>st</sup> April to 31 <sup>st</sup> March.

## 8. POSTAL BALLOT

No Special Resolutions on matters requiring Postal Ballot were passed during the year under review. No Special Resolution is proposed to be passed through Postal Ballot as on date.

## 9. CEO / CFO CERTIFICATION

Shri P V Abinav Ramasubramaniam Raja, Whole Time Director, Shri Virender Aggarwal, Chief Executive Officer and Shri R Ravi Kula Chandran, Chief Financial Officer have certified compliance as stipulated under Regulation 17(8) of the SEBI (LODR) Regulations, 2015 in relation to the Annual Financial Statements for the year 2018-19.

## 10. CODE OF CONDUCT

Declaration signed by the Whole Time Director and Chief Executive Officer of the Company under Regulation 17(5) read with Schedule V(D) of SEBI (LODR) Regulations, 2015 is given in **Annexure G**.

## 11. INFORMATION REGARDING UNCLAIMED SHARES

The Company has no unclaimed shares that are required to be transferred to Unclaimed Suspense Account. Accordingly, Regulation 39(4) read with Schedule VI of the SEBI (LODR) Regulations, 2015 is not applicable to the Company.

## 12. MEANS OF COMMUNICATION

The quarterly, half yearly and annual financial results of the Company were being published in English in Business Standard (All Editions) and in Makkal Kural. The results were also displayed on the Company's website [www.ramco.com](http://www.ramco.com). Press Releases made by the Company and gist of the investor calls from time to time are also displayed on the Company's website.

## 13. GENERAL SHAREHOLDER INFORMATION

### a) Details of the forthcoming Twenty Second Annual General Meeting

1.	Date	8 <sup>th</sup> August 2019
2.	Day	Thursday
3.	Time	11.45 A.M.
4.	Venue	P.A.C.R. Centenary Community Hall, Sudarsan Gardens, P.A.C. Ramasamy Raja Salai, Rajapalayam – 626 108

# Ramco Systems Limited, INDIA

## b) Financial Calendar for 2019-20 (tentative)

The financial year of the Company is April - March of every year and the tentative details of the financial calendar for the year 2019-20 are as under:

Financial Results for the Quarter ending 30 <sup>th</sup> June 2019	Between 15 <sup>th</sup> July & 14 <sup>th</sup> August 2019
Financial Results for the Quarter ending 30 <sup>th</sup> September 2019	Between 15 <sup>th</sup> October & 14 <sup>th</sup> November 2019
Financial Results for the Quarter ending 31 <sup>st</sup> December 2019	Between 15 <sup>th</sup> January & 14 <sup>th</sup> February 2020
Financial Results for the year ending 31 <sup>st</sup> March 2020	Between 15 <sup>th</sup> May & 30 <sup>th</sup> May 2020
Twenty Third Annual General Meeting of the Company, for the year ending 31 <sup>st</sup> March 2020	July / August 2020

## c) Listing on Stock Exchanges

The equity shares of the Company are listed on the following Stock Exchanges with the stock codes as indicated against each Stock Exchange:

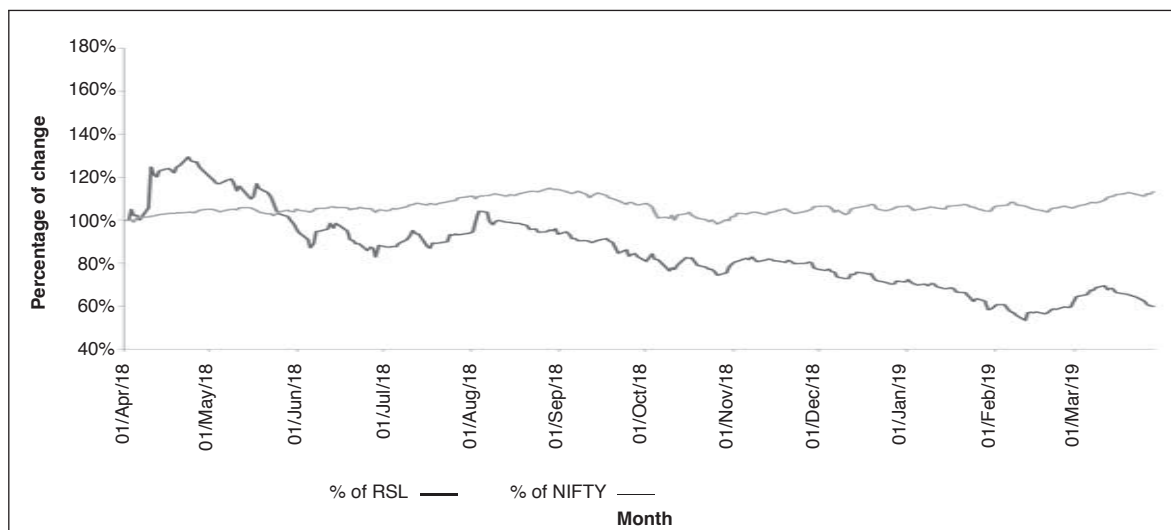
Name of the Stock Exchange	Address	Stock Code
BSE Limited	Phiroze Jheejeebhoy Towers, Dalal Street, Mumbai – 400 001	532370
National Stock Exchange of India Limited	Exchange Plaza, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (E) Mumbai - 400 051	RAMCOSYS

The listing fees for the financial year 2019-20 have been paid to the BSE Limited and the National Stock Exchange of India Limited, where the shares of the Company are listed.

## d) Details of the Share price movements in the BSE Limited and National Stock Exchange of India Limited

Month	BSE			BSE Sensex		NSE			NSE Nifty	
	Share Price (Rs.)		Volume Traded	High	Low	Share Price (Rs.)		Volume Traded	High	Low
	High	Low				High	Low			
Apr-18	520.85	357.00	6,25,450	35,213.30	32,972.56	515.00	355.05	43,26,543	10,759.00	10,111.30
May-18	475.00	366.00	2,34,345	35,993.53	34,302.89	477.55	365.35	9,38,395	10,929.20	10,417.80
Jun-18	387.15	318.10	5,50,972	35,877.41	34,784.68	390.00	318.30	10,84,984	10,893.25	10,550.90
Jul-18	380.25	333.90	79,371	37,644.59	35,106.57	379.90	332.95	6,35,009	11,366.00	10,604.65
Aug-18	413.90	355.00	1,15,321	38,989.65	37,128.99	411.90	348.85	7,97,687	11,760.20	11,234.95
Sep-18	368.75	312.50	56,472	38,934.35	35,985.63	369.70	309.45	3,17,621	11,751.80	10,850.30
Oct-18	334.00	279.90	61,963	36,616.64	33,291.58	335.00	262.65	4,36,159	11,035.65	10,004.55
Nov-18	324.05	295.50	17,957	36,389.22	34,303.38	324.00	296.45	1,50,692	10,922.45	10,341.90
Dec-18	313.70	266.00	80,138	36,554.99	34,426.29	315.00	265.00	7,22,890	10,985.15	10,333.85
Jan-19	289.45	222.40	51,633	36,701.03	35,375.51	288.90	221.20	4,61,701	10,987.45	10,583.65
Feb-19	248.80	200.00	39,390	37,172.18	35,287.16	248.00	196.25	3,77,744	11,118.10	10,585.65
Mar-19	276.20	228.40	68,473	38,748.54	35,926.94	277.85	228.00	3,64,539	11,630.35	10,817.00

### Relative Performance of Ramco Systems Limited's Share Price with NSE Nifty



#### e) Registrar and Share Transfer Agent

M/s. Cameo Corporate Services Limited, Chennai, is the Registrar and Share Transfer Agent (RTA) for handling the physical and electronic registry work. The Shareholders are requested to address their share related requests/queries to the RTA at the following address:

##### **M/s. Cameo Corporate Services Limited**

Unit: Ramco Systems Limited

'Subramanian Building', No.1, Club House Road, Chennai – 600 002.

Tel: +91 44 2846 0390 (5 lines) Fax: +91 44 2846 0129

#### f) Share Transfer System

The requests for physical Share Transfers, Transmissions, Transpositions etc., are received by the Company or by the Registrar and Share Transfer Agent. In respect of shares, which are traded in the dematerialised form, the transfers are processed and approved in electronic form by NSDL/CDSL through their Depository Participants.

The physical Share Transfers, Transmissions, Transpositions, etc., are processed based on number of requests received and keeping in view the prescribed timeline. The shares lodged for physical Transfer/Transmission/Transposition are registered as per the requirement of the SEBI (LODR) Regulations, 2015, if the documents are complete in all respects. Adequate care is taken to ensure that no share transfers are pending for more than the period stipulated in the SEBI (LODR) Regulations, 2015. Shares requested for dematerialisation are generally confirmed within 15 days.

To ensure swift processing of the Share Transfers, Transmissions, Transpositions etc., the Board of Directors have delegated necessary powers to the Stakeholders' Relationship Committee.

Pursuant to SEBI circular SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated 20<sup>th</sup> April, 2018 the Company has sent letter and two reminders to such members whose folios do not have or have incomplete details of PAN and / or Bank Account to compulsorily furnish these details to the Registrar and Share Transfer Agent (RTA) / the Company for updating the details in the folio.

Enhanced due diligence is being exercised in respect of folios where PAN or the Bank account details are not available. In such cases documents related to proof of identity/ address PAN and Bank details are called for.

Pursuant to SEBI (LODR) (Fourth Amendment) Regulations, 2018 read with SEBI (Registrars to an Issue and Share Transfer Agents) (Amendment) Regulations, 2018, mandated that the transfer of securities would be carried out in dematerialised form only. Accordingly, the members of the Company are requested to note that, with effect from 1<sup>st</sup> April, 2019 (unless extended):

# Ramco Systems Limited, INDIA

- except in case of transmission or transposition of securities, requests for effecting transfer of securities shall not be processed unless the securities are held in dematerialised form with a depository. Accordingly, any shareholder who is desirous of transferring shares (which are held in physical form) after 1<sup>st</sup> April, 2019 can do so only after the shares are dematerialised.
- however, the above does not prohibit a shareholder from holding shares in physical form even after 1<sup>st</sup> April, 2019.

The Company in this regard had sent letters to the shareholders informing them about the above requirement. We request all the shareholders holding shares in physical form to demat their shares at the earliest.

The Company obtains from a Company Secretary in Practice half-yearly certificate of compliance with the share transfer formalities as required under Regulation 40(9) of the SEBI (LODR) Regulations, 2015 and files a copy of the said certificate with Stock Exchanges.

## g) Shareholding Pattern and the Distribution of Shareholding as at 31<sup>st</sup> March 2019:

Category of Shareholder	Number of Shareholders	Total Shares held	Shares in demat form	% of holding
<b>(A) Promoters and Promoter Group</b>				
Individuals / Hindu Undivided Family	8	45,31,161	45,31,161	14.81
Bodies Corporate	8	1,22,04,679	1,22,04,679	39.89
Trusts	-	-	-	-
<b>Promoter shareholding (A)</b>	<b>16</b>	<b>1,67,35,840</b>	<b>1,67,35,840</b>	<b>54.71</b>
<b>(B) Non-Promoters Institutional Investors</b>				
Mutual Funds / UTI	6	31,58,587	31,58,287	10.32
Financial Institutions / Banks	7	55,450	55,300	0.18
Insurance Companies	-	-	-	-
Foreign Institutional Investors	1	4,77,358	4,77,358	1.56
Alternate Investment Funds	1	2,87,116	2,87,116	0.94
Foreign Portfolio Investor (Corporate)	17	29,67,563	29,67,563	9.70
<b>Sub Total</b>	<b>32</b>	<b>69,46,074</b>	<b>69,45,624</b>	<b>22.70</b>
<b>General Public</b>				
Bodies Corporate	253	6,42,914	6,42,355	2.10
Indian Public	12,633	51,66,993	50,49,541	16.89
Others including HUF, NRIs, Foreign Nationals, Clearing Members etc	800	11,01,001	10,96,901	3.60
<b>Sub Total</b>	<b>13,686</b>	<b>69,10,908</b>	<b>67,88,797</b>	<b>22.59</b>
<b>Non-Promoters shareholding (B)</b>	<b>13,718</b>	<b>1,38,56,982</b>	<b>1,37,34,421</b>	<b>45.29</b>
<b>Total Shareholding (A)+(B)</b>	<b>13,734</b>	<b>3,05,92,822</b>	<b>3,04,70,261</b>	<b>100.00</b>

**Note:** The number of shareholders are consolidated based on PAN.

**The Distribution of Shareholding of the Company as at 31<sup>st</sup> March 2019 is as follows:**

Sl. No.	Holding range	Number of shareholders	% of total	Shares	% of total
1.	Between 1 and 500	12,708	89.70	11,70,862	3.83
2.	Between 501 and 1,000	631	4.45	4,83,165	1.58
3.	Between 1,001 and 2,000	346	2.44	5,06,496	1.66
4.	Between 2,001 and 3,000	120	0.85	3,02,077	0.99
5.	Between 3,001 and 4,000	68	0.48	2,36,988	0.77
6.	Between 4,001 and 5,000	64	0.45	2,97,640	0.97
7.	Between 5,001 and 10,000	98	0.69	7,03,251	2.30
8.	More than 10,000	132	0.93	2,68,92,343	87.90
	<b>Total</b>	<b>14,167</b>	<b>100.00</b>	<b>3,05,92,822</b>	<b>100.00</b>

**Note:** The number of shareholders are counted based on the individual folios.

**h) Dematerialisation of Shares and Liquidity**

The equity shares of the Company are admitted in the following Depositories of the Country under the International Securities Identification Number (ISIN) INE246B01019. This number is required to be quoted in each transaction relating to the dematerialised equity shares of the Company. The Company has entered into Agreements with both NSDL and CDSL to facilitate the shareholders to dematerialise their equity shares with any one of the Depositories.

Name of the Depository	Address
National Securities Depository Limited	Trade World, A wing, 4 <sup>th</sup> & 5 <sup>th</sup> Floors, Kamala Mills Compound, Lower Parel, Mumbai - 400 013
Central Depository Services (India) Limited	Marathon Futurex, A-Wing, 25 <sup>th</sup> Floor, NM Joshi Marg, Lower Parel, Mumbai - 400 013

The annual custodial / issuer charges to the respective Depository for the financial year 2019-20 have been paid as on date.

As at 31<sup>st</sup> March 2019, 3,04,70,261 equity shares, representing 99.60% of the Company's total number of shares, have been dematerialised.

In view of the benefits embedded in holding of the securities in demat form, the shareholders holding the shares in physical forms are requested to demat their shares at the earliest.

**i) Outstanding GDRs / ADRs / Warrants or any Convertible Instruments, conversion date and likely impact on Equity:**

The Company has no outstanding ADR/GDR/Warrants or any convertible instruments as on 31<sup>st</sup> March 2019.

**j) Plant Location and R&D Center:**

64, Sardar Patel Road, Taramani, Chennai - 600 113.

**k) Address & E-mail id for investors correspondence, queries and grievances:**

Shri P R Karthic, Company Secretary & Compliance Officer  
64, Sardar Patel Road, Taramani, Chennai - 600 113.  
Phone: +91 44 2235 5558 Fax : +91 44 2235 5078  
e-mail:investorcomplaints@ramco.com (or)

M/s. Cameo Corporate Services Limited  
(Unit: Ramco Systems Limited)  
'Subramanian Building',  
No.1, Club House Road, Chennai - 600 002.  
Phone: +91 44 2846 0390 (5 lines) Fax: +91 44 2846 0129

# Ramco Systems Limited, INDIA

l) **Commodity price risks and commodity hedging activities**

The details relating to commodity price risks and commodity hedging activities are not applicable, since the Company is not dealing in any commodities.

m) **Foreign Exchange Risk**

Refer the Note No.35 of the Standalone Financials

n) **Other Information to Shareholders**

(i) **Reconciliation of Share Capital Audit**

As required by Regulation 55A of SEBI (Depositories and Participants) Regulations, 1996 and Regulation 76 of the SEBI (Depositories and Participants) Regulations, 2018 a 'Reconciliation of Share Capital Audit' is done every Quarter by a Practicing Company Secretary to reconcile the total admitted capital with NSDL and CDSL and the total issued and paid up capital.

(ii) **Compliance Certificate**

Compliance Certificate dated 22<sup>nd</sup> May 2019 from our Secretarial Auditors, M/s. S Krishnamurthy & Co., is given in **Annexure H**.

(iii) CDSL has been appointed by the Company as the designated depository for monitoring the Foreign Investment limits in listed companies, vide SEBI Circular No. IMD/FPIC/CIR/P/2018/61 dated 5<sup>th</sup> April 2018.

## 14. OTHER DISCLOSURES

- a. There are no materially significant related party transactions made by the Company that may have potential conflict with the interests of the Company at large.
- b. There are no instances of non-compliance by the Company, and no penalties or strictures were imposed on the Company by Stock Exchange or SEBI or any Statutory Authority, on any matter related to capital markets, during the last three years.
- c. The Company has a Whistle Blower Policy, available at the Company's website and its weblink is: <https://www.ramco.com/investor-relations/ramco-whistle-blower-policy.pdf> and it is affirmed that no requests from any personnel for access to the Audit Committee was received by the Company during the year and hence, the question of denial of such access does not arise.
- d. The Company has complied with the Mandatory requirements under SEBI (LODR) Regulations, 2015. The status of adoption of the Non-Mandatory requirements specified in Part E of Schedule II is given below:
- The audit opinion on the Company's financial statements are unmodified for the year 2018-19.
  - The Company has appointed separate persons for the posts of Chairperson, Whole Time Director and CEO.
  - The Internal auditor directly reports to the Audit Committee.
- e. The Material Subsidiary Policy is disclosed in the Company's website and its weblink is: <https://www.ramco.com/investor-relations/ramco-material-subsiadiary-policy.pdf> .
- The Company has only overseas subsidiaries, which are not listed. Based on the said policy, none of the said subsidiaries qualify as a material subsidiary. The management of the unlisted subsidiaries periodically bring to the notice of the Board, a statement on significant transactions and arrangements if any, entered into by them. The minutes of the meetings of the Board of Directors of the unlisted subsidiaries are being placed before the Board of Directors of the Company.
- f. The Related Party Transaction Policy is disclosed in the Company's website and its weblink is: <https://www.ramco.com/investor-relations/ramco-related-party-transaction-policy.pdf> .
- g. The Dividend Distribution Policy is disclosed in the Company's website and its weblink is: <https://www.ramco.com/investor-relations/corporate-governance/dividend-distribution-policy/> .
- h. The details of the Familiarisation Programme for Independent Directors are available at the Company's website, at the following link at <https://www.ramco.com/investor-relations/DIRECTORS-FAMILIARISATION-PROGRAMME.pdf> .

- i. The details relating to commodity price risks and commodity hedging activities are not applicable.
- j. The Company has no unutilised funds raised through Preferential Allotment or Qualified Institutions Placement.
- k. A certificate from M/s.S.Krishnamurthy & Co., Company Secretaries, in terms of Para C(10)(i) of Schedule V of SEBI (LODR) Regulations, 2015 is enclosed as **Annexure J**.
- l. The Board has accepted all the recommendations made by Committees of the Board.
- m. Total Fee paid to Statutory Auditors including subsidiaries  
The total fees for all the services paid by the Company on a consolidated basis to the Statutory Auditor is Rs.1.84 Million.  
No other entity in the network firm or network entity of which the Statutory Auditor is a part has been hired for any services by our subsidiaries. The Subsidiary Companies have separate Statutory Auditors not connected with the Company's Statutory Auditor.
- n. Senior Management Personnel discloses to the Board of Directors all material, financial and commercial transactions, if any, where they have personal interest that may have a potential conflict with the Company's interest.
- o. The Company submits quarterly compliance report on Corporate Governance to the Stock Exchanges, in the prescribed format within 15 days from the close of the quarter duly signed by the Compliance Officer.
- p. As required under Regulation 46(2) of SEBI (LODR) Regulations, 2015, the following information have been duly disseminated in the Company's website.

- Terms and conditions of appointment of Independent Directors
- Composition of various committees of Board of Directors
- Code of Conduct of Board of Directors and Senior Management Personnel
- Details of establishment of Vigil Mechanism/Whistle Blower Policy
- Policy on dealing with Related Party Transactions
- Policy for determining 'Material' Subsidiaries
- Policy on Corporate Social Responsibility
- Details of Familiarization Programmes imparted to Independent Directors

- q. Disclosure in relation to Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

a.	Number of complaints filed during the financial year	Nil
b.	Number of complaints disposed of during the financial year	Nil
c.	Number of complaints pending as on end of the financial year	Nil

- r. The Company has complied with the requirements of Corporate Governance Report of sub-paras (2) to (10) of Schedule V and Regulation 17 to 27 of SEBI (LODR) Regulations, 2015. Except for Regulation 18(1)(d) of LODR: Chairperson of the Audit Committee, Smt. Soundara Kumar, was not present at the 21<sup>st</sup> Annual General Meeting held on 3<sup>rd</sup> August 2018 as required under Regulation 18(1)(d) of LODR; Shri M M Venkatachalam, Member of the Audit Committee and the previous Chairman of the Audit Committee, who was authorised by the Board of Directors, represented the Committee at the AGM.

**s. Credit Rating**

The rating agency, ICRA Limited has assigned the long-term and short-term ratings as per details below:

Security	Rating
Long term fund based facilities	A- (Positive)
Short term fund based facilities	A2+
Short term non-fund based facilities	A2+
Long term/Short term unallocated facilities	A- (Positive)/A2+

Note: The rating of Long term fund based facilities has been reaffirmed with a change in outlook from existing A-(Stable) to A-(Positive).

- t. The various disclosures made in the Board's Report, may be considered as disclosures made under this report.

## Annexure G

### Declaration from the Whole Time Director and CEO under Regulation 17(5) read with Schedule V(D) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

As provided under Regulation 17(5) read with Schedule V(D) of SEBI (LODR) Regulations, 2015, the Board Members and the Senior Management Personnel have affirmed compliance with the Company's Code of Conduct for the year ended 31<sup>st</sup> March 2019.

For RAMCO SYSTEMS LIMITED

Place: Chennai  
Date : 22<sup>nd</sup> May 2019

**VIRENDER AGGARWAL**  
CHIEF EXECUTIVE OFFICER

**P V ABINAV RAMASUBRAMANIAM RAJA**  
WHOLE TIME DIRECTOR

## Annexure H

### Certificate regarding compliance of conditions of Corporate Governance

[Pursuant to paragraph E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To

**The Members,**  
**RAMCO SYSTEMS LIMITED** [CIN: L72300TN1997PLC037550]  
47, PSK Nagar, Rajapalayam - 626 108

We have examined the compliance of the conditions of Corporate Governance by RAMCO SYSTEMS LIMITED ('the Company') during the financial year ended 31<sup>st</sup> March 2019 ('the year'), as stipulated under the following Regulations/ Schedule of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('LODR'):

- (a) Regulation numbers 17 to 27 dealing with the composition of the Board and Committees, related party transactions, vigil mechanism and certain other matters;
- (b) Regulation numbers 46(2)(b) to 46(2)(i) dealing with the information to be disseminated on the web-site;
- (c) Part A of Schedule II dealing with the minimum information to be placed before the Board of Directors;
- (d) Part B of Schedule II dealing with Compliance Certificates furnished by the Chief Executive Officer and Chief Financial Officer;
- (e) Part C of Schedule II dealing with the role of the Audit Committee and review of information by the Committee;
- (f) Part D of Schedule II dealing with the role of the Nomination and Remuneration Committee and Stakeholders' Relationship Committee;
- (g) Paragraph C of Schedule V dealing with disclosures in the Corporate Governance Report;
- (h) Paragraph D of Schedule V dealing with declaration signed by the Chief Executive Officer affirming compliance with the code of conduct by the Board of Directors and Senior Management Personnel; and
- (i) Paragraph E of Schedule V dealing with the compliance certificate on conditions of corporate governance issued by the Practising Company Secretaries to be annexed to the Board's report to the members.

The Company is required to comply with the said conditions of Corporate Governance on account of the Listing Agreements entered into by the Company with the National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) for listing its equity shares.



The Company's management is responsible for compliance with the conditions of Corporate Governance. We have broadly reviewed the procedures adopted by the Company for ensuring compliance with the conditions of Corporate Governance and implementation thereof. Our review was neither an audit nor an expression of opinion on the financial statement of the Company.

We hereby certify that, in our opinion and to the best of our information and based on the records furnished for our verification and the explanations given to us by the Company, its officers and agents, the Company has, during the year ended 31<sup>st</sup> March 2019, complied with the above-mentioned conditions of Corporate Governance, except that the Chairperson of the Audit Committee, Mrs. Soundara Kumar, was not present at the 21<sup>st</sup> Annual General Meeting held on 3<sup>rd</sup> August 2018 ('the AGM') as required under Regulation 18(1)(d) of LODR; Mr. M. M. Venkatachalam, Member of the Audit Committee and the previous Chairman of the Audit Committee, who was authorised by the Board of directors, represented the Committee at the AGM.

We further wish to state that our opinion regarding such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company during the said financial year.

For **S Krishnamurthy & Co.,**  
**Company Secretaries**

**K. SRIRAM**  
**Partner**

Membership No.:**F6312**  
Certificate of Practice No.:**2215**

Place : Chennai  
Date : 22<sup>nd</sup> May 2019

### Management Discussion and Analysis

The business environment we are in today has made 'complexity' the norm in almost all fields. Companies who have been able to get past this complexity have seen their businesses soar. Our focus too is to enable our customers traverse the technology curve with ease and reap quantifiable benefits.

At Ramco, we constantly strive to be the early movers in exploring new technologies and developing applications that help address business pain points. It is this desire to be ahead of the Innovation curve that drives many large conglomerates and global MNCs to strike a partnership with us. This year, we saw a leap in the number of organizations who evinced an interest for digital technologies aimed at driving business transformation. While we continued to win new business, we also saw many of our existing clients reaffirm their trust and get ready to embark on the latest technology driven by AI/ML.

We welcomed FY 19 by being positioned as a Leader in NelsonHall's NEAT Vendor Evaluation & Assessment Tool for Payroll Services followed by winning the Global Payroll Association's Award for Payroll Innovation. We continued to be featured in Gartner's Magic Quadrant across Cloud Financials, HCM, EAM and ERP. In addition, we also got featured in Nucleus Research's Workforce Management (WFM) Technology Value Matrix among the Top 5 Usability leaders and as a Major Contender in Everest Group's Multi-Country Payroll Platform Matrix. With all the recognitions and awards in the kitty, we marched ahead with greater enthusiasm.

### Our Business – An Overview

Ramco is a fast-growing enterprise software player disrupting the market with its multi-tenant cloud and mobile-based enterprise software in HCM and Global Payroll, ERP and M&E MRO for Aviation. Ramco Systems focuses on Innovation and Culture to differentiate itself in the marketplace.

### INNOVATION + CULTURE = BUSINESS PERFORMANCE

On Innovation front, Ramco has been focusing on moving towards Active ERP leveraging Artificial Intelligence and Machine Learning by building features such as:

- Talk It – which allows transactions to be carried out by simple voice commands,
- Bot it – which allows users to chat and complete transaction using natural conversations
- Mail It – transact with the application by just sending an email
- HUB It – a one screen does it all concept built to address all activities of a user
- Thumb It – mobility where the system presents users with option to choose rather than type values and
- Prompt It – a cognitive ability which will let the system complete the transaction and prompt the user for approval
- In addition, we also added AI/ ML Platform which infuses Intelligence into the enterprise applications by enabling:
  - o Universal validation/defaulting: Based on past trends, the system automatically chooses optimal solutions
  - o Preventing damage: The system recognizes the errors and points them out so that they can be rectified. This helps in preventing damage and even fraud attempts
  - o Cost and resource saving: Be it with optimal solutions or by detecting anomalies, the system can help save costs for the organization
  - o Organizing for the future: AI powered forecasting can help the organisation take strategic and important decisions for future

With employees spread across 24 offices, globally, Ramco follows a flat and open culture where employees are encouraged to share knowledge and grow. No hierarchies, cabin-less offices, our motto of Respect work and not titles, among others are what make the team say, Thank God it's Monday!

### Employee Engagement

Malcom Forbes, the American entrepreneur, once described diversity as the art of thinking independently together. That is exactly the culture we foster at Ramco. How else can you describe a global workforce from different cultures and ethnicities

scattered across the globe, who work towards one singular vision of revolutionizing ERP technology at Ramco Systems? Ramco's diversity focused talent acquisition strategy has resulted in greater diversity of gender, geographic locations and academic discipline. Our global workforce from 15 different nationalities includes Americans, Filipinos, Indonesians, Singaporeans, Chinese, Australians and others. Ramco is proud to say that we believe in equal employment opportunities, which clearly reflects from the 38% women employees, which is an increase from 30% last year. In addition, equal efforts and focus was placed on upskilling our employees with 1583 employees getting trained across 207 programs in 36 locations. We continued to bring in great minds from Top B-Schools and various other reputed colleges who actively contributed fresh ideas. In total, we ended the financial year with 1922 happy employees who experience a vibrant #LifeatRamco.

## Strategy

In this unpredictable market where change is the only constant, technology providers need to be adaptive to change. With an agile and adaptable Amoeba-like structure for innovation, Ramco ensures that instead of a linear cause and effect, we transform the entire ecosystem at a cellular level. Much like amoeba that can alter, we can also alter, adapt and transform our solutions according to the needs of new-age businesses. It is this emphasis that we place on constantly innovating that helps us build Proof of Concepts (PoCs) that simplify operations and improve productivity.

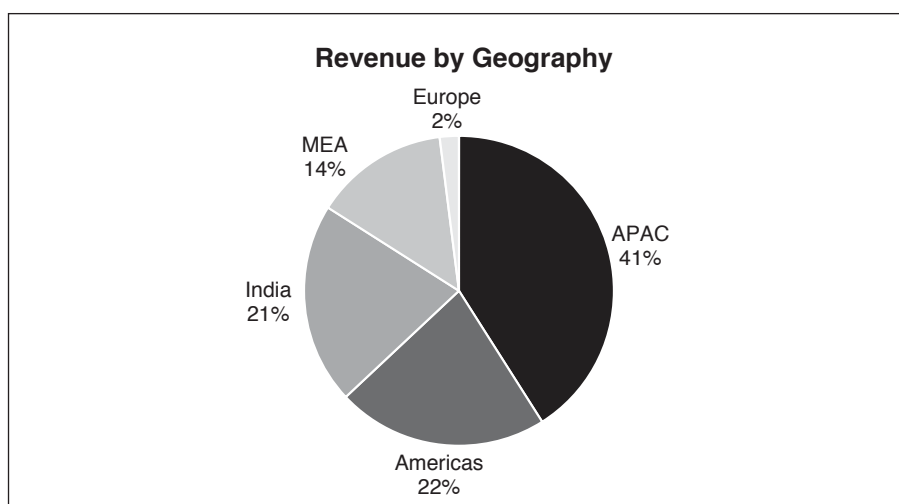
From a Market focus, we identified our blue ocean in Global Payroll, Logistics and Aviation MRO. Under tapped by competition, these blue oceans are vast and we have built great depth to address them. In Global Payroll, we offer compliance across 45+ countries covering Asia, Middle-East, Africa, and Oceania. Logistics on the other end is built for the Service Providers who hitherto had to manage with enterprise systems built for the Shipper / Manufacturer. On Aviation, we have built the aviation software ground-up to address the unique business needs of civil and defense companies.

Having successfully charted into these niche segments, we are embarking into identifying similar blue oceans with offerings being carved out to address people-centric services segment like Staffing & Professional Services and asset centric organizations with a holistic EAM integrated with HR & Financials.

Our long-term vision is to surf the blue ocean and stay ahead of competition. And this has been working in our favour, evident from the number of customers across the world who #TrustRamco.

## Geographic Growth

Our geographical revenue spread continues to be a healthy mix, with 79% coming from markets outside India. The net profit after tax for the year stood at Rs.163.78 mn (USD 2.37 mn) recording a 45% growth (in INR terms) over the previous year. The revenue showed a healthy growth of 16% in INR terms. The overall revenue of USD 78.35 mn for FY 2018-19 from various regions is depicted as below:



In FY 19, we hosted the **India Customer Meet** which saw 100+ customers and partners across ERP, HCM and Aviation in attendance. Themed – ‘Talk to your ERP’ – the meet took the users on a fascinating journey of imagining the future and gearing them up for the next decade of survival by surfing the digital wave.

## Ramco Systems Limited, INDIA

On business front, we saw interest from Indian MNCs and global in-house centres of leading businesses looking to consolidate their operational HR and Payroll on a unified platform. To drive the momentum around Contract Workforce Management offering, Ramco in association with CII hosted a webinar which was well received by industry leaders.

**Asia** registered a stellar performance on both, booking and revenue. Malaysia, Indonesia, Philippines and Singapore (MIPS) were the key markets driving growth in the region. As for our Aviation segment, we added HAECO, one of the world's leading independent aircraft engineering and maintenance, repair and overhaul ("MRO") groups, to streamline end-to-end Inventory Technical Management, including Component Reliability, Engineering, Supply Chain & Financials on Cloud. In Logistics, we won the trust of AP Cargo in Philippines, CKB Logistics in Indonesia among several others. In ERP, it was the winning of ERP transformation deal from Pelabuhan Tanjung Pelepas Sdn Bhd (PTP), a member of MMC Group that was the icing on our cake.

**Middle East and North Africa** continued to see strategic wins and key customer go-lives which set the pace for growth. With the addition of Al Jazeera – MEHAN in Saudi Arabia and Inaya Facility Management in Dubai – the ERP flag continued to fly high. HCM with Payroll won some very large employee count mandate from a leading restaurants & foods company; a leading bank and a trading company among others. On Aviation front, we entered the Nigerian market with The Caverton Helicopters win.

While we continue to focus on Aviation in **Europe**, this FY we also started testing the waters for our Global Payroll and Logistics offerings which are seeing some interesting traction in the region. Our partnership with Airbus obtained Premium level certification for Connected Services. In order to better address the market opportunity that Europe has to offer, substantial efforts are underway to nurture ecosystem partners network in the region.

**Australia** witnessed the launch of a new initiative by the Australian Tax Office called Single Touch Payroll (STP) or One Touch Payroll, urging all organizations with 20 or more workers to report salaries and wages, pay-as-you-go (PAYG) withholding and superannuation to the ATO each time they pay their employees. Ramco's STP-compliant Australia Payroll will enable its 25+ customers onboard to report their employees' payroll information to the Australian Tax Office in a simple manner, ensuring that they meet the statutory compliance and seamlessly accommodate new changes. On the business front, the region added some leading names including Opteon Solutions, a leading construction, property & infrastructure company, a prominent auto repair service provider and P&N Bank among the others. We also witnessed traction from New Zealand, with a leading telecom operator trusting Ramco for its Payroll transformation.

In the west, the **United States of America** witnessed some great opportunities for the Aviation business. We entered the Defense segment with some leading defense players choosing to trust Ramco. One of our longest serving clients in the region – PHI Inc.'s successful digital transformation won the ISG Top 25 Digital Case Study recognition. Also, with the addition of a leading mining contractor for HCM, the region's business momentum was upbeat throughout the year.

### Key financial ratios

In accordance with SEBI (Listing Obligations and Disclosure Requirements 2018) (Amendment) Regulations, 2018, the Company is required to give details of significant changes (change of 25% or more as compared to the previous financial year) in sector-specific key financial ratios, as well as any changes in return on net worth. The following have been identified by the Company as key financial ratios, which are tracked only at the consolidated level.

Particulars	FY 2018-19	FY 2017-18
Product revenue to total revenue	58.68%	51.82%
Operating profit margin	8.58%	7.55%
Net profit margin	3.02%	2.41%
Interest coverage ratio	11.07	27.07
Current ratio	1.48	1.76
Debt equity ratio	0.14	0.07
Days sales outstanding (DSO)	103	97
Return on net worth	2.84%	2.04%
R&D spend to revenue	7.77%	7.52%

Detailed explanation for significant changes in sector-specific key financial ratios and changes in return on net worth:

#### **Net profit margin:**

Total expenses and taxes to revenue, decreased by 0.82% & 0.14% respectively, while other income to revenue, has come down by 0.29%, resulting in increase in net profit margin from 2.41% for the previous year to 3.02% for the current year.

#### **Interest coverage ratio:**

While the earnings before interest and tax has gone up from Rs.354.34 Mln. to Rs.465.31 Mln., the interest expenditure has gone up from Rs.13.09 Mln. to Rs.42.03 Mln. on account of increase in debts, resulting in reduction of interest coverage ratio from 27.07 for the previous year to 11.07 for the current year.

#### **Debt equity ratio:**

The debt has shot up from Rs.380.02 Mln. to Rs.820.02 Mln. while the equity has marginally gone up from Rs.5,537.71 Mln. to Rs.5,775.68 Mln., resulting in increase in debt equity ratio from 0.07 as at the end of the previous year to 0.14 as at the end of the current year.

#### **Return on net worth:**

The net profit has gone up by 45.13%, from Rs.112.85 Mln. to Rs.163.78 Mln. while the equity has marginally gone up by 4.30% from Rs.5,537.71 Mln. to Rs.5,775.68 Mln., resulting in increase in return on net worth from 2.04% for the previous year to 2.84% for the current year.

#### **Challenges:**

Rapidly evolving technologies are changing technology consumption patterns, creating new classes of buyers within the enterprise, giving rise to entirely new business models and therefore new kinds of competitors. This is resulting in increased demands on the company's agility to keep pace with the changing customer expectations. Failure to cope may result in loss of market share and impact business growth. To address this, we have a core team of Innovation evangelists based in Singapore and Chennai (India) who are constantly mapping the technology trends and building prototypes to solve business challenges. The ability to build and deliver a Proof of Concept (PoC) in a few weeks has been our key differentiator in winning client trust.

#### **Market Size / opportunity**

The enterprise applications market continues to be buoyant, clocking 10% growth to reach \$35 billion in total software revenue. The strongest growth, globally, came from Human Capital Management which grew 15%, as per research statistics. This segment within the ERP market has seen significant growth as organizations are looking for standardizing HR processes and leveraging technology to simplify employee engagement.

#### **Business Outlook**

AI & ML based Intelligent ERP is here. In this constantly changing business environment, organizations need to respond to unfamiliar, unexpected and unforeseen changes with data-backed decisions. Unfortunately, legacy systems are not equipped to address this need as they are tuned to be fed with data rather than presenting meaningful information for the user to act upon.

With the emergence of Artificial Intelligence and Machine Learning, we are leveraging behavioral analysis and prediction to reduce data entry and train the model to arrive at intelligent predictions.

The AI engine will predict any anomaly thus averting over or under payment by organizations. Errors due to incorrect data entry or fraudulent claim will be detected at source. This is a new paradigm in Enterprise applications era with the onset of a 'Self-validating ERP system'.

We are betting on this emerging technology to drive future growth of Enterprise applications and drive many large enterprises to embark on transformational engagements.

#### **Q1 Highlights**

**19 April, 2018:** Announced the successful **implementation of Ramco's Aviation Suite at L3 MAS**, a leading Canadian aerospace & defence in-service support integrator. The implementation of Ramco Aviation Suite has helped L3 MAS with **real-time data visibility, ensuring compliance with the Canadian Department of National Defence regulations**. The solution by integrating with the existing financial solution, provided a streamlined and automated workforce process.

**2 May, 2018:** Agreement announced with **P&N Bank**, Australia's largest member owned bank, to deploy its award winning **HCM integrated with Global Payroll**. This implementation will help P&N Bank to **digitize their entire HR processes**.

## Ramco Systems Limited, INDIA

**14 May, 2018:** Recognized as the ‘**Leader**’ in **NelsonHall’s NEAT Vendor Evaluation & Assessment Tool for Payroll Services 2018 for the 3<sup>rd</sup>** consecutive year. Ramco emerged in the ‘Leader’ quadrant in all market segments including Overall capability, Multi Country focus, HR Cloud Integration, User Experience and Analytics & Reporting.

**31 May, 2018:** Announced the successful Go Live of Ramco’s Aviation Suite at **Ravensdown Aerowork Limited** – a subsidiary of Ravensdown Limited – a company specializing in aerial applications. With Ramco’s MRO suite, Ravensdown has been able to automate and optimize their supply chain and inventory management.

**11 June, 2018:** Bagged the **Payroll Innovation Award from the Global Payroll Association** at **The Payroll Awards** held in Lisbon.

**19 June, 2018:** Positioned by **Gartner Inc.** as a **Niche Player**, in its 2018 Magic Quadrant for Cloud Core Financial Management Suites for Midsize, Large and Global Enterprises for a second year in a row, **making Ramco the only Asia Pacific-headquartered cloud financial applications vendor to return to the Magic Quadrant.**

**26 June, 2018:** Positioned in the **Nucleus Research, Inc.’s Workforce Management (WFM) Technology Value Matrix 2018**, marking Ramco’s debut in the Facilitator quadrant. Ramco was also ranked among the **Top 5 Usability leaders.**

### Q2 Highlights

**11 July, 2018:** Announced the order win to implement the **Ramco Aviation Suite for Hong Kong Aircraft Engineering Company Limited (“HAECO”)**, one of the world’s leading independent aircraft engineering and maintenance, repair and overhaul (“MRO”) groups. The implementation of the suite will enable HAECO to streamline **end-to-end Inventory Technical Management, including Component Reliability, Engineering, Supply Chain & Financials on Cloud.**

**17 July, 2018:** Announced the compliance of their Australian Payroll with **Single Touch Payroll (STP)**. The STP-compliant Australia Payroll will enable the **employers to report salaries/wages, PAYG withholding and superannuation information of their employees to the Australian Tax Office.** This functionality will ensure that the customers meet statutory compliance and seamlessly accommodate the new changes.

**25 July, 2018:** Agreement announced with one of the leading Defence Contractor to implement **Ramco Aviation Suite V5.8.** The implementation will help streamline and automate end-to-end Fleet Management, Maintenance, Engineering, Quality, Safety, Compliance, and Supply Chain on one unified platform. It will also enable high productivity and provide access to real time information.

**9 August, 2018:** Announced the multi-million- dollar software deal with **AP Cargo Logistic Network Corp.**, Philippines’ leading domestic provider of express logistics for air cargo and other goods, to implement Ramco’s **Logistics Software** to **streamline their freight operations.** Ramco’s integrated Logistics platform bundled with next-gen Finance and HR, will benefit of more than **1,600 employees, covering over 500+ fleet**, reducing manual workloads and generating cost savings while automating tedious administrative tasks.

**16 August, 2018:** Announced the agreement to implement its award winning cloud based HCM Suite bundled with year modules to automate **Core HR, Payroll, Time & Attendance, Talent Management, Recruitment and Analytics etc., for Australia’s leading auto repair service provider.** The solution implementation will benefit technicians/mechanics **across 40+ locations.**

**21 August, 2018:** Bagged the **Asia-Pacific Talent Management Technology Competitive Strategy Innovation and Leadership Award**, at the Frost & Sullivan 2018 APAC award. Ramco has clinched this honor for the **second consecutive year.**

**28 August, 2018:** Announced the launch of **Ramco Global Payroll Software on Microsoft Dynamics 365.** The joint offering, hosted on Azure, will help organizations manage their Talent & Payroll operations on a single unified platform.

**24 September, 2018:** Agreement announced with **Advanced Global Resources (AGR)**, a multidisciplinary technology services provider to implement Ramco’s **Aviation Suite.** This solution will help AGR manage their **Inventory, IT and Supply Chain** processes.

### Q3 Highlights

**17 October, 2018:** Announced the **collaboration with Airbus Helicopters.** This collaboration is aimed at developing a MIS Data Pack Connector, a feature that will enable the automation of Airbus’ fleet management. With seamless digital exchange of aircraft data, it will help reduce fleet induction by over 90%.

**23 October, 2018:** Announced the **successful Go Live** of the **ERP Suite** at **Bank Islam Brunei Darussalam Berhad (BIBD).** The solution will automate and optimize processes such as purchasing, procurement, inventory and finance functions, across **17 branches, benefiting more than 900 employees.**

**1 November, 2018:** Announced the **upgradation of Ramco Aviation M&E MRO Suite 5.8** at Ramco's decade old customer **PHI, Inc., U.S. heli-operator**. The upgrade brought comprehensive solution for Maintenance, Engineering, Supply Chain Management, Safety, Compliance, Flight Operations with complete Finance and EFB (Electronic Flight Bag). The software will be automated across **U.S., New Zealand and 12 other countries**.

**13 November, 2018:** For second year in a row, positioned as a **Niche Vendor in Gartner Magic Quadrant for Enterprise Asset Management Software**. Ramco EAM has industry flavors to address Aviation & Defense, Power Generation, Equipment Rental, Manufacturing, Infrastructure and Transportation.

**20 November, 2018:** Agreement announced with a **Global Top 10 Casino and Resort Chain** for **Ramco's Global Payroll** software to manage its multi-country Payroll across **Asia and Mediterranean region** on a unified platform.

**27 November, 2018:** Announced the **successful go-live of Ramco Staffing ERP Suite** at **Al Jazeera Support Services Company – MEHAN**, to integrate its organization-wide project management, HCM and finance processes. With **modules for Staffing, Payroll, Recruitment, Finance & Accounting**, Ramco's integrated Staffing ERP Suite has replaced multiple point solutions.

**4 December, 2018:** Collaboration announced with **KPMG Malaysia** to offer advanced cloud-based **human resources ("HR") and payroll solutions for growth companies across Malaysia**. Both companies will use **Kuala Lumpur** as a springboard to provide solutions.

**12 December, 2018:** Agreement announced with a **Leading Defense Contractor**, to deploy **Ramco Aviation Suite V5.8**, in to manage its fleet of fighter aircraft used for highly complex training fleet and Defense contract requirements.

**18 December, 2018:** Agreement announced with a **Global Top 10 Chemical Manufacturing Company**, to deploy Ramco's **Global Payroll Platform as a Managed Service**, for its multi-country Payroll operations covering **3000+ employees spread across 10+ countries in the Asia Pacific**.

#### Q4 highlights

**5 February, 2019:** Announced the **successful go-live of Ramco Logistics Software**, bundled with complete HR and Payroll at **ProConnect Supply Chain Solutions**, a leading third party logistics and warehousing services provider and a Redington Group Company. Ramco Logistics Software – will enable ProConnect to track and manage its fleet, inventory, warehousing, transportation and assets in real time on desktop, mobile and tablets.

**13 February, 2019:** Announced the **upgrade of Enterprise Resource Planning system (ERP) system** at **Pelabuhan Tanjung Pelepas Sdn Bhd (PTP)**, a member of MMC Group. The upgrade is part of PTP's continuous efforts in empowering its digital strategy and enhancing its operational efficiency.

**19 February, 2019:** Announced the **successful go-live of Ramco Systems' Logistics Software** at **PT. Cipta Krida Bahari (CKB Logistics)**, Indonesia's leading logistics service provider. The software digitized its supply chain, financials and warehouse operations towards achieving its strategic objectives of digital transformation. Having **entered the Indonesian market in 2017, this marks a key milestone** in Ramco's journey in the region.

**28 February, 2019:** Agreement announced with **Canadian Logistics and Supply Chain leader J.P. Enterprises Logistics Corp** to implement **Ramco Systems' Logistics Software**, kick starting a digital transformation that will serve as a springboard for expansion and entry into the e-commerce space. Both companies signed a **7-year Tech** transformation deal to address operations across United States, Canada, China, and Europe.

**4 March, 2019:** Positioned as a **Major Contender in Everest Group's Multi-Country Payroll Platform (MCP) PEAK Matrix™ Assessment and Service Provider Landscape 2019**.

**6 March, 2019:** Announced completion of **10 years of Ramco Operations with Era Group Inc. ("Era")**, one of the largest helicopter operators in the world and the **longest serving helicopter operator in the U.S.**

**13 March, 2019:** Agreement announced with **Opteon Solutions**, an international provider of property valuation and advisory services based in **Australia and New Zealand**. Ramco will implement its **Single Touch Payroll-enabled suite** to digitize the company's payroll operations.

For and on Behalf of the Board

Place : Chennai  
Date : 22<sup>nd</sup> May 2019

P R VENKETRAMA RAJA  
CHAIRMAN

# Ramco Systems Limited, INDIA

Annexure J

## Certificate from Company Secretary in Practice

[In terms of Regulation 34(3) read with Schedule V Para C(10)(i) to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To

**The Members of,**  
**RAMCO SYSTEMS LIMITED** [CIN: L72300TN1997PLC037550]  
47, PSK Nagar, Rajapalayam - 626 108

We hereby certify that, in our opinion, none of the directors on the Board of Ramco Systems Limited ("the Company") as on the 31<sup>st</sup> March 2019, as listed below, have been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India (SEBI) or the Ministry of Corporate Affairs, Government of India (MCA):

Sl. No.	Name of the Director	Nature of Directorship	Director Identification Number (DIN)
1.	Poosapadi Ramasubrahmaneya Rajha Venketrama Raja	Chairman, Non-Independent Non-Executive Director	00331406
2.	Poosapadi Venketrama Raja Abinav Ramasubramaniam Raja	Executive Director, Non-Independent	07273249
3.	Arrakundal Velayutha Raja Dharmakrishnan	Non-Independent, Non-Executive Director	00693181
4.	Murugappan Muthiah Venkatachalam	Independent Director	00152619
5.	Radhey Shyam Agarwal	Independent Director	00012594
6.	Soundara Kumar	Independent Director	01974515
7.	Sankar Krishnan	Independent Director	01597033
8.	Posapadi Perumal Subba Raja Janarthana Raja	Independent Director	06702871

We are issuing this certificate based on the following, which to the best of our knowledge and belief were considered necessary in this regard:

1. Our verification of the information relating to the directors available in the official web site of MCA;
2. Our verification of the disclosures/ declarations/ confirmations provided by the said directors to the Company and other relevant information, explanation and representations provided by the Company, its officers and agents.

We wish to state that the management of the Company is responsible to ensure the eligibility of a person for appointment/ continuation as a Director on the Board of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness of the corporate governance processes followed by the management of the Company.

For **S Krishnamurthy & Co.,**  
**Company Secretaries**

**K. SRIRAM**  
**Partner**

Membership No.: **F6312**  
Certificate of Practice No.: **2215**

Place : Chennai  
Date : 22<sup>nd</sup> May 2019



Annexure K

**I. Disclosures relating to remuneration under Section 197(12) of the Companies Act, 2013, read with Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014**

(i) & (ii) The ratio of the remuneration of each Director to the median remuneration of the employees of the Company and the percentage increase in remuneration of Managing Director, Whole Time Director / Manager, Directors, Chief Executive Officer, Chief Financial Officer and Company Secretary during the financial year 2018-19:

Name of Director / KMP	Designation	Remuneration of Director / KMP for Financial Year 2018-19 (Rs. Mln.)	% increase / (Decrease) in Remuneration in the Financial Year 2018-19	Ratio of remuneration of each Director to median remuneration of employees	Comparison of the Remuneration of the KMP against the performance of the Company
Shri P R Venketrama Raja	Chairman / Non-Executive Promoter Director	0.12	(57.01%)	0.27	Profit After Tax for the financial year 2018-19 was Rs.518.86 Mln. as against Rs.658.36 Mln. for the financial year 2017-18.
Shri M M Venkatachalam	Non-Executive Independent Director	0.15	11.11%	0.34	
Shri A V Dharmakrishnan	Non-Executive Non-Independent Director	0.23	50.00%	0.51	
Shri R S Agarwal	Non-Executive Independent Director	0.24	166.67%	0.54	
Smt. Soundara Kumar	Non-Executive Independent Director	0.20	44.44%	0.44	
Shri Sankar Krishnan (w.e.f. 11 <sup>th</sup> May 2018)	Non-Executive Independent Director	0.17	NA	0.37	
Justice Shri P P S Janarthana Raja (Retd.) (w.e.f. 29 <sup>th</sup> August 2018)	Non-Executive Independent Director	0.15	NA	0.34	
Shri P V Abinav Ramasubramaniam Raja	Whole Time Director	1.43	25.36%	3.21	
Shri R Ravi Kula Chandran	Chief Financial Officer	6.20	(29.79%) Refer Note b	NA	
Shri P R Karthic	Company Secretary	0.85	48.64%	NA	

**Notes:**

- (a) Shri Virender Aggarwal, Chief Executive Officer is an employee of Ramco Systems Pte., Ltd. Singapore, a subsidiary of the Company, where his remuneration for 2018-19 was USD 0.96 Mln. (Rs.66.49 Mln.) and the percentage decrease in 2018-19 was 8.69%. He did not draw any remuneration from Ramco Systems Ltd., India. Hence, his remuneration is not considered for the purposes of arriving at the figures in Points (iii) and (iv) below. For comparison of remuneration against the performance of the Company, please refer to the above table.
- (b) There is a decrease of 7.94% without considering the perquisite value of stock options exercised.
- (iii) The median remuneration of employees of the Company during the financial year was Rs.4,44,721 and the percentage decrease in the median remuneration was 2.47%.
- (iv) There were 1,832 permanent employees on the rolls of Company and its subsidiaries as on 31<sup>st</sup> March 2019.

## Ramco Systems Limited, INDIA

- (v) Average percentage increase in salaries of employees other than the managerial personnel in the financial year 2018-19 was 12.83% (14.94%, if the perquisite value of stock options exercised is not considered) whereas there was no increase in the managerial remuneration in the financial year 2018-19.
- (vi) It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.

### II. Disclosures relating to remuneration under Section 197(12) of the Companies Act, 2013, read with Rule 5(2) and (3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

- (i) & (ii) Top 10 Employees in terms of remuneration drawn during the year & Employed throughout the financial year 2018-19 and was in receipt of remuneration, in the aggregate, not less than Rs.10.20 Mln. per annum:

Name	Designation	Remuneration including retinals (Rs. Mln.)	Qualifications and experience (Yrs.)	Date of commencement of employment	Age	Last employment held before joining the Company
Anand P	Associate Director	6.02	B.E. (19)	7-Oct-10	41	IBS Software Services Private Limited
Balaji R	Vice President & Head - ERP Presales	5.50	B.E. (25)	7-Nov-94	49	Bajaj Auto Limited
Hari Krishnan V	Vice President - Middle East And North Africa	12.35	M.Com., ICWA (27)	4-Jun-07	46	Tally India Limited
Naval Sabharwal	Vice President - Logistics	6.23	B.A., Masters SCM (34)	7-Dec-15	56	Hexaware Technologies Limited
Raghvendra Tripathi	Vice President	7.78	B.Tech., MBA (21)	25-Jun-13	48	Satyam Computer Services Ltd.
Ravi Kula Chandran R	Chief Financial Officer	6.20	B.Com., CA (32)	1-Feb-02	57	General Signal India Private Limited
Rohit Mathur	Vice President & SBU Head - HCM	7.03	B.E., MBA (17)	16-Oct-12	43	Capgemini India Private Limited
Shailaja Unnikrishnan	Associate Director	5.94	MCA (20)	7-Jan-07	44	Frontline Information Technology LLC, Dubai
Shyamala Jayaraman	Senior Vice President - ERP	5.50	B.E. (27)	14-Feb-91	50	PSI Data Systems Limited
Srinivasan S	Vice President - Cloud Infra & Program Management	5.71	B.E., M.Tech. (25)	2-Feb-94	49	NA

(iii) Employed for a part of the financial year 2018-19 and was in receipt of remuneration, at a rate which, in the aggregate, not less than Rs.0.85 Mln. per month:

Name	Designation	Remuneration including retinals (Rs. Mln.)	Qualifications and experience (Yrs.)	Date of commencement of employment	Age	Last employment held before joining the Company
Ranjan Tayal	Chief Operating Officer	9.59	B.Tech. (28)	16-May-12	51	Cappgemini India Private Limited
Sandeep Ray	Vice President - Products Strategy	1.95	PGSM (19)	17-Aug-15	48	Kenapps Systems Private Limited
Saravanan V	Vice President-GBA	0.89	B.E. (25)	1-Jun-95	49	Wipro Fluid Power Limited
Sridhar R	Chief Strategy Officer	1.32	CA,CMS,CS, IFRS-ACCA,UK (21)	8-Mar-19	43	Maersk Global Services Centres India Private Limited

**NOTES:**

1. All appointments are contractual.
2. No employee who was in receipt of remuneration in excess of that drawn by Managing Director, holds two percent or more of the equity shares of the Company by himself or along with his spouse and dependent children.
3. None of the employees mentioned above is related to any Director of the Company except Shri P V Abinav Ramasubramaniam Raja, whole time key managerial personnel in the position of Manager with the designation of Whole Time Director who is related to the Chairman, Shri P R Venketrama Raja.
4. Remuneration includes salary, performance linked incentives / pay, allowances, contribution to provident fund, gratuity, superannuation fund, national pension system, leave encashment and taxable value of perquisites.

**For and on Behalf of the Board**

Place : Chennai  
Date : 22<sup>nd</sup> May 2019

**P R VENKETRAMA RAJA**  
CHAIRMAN

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RAMCO SYSTEMS LIMITED

### Report on the Audit of the Standalone Financial Statements

#### Opinion

We have audited the accompanying Separate (Standalone) Financial Statements drawn in accordance with the Indian Accounting Standards ("Ind AS") of Ramco Systems Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter collectively referred to as "the Standalone Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Indian Accounting Standards, of the state of affairs (financial position) of the Company as at 31 March 2019, its Profit (financial performance including Other Comprehensive Income), Changes in Equity and its Cash Flows for the year ended on that date.

#### Basis for Opinion

We conducted our audit of the Standalone Financial Statements in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Standalone Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the Standalone Financial Statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone Financial Statements of the current period. These matters were addressed in the context of our audit of the Standalone Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

#### 1. Trade Receivable, Unbilled License Revenue and Unbilled Services Revenue

##### Trade Receivable:

Trade receivables are amounts billed but not yet received as on 31 March 2019. Amount outstanding on this account is Rs.1,578.97 Mln. Of this Rs.936.58 Mln. is receivable from eleven wholly owned subsidiaries and Rs.298.64 Mln. is receivable from a subsidiary (that includes a step down subsidiary) where the Company holds 98% of the Equity.

##### Unbilled License Revenue:

Revenue recognition in the case of Licenses is on delivery of the software and when the customer obtains a right to use such licenses. The excess revenue over billing is classified as Unbilled License Revenue and grouped under Financial Assets. The amount recoverable as on 31 March 2019 is Rs.158.05 Mln.

##### Unbilled Service Revenue:

Revenue recognition in the case of services is based on percentage of completion method. The excess revenue over billing is classified as Unbilled Service Revenue and grouped under Other Assets. The amount recoverable as on 31 March 2019 is Rs.247.28 Mln.

##### Auditor's Response:

We have audited the Revenue recognition to ensure that it follows the stated policy. The outstanding amount has certain element of credit risk.

# Ramco Systems Limited, INDIA

In the case of Trade Receivable and Unbilled License Revenue, the credit risk is, default on its payment obligation by the customer, resulting in a financial loss.

In the case of Unbilled Service Revenue, the risk consists of the satisfaction of the customers in respect of completion of service milestones and the default on its payment obligation by the customer, resulting in a financial loss.

We have reviewed the credit risk policy of the Company. The implementation of such policy has been audited through audit / review of accounts through compliance and substantive testing of selected samples. The Company has created a provision for doubtful debts for Trade Receivable and Unbilled Revenue based on expected credit loss method. We have evaluated the empirical data of the previous years, and we have ascertained that the current provisioning for the expected credit loss is in line with the historical evidences. We have also ascertained the key judgments and assumptions used by the Management in the recoverability assessment of Trade Receivables, Unbilled License Revenue and Unbilled Service Revenue.

## 2. Investments in Subsidiaries

The Company has various overseas subsidiaries. The carrying cost of investments made in overseas subsidiaries under equity as on 31 March 2019 is Rs.3,007.83 Mln.

Auditor's Response:

We have evaluated the carrying cost of the investments in subsidiaries. The investments in these subsidiaries are considered as long term in nature. We have considered the inter-dependency between the Company and its subsidiaries, the manner in which the operations are carried out by the Company and its subsidiaries and assessed the key judgments and assumptions used by the Company in evaluating the stated value of the investments.

## 3. Deferred Tax

Deferred tax is recognised using the balance sheet approach on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting at the reporting date. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by same governing tax laws and the Company has legally enforceable right to set off current tax assets against current tax liabilities.

The credit availed for Minimum Alternate Tax (MAT) in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future tax liability, is recognised as an asset viz. MAT Credit Entitlement. The balance in deferred tax asset as on 31 March 2019 is Rs.374.31 Mln. which is net of, MAT credit asset of Rs.451.12 Mln. and Deferred Tax Liability of Rs.76.81 Mln.

Auditor's Response:

We have verified the carrying amount of the MAT Credit Entitlement disclosed under Deferred Tax Assets.

We reviewed the evaluation process of availing the MAT Credit Entitlement. We assessed the permanence of methods used, the relevance and consistency of underlying assumptions (budget and future projections including earnings growth and applicable tax rates) and tested the arithmetic accuracy.

## 4. Intangible Assets - Product Software and Technology Platform

The Company's significant cash generating assets are Product Software and Technology Platform. Costs incurred in the development of the product, together with repository of new business components, upon completion of the development phase, have been classified as "Product Software". Similarly, costs incurred in the development of Technology Platform framework, which would enable the Company to provide solutions in both standard and customised way, have been classified as "Technology Platform". These are disclosed under Intangible Assets.

The carrying cost of Product Software and Technology Platform as on 31 March 2019 is Rs.2,379.47 Mln.

**Auditor's Response:**

We have reviewed and verified the process of capitalisation of Product Software and Technology Platform. The Company amortises the cost incurred in development of these intangible assets over its estimated useful life which is determined as ten years.

We have reviewed the Company's assessment on the reasonableness of the useful lives of these intangible assets and the impairment of these assets.

**Information Other than the Standalone Financial Statements and Auditor's Report thereon**

The Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's Annual Report but does not include the Standalone Financial Statements, Consolidated Financial Statements and our auditor's report thereon.

Our opinion on the Standalone Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Standalone Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Standalone Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Management's Responsibility for the Standalone Financial Statements**

The Company's Management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation and presentation of the Standalone Financial Statements that give a true and fair view of the Financial Position, Financial Performance (including Other Comprehensive Income), Changes in Equity and Cash Flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Standalone Financial Statements, Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management and Board of Directors, either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Board of Directors is also responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibilities for the Audit of the Standalone Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Standalone Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is

# Ramco Systems Limited, INDIA

higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system with reference to Standalone Financial Statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Standalone Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Standalone Financial Statements, including the disclosures, and whether the Standalone Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid Standalone Financial Statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the Directors as on 31 March 2019 and taken on record by the Board of Directors, none of the Directors is disqualified as on 31 March 2019 from being appointed as a Director in terms of Section 164(2) of the Act.

- (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure B”. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company’s internal financial controls over financial reporting.
- (g) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations as at 31 March 2019 on its financial position in its Standalone Financial Statements - Refer note no. 34 (c) to the Standalone Financial Statements.
  - ii. The Company does not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts that were required to be transferred by the Company to the Investor Education and Protection Fund.

3. With respect to the matter to be included in the Auditor’s Report under section 197(16) of the Act:

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its Directors during the year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any Director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

**For M S JAGANNATHAN & N KRISHNASWAMI**

Chartered Accountants  
Firm Registration No. 001208S

**K SRINIVASAN**

Partner  
Membership No. 021510

Place : Chennai  
Date : 22 May 2019



# Ramco Systems Limited, INDIA

## ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

With reference to the Annexure A referred to in the Independent Auditor's Report to the members of the Company on the Standalone Financial Statements for the year ended 31 March 2019, we report the following:

- (i) Fixed Assets
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) The fixed assets were physically verified during the year by the Management in accordance with the phased program of physical verification which in our opinion is reasonable having regard to the size of the Company. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
  - (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties included in fixed assets are held in the name of the Company.
- (ii) The Management has conducted the physical verification of inventory at reasonable intervals and no material discrepancies have been noticed on such verification.
- (iii) The Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties listed in the register maintained under Section 189 of the Act.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act, with respect to the loans given, investments made, guarantees and securities given.
- (v) The Company has not accepted any deposits from the public during the year.
- (vi) The requirement for maintenance of Cost Records pursuant to Companies (Cost Records and Audit) Rules, 2014 specified by the Central Government under Section 148 of the Act is not applicable to the Company for the year under audit.
- (vii) Undisputed and disputed taxes and duties
  - (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Goods and Services tax, duty of Customs, Cess and other material statutory dues applicable to it during the year. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at 31 March 2019, for a period of more than six months from the date they became payable.
  - (b) The disputed statutory dues aggregating to Rs.77.16 Mln. that have not been deposited on account of matters pending before appropriate authorities are as under:

Name of the Statute	Nature of the dues	Forum where dispute is pending	Rs. Mln.
Tamil Nadu Value Added Tax Act, 2006	Value Added Tax	Honorable High Court of Madras	75.86
The Maharashtra Value Added Tax Act, 2002	Value Added Tax	Deputy Commissioner of Sales Tax, Mumbai	0.09
Finance Act 1994	Service Tax	The Assistant Commissioner of GST & Central Excise, Chennai	1.21

- (viii) The Company has not defaulted in the repayment of dues to Banks during the year. The Company has not taken any loans or borrowings from financial institutions or Government or has not issued any Debentures during the year.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. The Company has raised loans from Banks during the year and the proceeds have been applied for the purposes for which they were raised.

- (x) Based upon the audit procedures performed and the information and explanations given by the Management, we report that no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- (xi) According to the information and explanations given to us and based on examination of the records of the Company, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) The Company is not a Nidhi Company.
- (xiii) In our opinion, all transactions with the related parties are in compliance with Sections 177 and 188 of the Act, and details have been disclosed in the Standalone Financial Statements as required by the applicable accounting standards.
- (xiv) Based upon the audit procedures performed and the information and explanations given by the Management, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) Based upon the audit procedures performed and the information and explanations given by the Management, the Company has not entered into any non-cash transactions with Directors or persons connected with them.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act 1934.

**For M S JAGANNATHAN & N KRISHNASWAMI**

Chartered Accountants  
Firm Registration No. 001208S

**K SRINIVASAN**

Partner  
Membership No. 021510

Place : Chennai  
Date : 22 May 2019

# Ramco Systems Limited, INDIA

## ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

### Report on the Internal Financial Controls over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Ramco Systems Limited ("the Company") as of 31 March 2019 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

#### Management's Responsibility for Internal Financial Controls

The Company's Management and Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information, as required under the Act.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls and both applicable to an audit of Internal Financial Controls and, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that receipts and expenditures of the company are being made only in accordance with authorisations of Management and Directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

**For M S JAGANNATHAN & N KRISHNASWAMI**

Chartered Accountants

Firm Registration No. 001208S

Place : Chennai

Date : 22 May 2019

**K SRINIVASAN**

Partner

Membership No. 021510

# Ramco Systems Limited, INDIA

## BALANCE SHEET AS AT 31 MARCH 2019

	Note No.	As at 31.03.2019 Rs. Mln.	As at 31.03.2018 Rs. Mln.
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	167.91	133.16
Intangible assets	6	2,432.85	2,435.78
Investment in subsidiaries	7	3,007.83	3,007.83
Financial assets	8		
Loans		40.00	40.00
Investments		15.00	15.00
Trade receivables		11.80	11.80
Other financial assets		51.34	54.08
Tax assets (net)		192.53	127.49
Deferred tax assets (net)	9	374.31	431.64
Other non-current assets	10	5.23	1.87
		<u>6,298.80</u>	<u>6,258.65</u>
<b>Current assets</b>			
Financial assets	11		
Loans		1,009.04	480.38
Trade receivables		1,567.17	1,152.33
Cash and cash equivalents		25.07	28.46
Other financial assets		148.96	437.05
Tax Assets (Net)		54.03	41.60
Other current assets	12	342.42	109.36
		<u>3,146.69</u>	<u>2,249.18</u>
<b>Total assets</b>		<u><u>9,445.49</u></u>	<u><u>8,507.83</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	13	306.28	305.75
Other equity	14	7,759.18	7,243.58
<b>Total equity</b>		<u>8,065.46</u>	<u>7,549.33</u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Provisions	15	59.03	55.94
Other non-current liabilities	16	6.42	9.70
		<u>65.45</u>	<u>65.64</u>
<b>Current liabilities</b>			
Financial liabilities	17		
Borrowings		802.99	366.44
Trade payables			
Total outstanding dues of micro enterprises and small enterprises		8.54	14.25
Total outstanding dues of creditors other than micro enterprises and small enterprises		203.79	186.90
Other financial liabilities		18.22	14.85
Provisions	18	5.11	3.50
Liabilities for current tax		2.41	-
Other current liabilities	19	273.52	306.92
		<u>1,314.58</u>	<u>892.86</u>
<b>Total liabilities</b>		<u>1,380.03</u>	<u>958.50</u>
<b>Total equity and liabilities</b>		<u><u>9,445.49</u></u>	<u><u>8,507.83</u></u>
The accompanying policies and notes form an integral part of the financial statements			
Significant Accounting Policies, Judgements and Estimates	1 - 4		
Notes on Financial Statements	5 - 39		

As per our report annexed  
For **M S JAGANNATHAN & N KRISHNASWAMI**  
Chartered Accountants  
Firm Registration No. 001208S  
  
**K SRINIVASAN**  
Partner  
Membership No.:021510

**P R VENKETRAMA RAJA**  
Chairman  
  
**P V ABINAV RAMASUBRAMANIAM RAJA**  
Whole Time Director  
  
**VIRENDER AGGARWAL**  
Chief Executive Officer  
  
**R RAVI KULA CHANDRAN**  
Chief Financial Officer

**SOUNDARA KUMAR**  
Director  
  
**P R KARTHIC**  
Company Secretary  
  
Place : Chennai  
Date : 22 May 2019

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2019

	Note No.	Year ended 31.03.2019 Rs. Mln.	Year ended 31.03.2018 Rs. Mln.
<b>Income</b>			
Revenue from operations	20	3,156.94	2,849.77
Finance income	21	87.27	131.22
Other income	22	0.80	1.22
<b>Total income</b>		<b>3,245.01</b>	<b>2,982.21</b>
<b>Expenses</b>			
Purchase of stock-in-trade	23	2.37	7.00
Changes in inventories of stock-in-trade	23	-	(0.16)
Employee benefits expense	24	1,093.13	931.68
Finance costs	25	41.03	11.95
Depreciation and amortisation expense	26	494.48	486.85
Other expenses	27	878.62	696.82
<b>Total expenses</b>		<b>2,509.63</b>	<b>2,134.14</b>
<b>Profit before tax</b>		<b>735.38</b>	<b>848.07</b>
<b>Income tax expense</b>			
Current tax (includes MAT)		159.31	160.71
Deferred tax (includes MAT credit)		57.21	29.00
<b>Total income tax expense</b>	9	<b>216.52</b>	<b>189.71</b>
<b>Profit for the year</b>		<b>518.86</b>	<b>658.36</b>
<b>Other comprehensive income</b>			
<b>(i) Items that will not be reclassified to profit or loss</b>			
Remeasurement gains / (losses) of defined benefit obligations	24.1	0.35	20.57
Income tax on above item(s)	9	(0.12)	(7.19)
		<b>0.23</b>	<b>13.38</b>
<b>(ii) Items that may be reclassified to profit or loss</b>			
Effect of change in functional currency of foreign operations		(16.13)	(7.13)
Income tax on above item(s)		-	-
		<b>(16.13)</b>	<b>(7.13)</b>
<b>Other comprehensive income for the year (i + ii)</b>		<b>(15.90)</b>	<b>6.25</b>
<b>Total comprehensive income for the year</b>		<b>502.96</b>	<b>664.61</b>
Earnings per Equity Share of Rs.10 each			
Basic		16.97	21.60
Diluted		16.97	21.60
Weighted average equity shares used in computing earnings per share			
Basic		30,574,407	30,478,159
Diluted		30,574,407	30,478,159

The accompanying policies and notes form an integral part of the financial statements  
 Significant Accounting Policies, Judgements and Estimates  
 Notes on Financial Statements

1-4  
5-39

As per our report annexed  
 For **M S JAGANNATHAN & N KRISHNASWAMI**  
 Chartered Accountants  
 Firm Registration No. 001208S

**K SRINIVASAN**  
 Partner  
 Membership No.:021510

**P R VENKETRAMA RAJA**  
 Chairman  
**P V ABINAV RAMASUBRAMANIAM RAJA**  
 Whole Time Director  
**VIRENDER AGGARWAL**  
 Chief Executive Officer  
**R RAVI KULA CHANDRAN**  
 Chief Financial Officer

**SOUNDARA KUMAR**  
 Director

**P R KARTHIC**  
 Company Secretary

Place : Chennai  
 Date : 22 May 2019

# Ramco Systems Limited, India

## STATEMENT OF CHANGES IN OTHER EQUITY FOR THE YEAR ENDED 31 MARCH 2019

Nos. in Mln. Rs. Mln.

### a. Equity Share Capital

Equity shares of Rs.10 each issued, subscribed and fully paid

<b>Balance as at 01 Apr 2017</b>	30.41	304.41
Changes in Equity Share Capital during 2017-18 (refer note no.13)	0.13	1.34
<b>Balance as at 31 March 2018</b>	30.54	305.75
Changes in Equity Share Capital during 2018-19 (refer note no.13)	0.05	0.53
<b>Balance as at 31 March 2019</b>	<b>30.59</b>	<b>306.28</b>

### b. Other Equity for the year ended 31 March 2019

Rs. Mln.

Particulars	Share application money pending allotment	Reserves & Surplus			Items of OCI	Total other equity
		Securities Premium	Employee stock options outstanding	Retained earnings	Currency translation reserve	
<b>As at 01 April 2018</b>	1.16	6,557.38	279.30	395.12	10.62	7,243.58
Profit for the period	-	-	-	518.86	-	518.86
Other comprehensive income (OCI) / (losses)						
(a) Remeasurement gains / (losses) of defined benefit obligations *	-	-	-	0.23	-	0.23
(b) Exchange difference on translation of foreign operations	-	-	-	0.01	(16.14)	(16.13)
<b>Total comprehensive income / (losses)</b>	<b>1.16</b>	<b>6,557.38</b>	<b>279.30</b>	<b>914.22</b>	<b>(5.52)</b>	<b>7,746.54</b>
Subscription to stock option schemes	0.54	-	-	-	-	0.54
Issue of share capital	(1.16)	5.32	-	-	-	4.16
Transfer on exercise of stock options	-	17.92	(17.92)	-	-	-
Share based payments for options granted	-	-	7.94	-	-	7.94
<b>As at 31 March 2019</b>	<b>0.54</b>	<b>6,580.62</b>	<b>269.32</b>	<b>914.22</b>	<b>(5.52)</b>	<b>7,759.18</b>

### Other Equity for the year ended 31 March 2018

Rs. Mln.

Particulars	Share application money pending allotment	Reserves & Surplus			Items of OCI	Total other equity
		Securities premium	Employee stock options outstanding	Retained earnings	Currency translation reserve	
<b>As at 01 April 2017</b>	-	6,497.51	308.19	(276.62)	17.75	6,546.83
Profit for the period	-	-	-	658.36	-	658.36
Other comprehensive income (OCI) / (losses)						
(a) Remeasurement gains/ (losses) of defined benefit obligations *	-	-	-	13.38	-	13.38
(b) Exchange difference on translation of foreign operations	-	-	-	-	(7.13)	(7.13)
<b>Total comprehensive income</b>	<b>-</b>	<b>6,497.51</b>	<b>308.19</b>	<b>395.12</b>	<b>10.62</b>	<b>7,211.44</b>
Subscription to stock option schemes	1.16	-	-	-	-	1.16
Issue of share capital	-	16.59	-	-	-	16.59
Transfer on exercise of stock options	-	43.28	(43.28)	-	-	-
Share based payments for options granted	-	-	14.39	-	-	14.39
<b>As at 31 March 2018</b>	<b>1.16</b>	<b>6,557.38</b>	<b>279.30</b>	<b>395.12</b>	<b>10.62</b>	<b>7,243.58</b>

\* In accordance with Ind AS, remeasurement gains / (losses) on defined benefit obligations recognised in OCI are not to be subsequently reclassified to profit or loss. As required under Ind AS compliant Schedule III, the Company transfers it immediately to retained earnings.

The accompanying policies and notes form an integral part of the financial statements

As per our report annexed  
For **M S JAGANNATHAN & N KRISHNASWAMI**  
Chartered Accountants  
Firm Registration No. 001208S

**K SRINIVASAN**  
Partner  
Membership No.:021510

**P R VENKETRAMA RAJA**  
Chairman  
**P V ABINAV RAMASUBRAMANIAM RAJA**  
Whole Time Director  
**VIRENDER AGGARWAL**  
Chief Executive Officer  
**R RAVI KULA CHANDRAN**  
Chief Financial Officer

**SOUNDARA KUMAR**  
Director

**P R KARTHIC**  
Company Secretary

Place : Chennai  
Date : 22 May 2019

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

	Year ended 31.03.2019	Year ended 31.03.2018
	Rs. Mln.	Rs. Mln.
<b>A. Cash flow from operating activities:</b>		
<b>Profit before tax</b>	<b>735.38</b>	<b>848.07</b>
Adjustments for :		
Depreciation and impairment of property, plant and equipment (PPE)	63.98	50.77
Amortisation and impairment of intangible assets	430.50	436.08
Share based payment expense accrual	7.95	14.39
(Profit) / loss on sale of PPE (Net)	1.25	2.45
Bad debts / provision for bad debts, net	59.66	19.19
Remeasurement of defined benefit obligations	0.35	20.57
Effect of exchange difference on translation of deferred tax & fixed assets	0.01	0.01
Effect of change in foreign currency translation reserve	(16.13)	(7.13)
Unrealised exchange (gain) / loss	44.34	(73.80)
Finance and investment income	(75.23)	(124.18)
Finance costs	41.03	11.95
<b>Operating profit before working capital / other changes</b>	<b>1,293.09</b>	<b>1,198.37</b>
Adjustments for :		
Increase / (decrease) in provisions	4.70	(7.04)
Increase / (decrease) in trade and other payables	11.18	0.38
Increase / (decrease) in other current liabilities	(33.31)	105.45
(Increase) / decrease in trade and other receivables	(654.98)	(313.74)
(Increase) / decrease in inventories	-	0.16
<b>Cash generated from operations</b>	<b>620.68</b>	<b>983.58</b>
Income tax paid	-	-
<b>Net cash flow from operating activities (A)</b>	<b>620.68</b>	<b>983.58</b>
<b>B. Cash flow from investing activities:</b>		
Addition to tangible / Intangible assets	(529.58)	(427.54)
Investment in subsidiaries	-	(230.74)
Proceeds from sale of PPE	2.02	1.10
Loans to subsidiaries (Net)	(527.56)	(786.81)
Loan to other parties	(1.10)	(51.39)
Short term fixed deposits placed with Banks	(0.09)	(0.08)
Interest income on loans and deposits	71.08	119.19
<b>Net cash used in investing activities (B)</b>	<b>(985.23)</b>	<b>(1,376.27)</b>
<b>C. Cash flow from financing activities:</b>		
Proceeds from issue of Share Capital on account of issue of shares under Employee Stock Option Plans	5.83	17.92
Proceeds from short term borrowings	3,008.13	1,996.78
Repayment of short term borrowings	(2,571.58)	(1,680.34)
Finance income	4.15	4.99
Finance costs paid	(41.03)	(11.95)
<b>Net cash from financing activities (C)</b>	<b>405.50</b>	<b>327.40</b>
<b>Net increase / (decrease) in cash and cash equivalents [A+B+C]</b>	<b>40.95</b>	<b>(65.29)</b>
<b>Effect of unrealised exchange (gain) / loss</b>	<b>(44.34)</b>	<b>73.80</b>
<b>Net cash generated / (used in) for the year</b>	<b>(3.39)</b>	<b>8.51</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>28.46</b>	<b>19.95</b>
<b>Cash and cash equivalents as at end of the year</b>	<b>25.07</b>	<b>28.46</b>

The accompanying policies and notes form an integral part of the financial statements

As per our report annexed  
For **M S JAGANNATHAN & N KRISHNASWAMI**  
Chartered Accountants  
Firm Registration No. 001208S

**K SRINIVASAN**  
Partner  
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**P R VENKETRAMA RAJA**  
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Chief Executive Officer  
**R RAVI KULA CHANDRAN**  
Chief Financial Officer

**SOUNDARA KUMAR**  
Director

**P R KARTHIC**  
Company Secretary

Place : Chennai  
Date : 22 May 2019



# Ramco Systems Limited, INDIA

## NOTES TO SEPARATE (STANDALONE) FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

### 1. Corporate information

Ramco Systems Limited (the “Company”) is a public limited company domiciled and headquartered in India and incorporated under the provisions of Companies Act, 1956. Its shares are listed in BSE Limited and National Stock Exchange of India Limited. The registered office of the Company is located at No. 47, P.S.K Nagar, Rajapalayam 626108 and corporate office and R&D center is located at 64, Sardar Patel Road, Taramani, Chennai 600113.

The Company develops Enterprise Resource Planning (ERP) Software solutions for various verticals in various domains like Human Capital Management, Aviation Maintenance Repair & Overhaul, Logistics and provides these with related solutions and services, including managed services. The Software is either delivered on-premise or offered as a service hosted on cloud.

The financial statements of the Company for the year were approved and adopted by Board of Directors of the Company in its meeting held on 22 May 2019.

### 2. Basis of preparation of separate financial statements

The financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) as prescribed under section 133 of the Companies Act, 2013 (‘the Act’) (to the extent notified), read with Companies (Indian Accounting Standards) Rules as amended from time to time and guidelines issued by the Securities and Exchange Board of India (SEBI).

Accounting policies have been consistently applied except where a newly-issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

2.1 The financial statements have been prepared under the historical cost convention on accrual basis except certain financial instruments and defined benefit plan assets, share based payments that are measured at fair values.

#### 2.2 Foreign currency transactions

The functional currency of the Company is Indian Rupee. Transactions denominated in foreign currency are recorded at the exchange rate prevailing on the date of transaction. The monetary items denominated in the foreign currency at the year-end are translated at the exchange rates prevailing on the date of the balance sheet and the loss or gain arising out of such transactions is adjusted in the Statement of Profit and Loss. As per Appendix B to Ind AS 21, effective 01 April 2018, the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which the Company initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

#### 2.3 Translation of financial statements of foreign branches

Functional currency of foreign branches is the respective local currency of domicile. All income and expenditure transactions during the year are reported at a monthly moving average exchange rate for the respective periods. All assets and liabilities are translated at the rate prevailing on the Balance Sheet date. Net gain / loss on foreign currency translation is recognised in Other Comprehensive Income.

#### 2.4 An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle,
- Held primarily for the purpose of trading,
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

#### 2.5 A liability is current when:

- It is expected to be settled in normal operating cycle,
- It is held primarily for the purpose of trading,

- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

2.6 Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.7 The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

2.8 The financial statements are presented in Indian Rupees rounded to the nearest million with two decimals. Figures less than ten thousands are shown as nil.

### 3. Significant accounting policies

#### a. Fair value measurement

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

#### b. Revenue recognition

The Company derives revenues from Software Solutions & Services. Revenues are derived from the following streams:

- (1) Revenue from Software Products, in the form of (a) Software Licensing (b) Subscription for Software as a Service (c) Product Support Services and (d) Application Maintenance Services;
- (2) Revenue from Software Services, in the form of (a) Implementation / Professional Services (b) Managed Services;
- (3) Revenue from Resale of Hardware & Software.

Effective 01 April 2018, the Company adopted Ind AS 115 “Revenue from Contracts with Customers” using the cumulative catch-up transition method, applied to contracts that were not completed as at 01 April 2018. In accordance with the cumulative catch-up transition method, the comparatives have not been retrospectively adjusted. For policies in effect for revenue prior to 01 April 2018, refer Note No. 3(b) “Significant accounting policies” reported in the Standalone Financial Statements of the Company’s 2017-18 Annual Report.

Revenue is measured based on the transaction price, which is the consideration, adjusted for finance components and volume discounts, service level credits, performance bonus, price concessions and incentives, if any, as specified in the contract with the customers.

# Ramco Systems Limited, INDIA

Revenue is recognised in the profit and loss account upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those services or products and excluding taxes or duties. To recognise revenues, the Company applies the following five step approach: (1) identify the contract with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognise revenues when a performance obligation is satisfied.

At contract inception, the Company assesses its promise to transfer products or services to a customer to identify separate performance obligations. The Company applies judgement to determine whether each product or service promised to a customer is capable of being distinct, and are distinct in the context of the contract, if not, the promised products or services are combined and accounted as a single performance obligation. The Company allocates the contract value to separately identifiable performance obligations based on their relative stand-alone selling price (mostly as reflected in the contracts) or residual method. Standalone selling prices are determined based on sale prices for the components when it is regularly sold separately. In cases where the Company is unable to determine the stand-alone selling price, the Company uses expected cost-plus margin approach in estimating the stand-alone selling price.

For performance obligations where control is transferred over time, revenues are recognised by measuring progress towards completion of the performance obligation. The selection of the method to measure progress towards completion requires judgment and is based on the nature of the promised products or services to be provided.

The method for recognising revenues depends on the nature of the products sold / services rendered:

## (1) Revenue from Software Products

### (a) Software Licensing

Software licensing revenues represent all fees earned from granting customers licenses to use the Company's software, through initial licensing and or through the purchase of additional modules or user rights. For software license arrangements that do not require significant modification or customisation of the underlying software, revenue is recognised on delivery of the software and when the customer obtains a right to use such licenses.

### (b) Subscription for Software as a Service

Subscription fees for offering the hosted software as a service are recognised as revenue ratably on straight line basis, over the term of the subscription arrangement.

### (c) Product Support Services

Fees for product support services, covering inter alia improvement and upgradation of the basic Software, whether sold separately (e.g., renewal period AMC) or as an element of a multiple-element arrangement, are recognised as revenue ratably on straight line basis, over the term of the support arrangement.

### (d) Application Maintenance Services

Fees for the application maintenance services, covering inter alia the support of the customised software, are recognised as revenue ratably on straight line basis, over the term of the support arrangement.

### (e) Royalty income

Royalty income represents fees charged at arms-length basis on the revenue earned from external customers by the subsidiaries, by way of Software Licensing, Product Support Services, Subscription for Software as a Service and Application Maintenance Service, in respect of Company's Software Products. Such royalty income is recognised at the point of time at which the subsidiaries recognise the said revenue.

## (2) Revenue from Software Services

### (a) Implementation / Professional Services

Software Implementation / Professional Services contracts are either fixed price or time and material based. Revenues from fixed price contracts, where the performance obligations are satisfied over time, are recognised using the "percentage of completion" method. Percentage of completion is determined based on project costs incurred to date as a percentage of total estimated project costs required to complete the project. The cost expended (or input) method has been used to measure progress towards completion as there is a

direct relationship between input and productivity. The performance obligations are satisfied as and when the services are rendered since the customer generally obtains control of the work as it progresses.

Where the Software is required to be substantially customised as part of the implementation service, the entire fee for licensing and implementation services is considered to be a single performance obligation and the revenue is recognised using the percentage of completion method as the implementation services are performed.

Revenues from implementation services in respect of hosting contracts are to be recognised as revenue ratably over the longer of the contract term or the estimated expected life of the customer relationship. However, considering the existence of partners being available for rendering such implementation services, these services are considered to be a separate element and recognised in accordance with percentage of completion method.

When total cost estimates exceed revenues in an arrangement, the estimated losses are recognised in the statement of profit and loss in the period in which such losses become probable based on the current contract estimates as a contract provision.

In the case of time and material contracts, revenue is recognised based on billable time spent in the project, priced at the contractual rate.

Any change in scope or price is considered as a contract modification. The Company accounts for modifications to existing contracts by assessing whether the services added are distinct and whether the pricing is at the standalone selling price. Services added that are not distinct are accounted for on a cumulative catch up basis, while those that are distinct are accounted for prospectively as a separate contract if the additional services are priced at the standalone selling price.

Non-refundable one-time upfront fees for enablement / application installation, consisting of standardisation set-up, initiation or activation or user login creation services in the case of hosting contracts, are recognised in accordance with percentage of completion method once the customer obtains a right to access and use the Software.

(b) **Managed Services**

Fees for managed services, which include business processing services, are recognised as revenue as the related services are performed.

(3) **Revenue from Resale of Hardware & Software**

Revenue from sale of traded hardware / software is recognised on transfer of significant risks, rewards and control to the customer.

**Contract assets, liabilities and financing arrangements**

A contract asset is a right to consideration that is conditional upon factors other than the passage of time. Contract assets primarily relate to unbilled amounts on implementation / professional services contracts and are classified as non-financial asset as the contractual right to consideration is dependent on completion of contractual milestones (which we refer to as unbilled services revenue).

Unbilled revenues on software licensing are classified as a financial asset where the right to consideration is unconditional upon passage of time (which we refer to as unbilled licenses revenue).

A contract liability is an entity's obligation to transfer software products or software services to a customer for which the entity has received consideration (or the amount is due) from the customer (which we refer to as unearned revenue).

The Company assesses the timing of the transfer of software products or software services to the customer as compared to the timing of payments to determine whether a significant financing component exists. As a practical expedient, the Company does not assess the existence of a significant financing component when the difference between payment and transfer of deliverables is a year or less. If the difference in timing arises for reasons other than the provision of finance to either the customer or us, no financing component is deemed to exist.

**c. Finance income**

Interest on bank deposits is recognised on accrual basis.

The imputed interest attributable to arrangements having extended credit period is eliminated from the revenue from operations and accounted as interest over the credit period.

# Ramco Systems Limited, INDIA

## d. Income Taxes

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates as per the provisions of the Income tax Act, 1961 and other applicable tax laws. Current income tax payable by overseas branches of the Company if any is computed in accordance with the tax laws applicable in the jurisdiction in which the respective branch operates. The taxes paid are generally available for set off against the Indian income tax liability of the Company's worldwide income, and if not available, charged off in the profit and loss account.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future tax liability, is recognised as an asset viz. MAT Credit Entitlement, to the extent there is convincing evidence that the Company will pay normal Income tax and it is highly probable that future economic benefits associated with it will flow to the Company during the specified period. The Company reviews the "MAT Credit Entitlement" at each Balance Sheet date and writes down the carrying amount of the same to the extent there is no longer convincing evidence to the effect that the Company will pay normal Income tax during the specified period.

Current tax assets and liabilities are offset, when the Company has legally enforceable right to set off the recognised amounts and intends to settle the asset and the liability on a net basis.

Deferred tax is recognised using the balance sheet approach on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting at the reporting date. The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that the sufficient taxable profit will be available to allow, all or part of the deferred income tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year where the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by same governing tax laws and the Company has legally enforceable right to set off current tax assets against current tax liabilities.

Both current tax and deferred tax relating to items recognised outside the Profit or Loss is recognised either in "Other Comprehensive Income" or directly in "Equity" as the case may be.

## e. Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises of purchase price, borrowing cost if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives.

When assets are acquired on Hire Purchase these are capitalised at the gross value and interest thereon charged to statement of profit and loss.

Depreciation in the books of the Company is charged on a pro-rata basis on the Straight Line Method as prescribed under Schedule II of the Companies Act, 2013 over the useful life of the assets.

The useful lives of various assets used by the Company are tabled below:

Asset type	Useful life
Building	60
Laptop & desktops	3
Server & networks	6
Furniture	10
Office equipment	5
Electrical items	10
Vehicles	8

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

#### **f. Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. Internally generated intangibles, excluding capitalised software development costs, are not capitalised and the related expenditure is reflected in the statement of profit and loss in the period in which the expenditure is incurred.

The useful lives of intangible assets of the Company are assessed as finite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

#### **Software development costs**

Research costs are expensed as incurred. Software development expenditures on product / platform are recognised as intangible assets when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale,
- Its intention to complete and its ability and intention to use or sell the asset,
- How the asset will generate future economic benefits,
- The availability of resources to complete the asset,
- The ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses, if any. Amortisation of these assets begins from the year, following the year in which such development costs are incurred. It is amortised over the period of expected future benefit. Amortisation expense is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Costs incurred in the development of the product, together with repository of new business components, upon completion of the development phase, have been classified and grouped as “Product software” under intangible assets. Similarly, costs incurred in the development of technology platform framework, which would enable the Company to provide solutions - both standard and customised - in an efficient manner, have been classified and grouped as “Technology platform” under intangible assets.

During the period of development and thereafter, the asset is tested for impairment annually.

#### **Patents**

Company is filing patent applications and costs incurred for filing the patent application like consultancy and filing fees are capitalised upon grant of Patents.

# Ramco Systems Limited, INDIA

The useful life of the above assets is estimated as under:

Asset type	Useful life
Self-generated R&D (Product software & Technology platform)	10
Computer software	6
Patents	10

## g. Borrowing costs

Borrowing cost include interest computed using Effective Interest Rate method, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs that are directly attributable to the acquisition, construction, production of a qualifying asset are capitalised as part of the cost of that asset which takes substantial period of time to get ready for its intended use. The Company determines the amount of borrowing cost eligible for capitalisation by applying capitalisation rate to the expenditure incurred on such cost. The capitalisation rate determined based on the weighted average rate of borrowing cost applicable to the borrowings of the Company which are outstanding during the period, other than borrowings made specifically towards purchase of the qualifying asset. The amount of borrowing cost that the Company capitalises during the period does not exceed the amount of borrowing cost incurred during that period. All other borrowing costs are expensed in the period in which they occur.

## h. Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, (or contains), a lease if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to 01 April 2015, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

### Company as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy on the borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

### Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

**i. Inventories**

Inventories are valued at the lower of cost and net realisable value.

Cost includes bringing the inventories to their present location and condition and is determined based on FIFO method. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

**j. Impairment of non-financial assets**

The carrying values of the non-financial assets are reviewed at each Balance Sheet date to determine whether there is any indication of impairment of the carrying amount of the Company's assets. If any indication exists, an asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of the asset exceeds the recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased such reversal of impairment loss is recognised in the statement of profit and loss.

**k. Provisions, contingent liabilities and contingent assets**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liability is a possible obligation that may arise from past events and its existence will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the same are not recognised but disclosed in the financial statements.

Insurance claims are accounted on the basis of claims admitted or expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection. Any subsequent change in the recoverability is provided for. Contingent Assets are neither recognised nor disclosed.

**l. Employee benefits expense**

**Short-term employee benefits**

Short-term employee benefits viz., salaries, wages and other benefits are recognised as expenses at the undiscounted amount as per contractual terms in the statement of profit and loss for the year in which the related service is rendered.

**Defined contribution plans**

**Superannuation**

The senior officers of the Company have been given an option to participate in Defined Contribution Plan ("The Superannuation Plan") maintained by the Life Insurance Corporation of India. For those who opt to participate, the company makes contributions not exceeding Rupees one lakh fifty thousand per annum, based on specified



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percentage of basic salary of each covered employee. For those who do not opt to participate, an amount equivalent to the contribution determined at the time of exercise of option is paid along with salary. The Company has no further obligation beyond its contribution/payments.

## **National pension system**

The employees of the Company have been given an option to participate in a defined contribution plan ("National Pension System"), maintained by the fund managers approved by the Pension Fund Regulatory and Development Authority. For those who opt to participate, the Company makes contributions equal to 10% of the covered employee's basic salary. For those who do not opt to participate, an amount equivalent to the contribution determined at the time of exercise of option is paid along with salary. The Company has no further obligation beyond its contributions/payments.

## **Provident fund**

In addition to the above benefits, all employees receive benefits from a Provident fund, which is defined contribution plan. Both the employee and employer each make monthly contributions to the plan equal to 12% of the covered employee's basic salary. These contributions are made to the employees' provident fund maintained by the Government of India. The company has no further obligations under the plan beyond its monthly contributions.

## **Defined benefit plans**

### **Gratuity**

In accordance with the Indian Law, the Company provides for gratuity, a defined benefit plan ("The Gratuity Plan"), covering all employees. The employees are covered under the Company Gratuity Scheme of the Life Insurance Corporation of India. The liability for Gratuity is ascertained as at the end of the financial year, based on the actuarial valuation by an independent external actuary as at the Balance Sheet date using the "projected unit credit method".

Remeasurement of net defined benefit asset / liability comprising of actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged / credited to other comprehensive income in the period in which they arise and immediately transferred to retained earnings. Other costs are accounted in the consolidated statement of profit and loss.

### **Leave encashment**

The Company has a policy of providing encashment of unavailed leave for its employees. The obligation for the leave encashment is recognised based on an independent external actuarial valuation at the Balance Sheet date. The expense is recognised in the statement of profit and loss at the present value of the amount payable determined based on actuarial valuation using "projected unit credit method".

## **m. Financial instruments**

- 1.1 A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.
- 1.2 Financial assets and liabilities are offset and the net amount is presented in the Balance Sheet when and only when the Company has a legal right to offset the recognised amounts and intends either to settle on a net basis or to realise the assets and settle the liabilities simultaneously.
- 1.3 The Company initially determines the classification of financial assets and liabilities. After initial recognition, no re-classification is made for financial assets which are categorised as equity instruments at FVTOCI and financial assets / liabilities that are specifically designated as FVTPL. However, other financial assets are re-classifiable when there is a change in the business model of the Company. When the Company reclassifies the financial assets, such reclassifications are done prospectively from the first day of the immediately next reporting period. The Company does not restate any previously recognised gains, losses including impairment gains or losses or interest.

Financial assets

- 1.4 Financial assets comprises of investments in equity and mutual funds, trade receivables, cash and cash equivalents and other financial assets.
- 1.5 Depending on the business model (i.e.,) nature of transactions for managing those financial assets and its contractual cash flow characteristics, the financial assets are initially measured at fair value and subsequently measured and classified at:
  - a) Amortised cost; or
  - b) Fair value through other comprehensive income (FVTOCI); or
  - c) Fair value through profit or loss (FVTPL).

Amortised cost represents carrying amount on initial recognition at fair value plus or minus transaction cost.

- 1.6 The Company has evaluated the facts and circumstances on date of transition to Ind AS for the purpose of classification and measurement of financial assets. Accordingly, financial assets are measured at FVTPL except for those financial assets whose contractual terms give rise to cash flows on specified dates that represents solely payments of principal and interest thereon, are measured as detailed below depending on the business model:

Classification	Business model
Amortised cost	The objective of the Company is to hold and collect the contractual cash flows till maturity. In other words, the Company do not intend to sell the instrument before its contractual maturity to realise its fair value changes.
FVTOCI	The objective of the Company is to collect its contractual cash flows and selling financial assets.

Investment in equity of subsidiaries are carried at cost (i.e.,) previous GAAP carrying amount as at the date of transition to Ind AS. The Company has exercised an irrevocable option at time of initial recognition to measure the changes in fair value of other equity investments at FVTOCI. Accordingly, the Company classifies its financial assets for measurement as below:

Classification	Name of financial assets
Amortised cost	Trade receivables, loans and advances, deposits, interest receivable, unbilled revenue and other advances recoverable in cash or kind.
FVTOCI	Equity instrument in companies other than subsidiaries as an option exercise at the time of initial recognition.
FVTPL	Investment in mutual funds, forward exchange contracts.

- 1.7 Financial assets are derecognised (i.e.,) removed from the financial statements, when its contractual rights to the cash flows expire or upon transfer of the said assets. The Company also derecognises when it has an obligation to adjust the cash flows arising from the financial asset with third party and either upon transfer of:
  - a) significant risk and rewards of the financial asset, or
  - b) control of the financial asset.

However, the Company continue to recognise the transferred financial asset and its associated liability to the extent of its continuing involvement, which are measured on the basis of retainment of its rights and obligations of financial asset. The Company has applied the de-recognition requirements prospectively.

- 1.8 Upon derecognition of its financial asset or part thereof, the difference between the carrying amount measured at the date of recognition and the consideration received including any new asset obtained less any new liability assumed shall be recognised in the Statement of Profit and Loss.
- 1.9 For impairment purposes, significant financial assets are tested on individual basis at each reporting date. Other financial assets are assessed collectively in groups that share similar credit risk characteristics.

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Accordingly, the impairment testing is done on the following basis:

Name of financial asset	Impairment testing methodology
Trade receivables and unbilled license revenue	Expected Credit Loss model (ECL) is applied using 12 month ECL method. The ECL over lifetime of the assets are estimated by using a provision matrix which is based on historical loss experience reflecting current conditions and forecasts of future economic conditions which are grouped on the basis of similar credit characteristics such as nature of industry, customer segment, past due status and other factors that are relevant to estimate the expected cash loss from these assets.
Other Financial assets	When the credit risk has not increased significantly, 12 month ECL is used to provide for impairment loss. When there is significant change in credit risk since initial recognition, the impairment is measured based on probability of default over the life time. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12 month ECL.

## Financial liabilities

1.10 Financial liabilities comprises of Borrowings, Trade payables, Derivative financial instruments, Financial guarantee obligation and other financial liabilities.

1.11 The Company measures its financial liabilities as below:

Measurement basis	Name of Financial liabilities
Amortised cost	Borrowings, Trade payables, Interest accrued, Security deposits and other financial liabilities not for trading.
FVTPL	Foreign exchange Forward contracts being derivative contracts do not qualify for hedge accounting under Ind AS 109 and other financial liabilities held for trading.

1.12 Financial liabilities are derecognised when and only when it is extinguished (i.e.,) when the obligation specified in the contract is discharged or cancelled or expired.

1.13 Upon derecognition of its financial liabilities or part thereof, the difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid including any non-cash assets transferred or liabilities assumed is recognised in the Statement of Profit and Loss.

## n. Cash and cash equivalents

Cash and cash equivalents in the Balance Sheet comprises of cash at banks and on hand and short-term deposits with an original maturity of three months or less, highly liquid investments that are readily convertible into cash.

## o. Cash dividend

The Company recognises a liability to make cash dividend, when the distribution is authorised and the distribution is no longer at the discretion of the Company. A corresponding amount is recognised directly in equity including applicable taxes.

## p. Cash flow statement

Cash flows are presented using indirect method, whereby profit / loss before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

**q. Share based payments**

Stock options granted to the option grantees in the Company / subsidiaries are measured at the fair value of the equity instruments granted. For each stock option, the measurement of fair value is performed on the grant date. The grant date is the date on which the options are granted. The fair value so determined is revised only if the stock option scheme is modified in a manner that is beneficial to the employees. The ex-modification fair value is recognised as an employee expense equally over the vesting period and the incremental fair value resulting from modification of the scheme, is recognised over the vesting period remaining after the modification date.

**Graded vesting options**

If the options vest in installments (i.e., the options vest pro rata over the vesting period), then each installment is treated as a separate share option grant because each instalment has a different vesting period.

**r. Earnings Per Share (EPS)**

Net profit after tax is divided by the weighted average number of equity shares outstanding.

When an item of income or expense which is otherwise required to be recognised in the statement of profit and loss is debited or credited to Equity, the amount in respect thereof is suitably adjusted in Net Profit for the purpose of computing Earnings Per Share.

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of Equity Shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of Equity Shares outstanding during the year plus the weighted average number of Equity Shares that would be issued on conversion of all the dilutive potential Equity Shares into Equity shares.

**s. Operating segments**

The Company's business operation comprises of single operating segment viz., Software and related solutions. Operating segment has been identified on the basis of nature of products and reported in a manner consistent with the internal reporting provided to Chief Operating Decision Maker.

**t. Assets held for sale**

Assets held for sale are measured at the lower of carrying amount or fair value less costs to sell.

**3.1. Recent accounting pronouncements – Standards issued but not effective**

Ministry of Corporate Affairs ("MCA"), through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified the following new and amendments to Ind AS which the Company has not applied as they are effective from April 1, 2019. The Company is further evaluating the requirements and the effect of the new pronouncements on the financial statements. The amendments relating to the Company are reported below:

Ind AS 116 Leases:

Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lessee accounting model for lessees to recognise assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently the Company is charging off as operating lease expenses to the Profit and Loss Account. The Company will adopt Ind AS 116, effective annual reporting period beginning 01 April 2019 with a proposal to use the "Modified Retrospective Approach" for the transitioning to Ind AS 116, and take the cumulative adjustment to retained earnings, on the date of initial application, without adjusting the comparatives.

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## Ind AS 12 Income taxes:

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

Further amendment to Appendix C specifies that the amendment is to be applied while performing the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12.

## Ind AS 109 Financial instruments – prepayment features with negative compensation:

The amendments relating to the existing requirements in Ind AS 109 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments.

## Ind AS 19 Employee benefits – plan amendment, curtailment or settlement:

The amendments to Ind AS 19 require;

- a. to use updated assumptions to determine current service costs and net interest for the remainder of the period after a plan amendment, curtailment or settlement and
- b. to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

## Ind AS 23 Borrowing Costs:

The amendments to Ind AS 23, clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

## 4. Significant estimates and judgments

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures, and the disclosure of contingent liabilities. Actual results could vary from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision effects only that period or in the period of the revision or future periods, if the revision affects both current and future years.

Accordingly, the management has applied the following estimates / assumptions / judgments in preparation and presentation of financial statements:

### Property, plant and equipment (PPE) and intangible assets

The residual values and estimated useful life of PPEs, Intangible assets are assessed by technical team duly reviewed by the management at each reporting date. Wherever the management believes that the assigned useful life and residual value are appropriate, such recommendations are accepted and adopted for computation of depreciation / amortisation / impairment.

### Current taxes

Calculations of income taxes for the current period are done based on applicable tax laws and management's judgment by evaluating positions taken in tax returns and interpretations of relevant provisions of law.

### Deferred tax asset (including MAT credit entitlement)

Significant management judgment is exercised by reviewing the deferred tax assets at each reporting date to determine the amount of deferred tax assets that can be retained / recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

#### Contingent liabilities

Management judgment is exercised for estimating the possible outflow of resources, if any, in respect of contingencies/ claims / litigations against the Company as it is not possible to predict the outcome of pending matters with accuracy.

#### Impairment of financial assets

The impairment of financial assets are done based on assumptions about risk of default and expected loss rates. The assumptions, selection of inputs for calculation of impairment are based on management judgment considering the past history, market conditions and forward looking estimates at the end of each reporting date.

#### Impairment of non-financial assets (PPE / Intangible assets)

The impairment of non-financial assets is determined based on estimation of recoverable amount of such assets. The assumptions used in computing the recoverable amount are based on management judgment considering the timing of future cash flows, discount rates and the risks specific to the asset.

#### Impairment of Investments in Subsidiaries / Associate

Significant management judgement is exercised in determining whether the investment in subsidiaries / associate are impaired or not, is on the basis of its nature of long term strategic investments and other business considerations.

#### Defined benefit plans and other long term benefits

The cost of the defined benefit plan and other long term benefits, and the present value of such obligation are determined by the independent actuarial valuer. Management believes that the assumptions used by the actuary in determination of the discount rate, future salary increases, mortality rates and attrition rate are reasonable. Due to the complexities involved in the valuation and its long term nature, this obligation is highly sensitive to changes in these assumptions.

#### Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities could not be measured based on quoted prices in active markets, management uses valuation techniques including the Discounted Cash Flow (DCF) model, to determine its fair value. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is exercised in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility.

#### Share based payments

The Company initially measures the equity settled transactions with employees using fair value model. This requires determination of most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including volatility and dividend yield and making assumptions about them.

#### Revenue recognition

The Company exercises judgment in determining whether the performance obligation is satisfied at a point in time or over a period of time.

The Company applies the percentage of completion method using the input (cost expended) method to measure progress towards completion in respect of fixed price contracts, which are performed over a period of time. The Company exercises judgment to estimate the future cost-to-completion of the contracts which is used to determine the degree of completion of the performance obligation.

The Company's contracts with customers could include promises to transfer multiple products and services to a customer. The Company assesses the products / services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgment to determine the deliverables and the ability of the customer to benefit independently from such deliverables. Judgment is also required to determine the transaction price for the contract.

The Company uses judgment to determine an appropriate standalone selling price for a performance obligation. The Company allocates the transaction price to each performance obligation on the basis of the relative standalone selling price of each distinct product or service promised in the contract. Where standalone selling price is not observable, the Company uses the expected cost plus margin approach to allocate the transaction price to each distinct performance obligation.

Provision for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the expected contract estimates at the reporting date.

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## 5. Property, plant and equipment

Rs. Mln.

Particulars	Building	Laptops and Desktops	Servers and Networks	Furniture	Office Equipments	Electrical Items	Vehicles	Total
<b>Gross Carrying value</b>								
<b>As at 01 April 2017</b>	<b>3.12</b>	<b>181.25</b>	<b>251.39</b>	<b>22.07</b>	<b>47.44</b>	<b>14.96</b>	<b>33.38</b>	<b>553.61</b>
Additions	-	25.79	17.63	1.29	7.69	0.60	6.10	59.10
Disposals	-	(79.85)	(178.77)	(1.23)	(2.26)	(0.74)	(4.82)	(267.67)
Exchange difference	-	0.01	-	-	-	-	-	0.01
<b>As at 31 March 2018</b>	<b>3.12</b>	<b>127.20</b>	<b>90.25</b>	<b>22.13</b>	<b>52.87</b>	<b>14.82</b>	<b>34.66</b>	<b>345.05</b>
Additions	-	29.99	57.22	1.88	6.70	0.70	5.53	102.02
Disposals	-	(9.98)	(2.47)	(0.06)	-	(0.02)	(4.96)	(17.49)
Exchange difference	-	-	-	-	0.04	0.01	-	0.05
<b>As at 31 March 2019</b>	<b>3.12</b>	<b>147.21</b>	<b>145.00</b>	<b>23.95</b>	<b>59.61</b>	<b>15.51</b>	<b>35.23</b>	<b>429.63</b>
<b>Depreciation</b>								
<b>As at 01 April 2017</b>	<b>1.79</b>	<b>151.69</b>	<b>218.78</b>	<b>7.48</b>	<b>24.24</b>	<b>6.70</b>	<b>14.55</b>	<b>425.23</b>
For the year	0.05	23.20	11.60	2.04	8.55	1.20	4.13	50.77
Disposals	-	(79.85)	(178.65)	(0.58)	(2.01)	(0.32)	(2.71)	(264.12)
Exchange difference	-	0.02	(0.01)	(0.02)	0.01	0.01	-	0.01
<b>As at 31 March 2018</b>	<b>1.84</b>	<b>95.06</b>	<b>51.72</b>	<b>8.92</b>	<b>30.79</b>	<b>7.59</b>	<b>15.97</b>	<b>211.89</b>
For the year	0.05	24.39	23.09	2.07	8.88	1.26	4.25	63.99
Disposals	-	(9.95)	(1.16)	(0.03)	-	(0.01)	(3.05)	(14.20)
Exchange difference	-	-	-	-	0.04	-	-	0.04
<b>As at 31 March 2019</b>	<b>1.89</b>	<b>109.50</b>	<b>73.65</b>	<b>10.96</b>	<b>39.71</b>	<b>8.84</b>	<b>17.17</b>	<b>261.72</b>
<b>Carrying value</b>								
<b>As at 31 March 2018</b>	<b>1.28</b>	<b>32.14</b>	<b>38.53</b>	<b>13.21</b>	<b>22.08</b>	<b>7.23</b>	<b>18.69</b>	<b>133.16</b>
<b>As at 31 March 2019</b>	<b>1.23</b>	<b>37.71</b>	<b>71.35</b>	<b>12.99</b>	<b>19.90</b>	<b>6.67</b>	<b>18.06</b>	<b>167.91</b>

## 6. Intangible assets

Rs. Mln.

Particulars	Technology Platform	Product Software	Patents	Computer Software	Total
<b>Gross carrying value</b>					
<b>As at 01 April 2017</b>	<b>1,406.50</b>	<b>3,627.72</b>	<b>14.23</b>	<b>439.09</b>	<b>5,487.54</b>
Additions	70.60	282.03	-	15.80	368.43
Deletions	-	-	-	(278.46)	(278.46)
<b>As at 31 March 2018</b>	<b>1,477.10</b>	<b>3,909.75</b>	<b>14.23</b>	<b>176.43</b>	<b>5,577.51</b>
Additions	117.99	300.13	-	9.44	427.56
Deletions	-	-	-	-	-
<b>As at 31 March 2019</b>	<b>1,595.09</b>	<b>4,209.88</b>	<b>14.23</b>	<b>185.87</b>	<b>6,005.07</b>
<b>Amortisation</b>					
<b>As at 01 April 2017</b>	<b>766.40</b>	<b>1,846.04</b>	<b>7.71</b>	<b>363.96</b>	<b>2,984.11</b>
For the year	108.32	297.26	1.42	29.08	436.08
Impairment loss	-	-	-	(278.46)	(278.46)
<b>As at 31 March 2018</b>	<b>874.72</b>	<b>2,143.30</b>	<b>9.13</b>	<b>114.58</b>	<b>3,141.73</b>
For the year	104.59	302.89	1.43	21.59	430.50
Impairment loss	-	-	-	-	-
<b>As at 31 March 2019</b>	<b>979.31</b>	<b>2,446.19</b>	<b>10.56</b>	<b>136.17</b>	<b>3,572.23</b>
<b>Carrying value</b>					
<b>As at 31 March 2018</b>	<b>602.38</b>	<b>1,766.45</b>	<b>5.10</b>	<b>61.85</b>	<b>2,435.78</b>
<b>As at 31 March 2019</b>	<b>615.78</b>	<b>1,763.69</b>	<b>3.68</b>	<b>49.70</b>	<b>2,432.85</b>

- a) Financials of research and development activities (R&D), based on separate books of accounts maintained are enclosed in page nos. 132 to 135.
- b) For the details of security to borrowings, refer note no. 17.1.
- c) The disposals under property, plant and equipment include gross block of Nil (previous year Rs.216.53 Mln.) and net block of Rs. Nil (Rs.Nil) and the deletions under intangible assets include gross block of Nil (previous year Rs.278.46 Mln.) and net block of Rs. Nil (Rs.Nil) as no longer required and accordingly moved to assets held for sale.

	As at 31.03.2019 Rs. Mln.	As at 31.03.2018 Rs. Mln.
<b>7. Investment in subsidiaries</b>		
<b>Equity investments in subsidiaries measured at deemed cost, long term, trade, unquoted</b>		
192,729,550 Shares in Ramco Systems Corporation, USA of paid-up value of USD 0.0145 each (as at 31 March 2018 192,729,550 shares @ USD 0.0145 each)	743.41	743.41
1,400,000 Shares in Ramco Systems Ltd., Switzerland of face value of CHF 1 each (as at 31 March 2018 1,400,000 Shares CHF 1 each)	441.70	441.70
23,470,000 Shares in Ramco Systems Pte. Ltd., Singapore of face value of SGD 1 each (as at 31 March 2018 23,470,000 shares @SGD 1 each)	1,116.08	1,116.08
1,280,000 Shares in Ramco Systems Sdn. Bhd., Malaysia of face value of RM 1 each (as at 31 March 2018 1,280,000 Shares @ RM 1 each)	18.22	18.22
19,350,100 Shares in RSL Enterprise Solutions (Pty.) Ltd., South Africa of face value of ZAR 1 each (as at 31 March 2018 19,350,100 Shares @ ZAR 1 each)	99.02	99.02
50 Shares in Ramco Systems FZLLC, Dubai of AED 1000 each (as at 31 March 2018 50 Shares @ AED 1000 each)	0.62	0.62
10,378,000 Shares in Ramco Systems Australia Pty Ltd., Australia, of AUD 1 each (as at 31 March 2018 10,378,000 Shares @ AUD 1 each)	526.13	526.13
100,000 Shares in RSL Software Co. Ltd., Sudan, of SDG 1 each (as at 31 March 2018 100,000 Shares @ SDG 1 each)	2.08	2.08
11,750,000 Shares in Ramco System Inc., Philippines of face value of PHP 1 each (as at 31 March 2018 11,750,000 Shares @PHP 1 each)	17.44	17.44
1,000,000 Shares in Ramco Systems ( Shanghai ) Co. Limited, Shanghai, of face value of CNY 1 each (as at 31 March 2018 1,000,000 Shares @ CNY 1 each)	10.41	10.41
5,625,000 Shares in Ramco System Vietnam Company Limited, Vietnam of face value of VND 1000 each (as at 31 March 2018 5,625,000 Shares @ VND 1000 each)	16.44	16.44
3,375,000 Shares in PT. Ramco Systems Indonesia, Indonesia, of face value of IDR 1000 each (as at 31 March 2018 3,375,000 Shares @ IDR 1000 each)	16.28	16.28
Aggregate value of unquoted investments	<u>3,007.83</u>	<u>3,007.83</u>
Aggregate amount of impairment in value of investments	-	-

The Company has opted to use previous GAAP carrying amount as 'Deemed cost', for the investments in subsidiaries.

Note:

- Movement in investment in Ramco Systems Pte. Ltd., Singapore Nil (Previous year movement represents conversion of loan of Rs.418.34 Mln. (SGD 8.53 Mln.) to equity and additional equity contribution of Rs.187.60 Mln. (SGD 3.77 Mln.)).
- Movement in investment in RSL Enterprise Solutions (Pty) Ltd., South Africa Nil (Previous year movement represents conversion of loan of Rs.99.02 Mln. (ZAR 19.35 Mln.) to equity).
- Movement in investment in Ramco Systems Australia Pty Ltd., Australia Nil (Previous year movement represents conversion of loan of Rs.473.68 Mln. (AUD 9.38 Mln.) to equity).

## 8 Financial assets (non-current)

### 8.1 Loans

Loans receivables considered good - Unsecured	40.00	40.00
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Loans receivables are non-derivative financial assets carried at amortised cost, carry an interest at the rate of 10% p.a. and are repayable in equated quarterly installments.



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	As at 31.03.2019 Rs. Mln.	As at 31.03.2018 Rs. Mln.
<b>8.2 Equity investment in other entities at cost, long term, trade, unquoted (designated at FVTOCI)</b>		
2,335 Shares in SmartMegh Solutions Pvt. Ltd., India of face value of Rs.10 each (as at 31 March 2018 2,335 Shares @ Rs.10 each)	15.00	15.00
Aggregate value of unquoted investment	<u>15.00</u>	<u>15.00</u>
Aggregate amount of impairment in value of investment	-	-
<b>8.3 Trade receivables</b>		
<b>Unsecured, considered good</b>		
Trade receivables	11.80	11.80
<b>Unsecured, considered doubtful</b>		
Trade Receivables - credit impaired	<u>69.00</u>	<u>83.51</u>
	<b>80.80</b>	<b>95.31</b>
Less: Impairment loss	<u>69.00</u>	<u>83.51</u>
	<b>11.80</b>	<b>11.80</b>
<b>8.4 Other financial assets</b>		
<b>Unsecured, considered good</b>		
Unbilled licenses revenue *	43.42	38.13
Security deposit	9.11	14.85
Employee advances	0.86	1.10
<b>Unsecured, considered doubtful</b>		
Unbilled licenses revenue - credit impaired *	<u>31.65</u>	<u>47.14</u>
	<b>85.04</b>	<b>101.22</b>
Less: Impairment loss	<u>33.70</u>	<u>47.14</u>
	<b>51.34</b>	<b>54.08</b>
<b>Total financial assets (non-current)</b>	<u><b>118.14</b></u>	<u><b>120.88</b></u>

\* Previous year represents unbilled licenses and services revenue

## 9. Taxes

Nature of (asset) / liability	Balance sheet as at		Statement of profit and loss and OCI	
	31.03.2019	31.03.2018	31.03.2019	31.03.2018
Tax impact on difference between book depreciation/ amortisation and depreciation under the Income Tax Act, 1961	834.84	841.98	(7.14)	(13.72)
Tax impact on unutilised carry forward losses	(681.46)	(910.92)	229.46	190.18
Tax effect of provision for gratuity	(7.78)	(4.87)	(2.91)	(3.72)
Tax effect of provision for compensated absences	(20.60)	(19.31)	(1.29)	0.45
Tax effect of provision for bad and doubtful debts	(52.34)	(47.49)	(4.85)	19.42
Tax impact on all other items	(2.06)	(2.90)	0.84	(2.90)
Tax Impact on remeasurement gains and (losses) on defined benefit obligations (net)	6.21	6.09	0.12	7.19
<b>Deferred tax (asset) / liability (net)</b>	<u>76.81</u>	<u>(137.42)</u>		
<b>Deferred tax (income) / expense (net)</b>			<u>214.23</u>	<u>196.90</u>

Rs. Mln.

(b) <b>Reconciliation of deferred tax (asset) / liability (including MAT credit)</b>	<b>Balance Sheet as at</b>	
	<b>31.03.2019</b>	<b>31.03.2018</b>
<b>Particulars</b>		
<b>Opening balance as at 01 April</b>	<b>(431.64)</b>	<b>(467.83)</b>
Deferred Tax (income) / expense during the year recognised in Statement of Profit and Loss	<b>214.11</b>	189.71
MAT credit for the year	<b>(156.89)</b>	(160.71)
Deferred Tax (income) / expense during the year recognised in OCI	<b>0.12</b>	7.19
<b>Closing balance as at 31 March</b>	<b>(374.31)</b>	<b>(431.64)</b>
Balance as at 31 March 2019 comprises of deferred tax liability Rs.76.81 Mln. and MAT credit asset of Rs.451.12 Mln. Balance as at 31 March 2018 comprises of deferred tax asset Rs.137.42 Mln. and MAT credit asset of Rs.294.22 Mln.		
<b>(c) Components of tax expenses</b>	<b>For the year ended</b>	
<b>Particulars</b>	<b>31.03.2019</b>	<b>31.03.2018</b>
<b>(i) Statement of profit and loss</b>		
<b>Current tax</b>		
Current Income Tax charge (including MAT)	<b>159.31</b>	160.71
<b>Deferred tax</b>		
Relating to the origination and reversal of temporary differences	<b>214.11</b>	189.71
MAT credit for the year / previous year(s)	<b>(156.89)</b>	(160.71)
<b>Total tax (income) / expenses reported in statement of profit and loss</b>	<b>216.52</b>	189.71
<b>(ii) Other comprehensive income (OCI)</b>		
Deferred tax impact on remeasurement gains / (losses) on defined benefit obligations (net)	<b>0.12</b>	7.19
<b>Total tax (income) / expense (net)</b>	<b>0.12</b>	7.19
<b>(iii) Total tax (income) / expense reported in the total comprehensive income</b>	<b>216.64</b>	196.90
<b>(d) A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the income before taxes is summarised below:</b>		
Accounting profit before tax	<b>735.38</b>	848.07
Less: Adjustment from carry forward losses	<b>735.38</b>	848.07
Corporate Tax Rate %	<b>34.944%</b>	34.608%
<b>Computed tax expense</b>	<b>-</b>	<b>-</b>
<b>Increase / (reduction) in taxes on account of:</b>		
MAT on above mentioned accounting profit before tax	<b>158.46</b>	180.99
Tax adjustments of earlier years	<b>2.03</b>	(0.94)
Non-deductible expenses	<b>15.58</b>	6.45
Branch tax for which no credit availed	<b>2.41</b>	-
Additional allowances / deductions for tax purposes	<b>(19.18)</b>	(25.79)
	<b>159.31</b>	160.71
Deferred tax (income) / expense recognition during the year	<b>214.11</b>	189.71
MAT credit for the year / previous year(s)	<b>(156.89)</b>	(160.71)
<b>Tax (income) / expense reported in the statement of profit and loss</b>	<b>216.52</b>	189.71
<b>Tax (income) / expense reported in the other comprehensive income</b>	<b>0.12</b>	7.19

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	As at 31.03.2019 Rs. Mln.	As at 31.03.2018 Rs. Mln.
<b>10. Other non-current assets</b>		
<b>Unsecured, considered good</b>		
Prepaid expenses	4.57	1.87
Unbilled services revenue	0.66	-
<b>Unsecured, considered doubtful</b>		
Unbilled services revenue - credit impaired	43.33	-
	<u>48.56</u>	<u>1.87</u>
Less: Impairment loss	43.33	-
	<u>5.23</u>	<u>1.87</u>
On account of adoption of Ind AS 115, Unbilled services revenue has been considered as a non financial asset for the year.		
<b>11. Financial assets (current)</b>		
<b>11.1 Loans</b>		
<b>Unsecured, considered good</b>		
Loans receivables - subsidiaries #	996.55	468.99
Loans receivables - others	12.49	11.39
	<u>1,009.04</u>	<u>480.38</u>
Loans receivables are non-derivative financial assets and are carried at amortised cost.		
Loans receivables - others carry an interest rate of 10% p.a. and are repayable in equated quarterly installments.		
Loans receivables - subsidiaries carry an interest ranging between 9.85% p.a. to 10.25% p.a. (previous year 10% p.a. to 12.50% p.a.) and are repayable on demand.		
<b>11.2 Trade receivables</b>		
<b>Unsecured, considered good</b>		
Trade receivables - subsidiaries #	1,235.22	885.52
Trade receivables - other related parties #	-	0.18
Trade receivables - others	333.51	268.31
	<u>1,568.73</u>	<u>1,154.01</u>
Less: Impairment loss	1.56	1.68
	<u>1,567.17</u>	<u>1,152.33</u>
Trade receivables are non-interest bearing and are generally on terms of 30 to 75 days, except the contracts which are entered with deferred credit terms. For terms and conditions relating to related parties, refer note no. 31.		
<b>11.3 Cash and cash equivalents</b>		
Cash on hand	0.21	0.02
Balances with Banks in Current Accounts	24.86	28.44
	<u>25.07</u>	<u>28.46</u>
There are no repatriation restrictions with regard to cash and cash equivalents as at the end of the current and previous reporting periods.		
<b>11.4 Other financial assets</b>		
<b>Unsecured, considered good</b>		
Unbilled license revenue-others *	116.68	311.63
Unbilled license revenue-subsidiaries * #	-	50.84
Unbilled license revenue-other related parties * #	-	48.68
Security deposit	11.65	6.63
Employee advances	15.80	18.80
Foreign currency forward contract	1.31	-
Bank deposits held as margin money	2.89	2.80
Balance with Banks in share issue accounts	0.63	1.24
	<u>148.96</u>	<u>440.62</u>
Less: Impairment loss	-	3.57
	<u>148.96</u>	<u>437.05</u>
<b>Total financial assets (current)</b>	<u>2,750.24</u>	<u>2,098.22</u>

\* Previous year represents unbilled licenses and services revenue.

# Refer note no.31.

	As at 31.03.2019 Rs. Mln.	As at 31.03.2018 Rs. Mln.
<b>12. Other current assets</b>		
<b>Unsecured, considered good</b>		
Prepaid expenses	25.28	36.06
Advance to suppliers and service providers *	30.70	27.74
Unbilled services revenue	248.82	-
Statutory advances	39.82	45.56
	<u>344.62</u>	<u>109.36</u>
Less: Impairment loss	2.20	-
	<u>342.42</u>	<u>109.36</u>

\* Includes prepayment to Gratuity fund Rs. 0.67 Mln., (previous year Rs.7.62 Mln.) (refer note no. 24.1).

On account of adoption of Ind AS 115, Unbilled services revenue has been considered as a non financial asset for the year.

<b>13. Equity share capital</b>		
<b>Authorised share capital</b>		
50,000,000 (as at 31 March 2018 50,000,000) Equity Shares of Rs. 10 each	500.00	500.00
<b>Issued and subscribed capital</b>		
30,942,000 (as at 31 March 2018 30,888,361) Equity Shares of Rs.10 each	309.42	308.88
<b>Paid-up capital</b>		
30,592,822 (as at 31 March 2018 30,539,183) Equity Shares of Rs.10 each (includes value of forfeited shares of Rs.353,890 (previous years Rs.353,890) for 349,178 shares)	306.28	305.75
	<u>306.28</u>	<u>305.75</u>

13.1 The reconciliation of share capital	Financial year 2018-19		Financial year 2017-18	
	No. of Shares	Rs. Mln.	No. of Shares	Rs. Mln.
At the beginning of the year	30,539,183	305.75	30,405,339	304.41
Addition during the year under employee stock option schemes	53,639	0.53	133,844	1.34
At the end of the year	<u>30,592,822</u>	<u>306.28</u>	<u>30,539,183</u>	<u>305.75</u>

### 13.2 Terms / rights attached to class of shares

The Company has only one class of share referred to as Equity Shares having a par value of Rs.10 each. The holders of Equity Shares are entitled to one vote per share. In the event of liquidation of the company, the equity shareholders will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

### 13.3 Shareholders holding more than 5 percent in the shares of the Company

Name of the Shareholder	As at 31.03.2019		As at 31.03.2018	
	No. of Shares	% of holding	No. of Shares	% of holding
P R Venketrama Raja	3,353,366	10.96	3,353,366	10.98
Ramco Industries Limited	5,467,376	17.87	5,467,376	17.90
The Ramco Cements Limited	5,417,810	17.71	5,417,810	17.74
HDFC Trustee Company Limited (HDFC Equity Fund & A/c HDFC Balanced Advantage Fund)	2,247,400	7.35	2,247,400	7.36

13.4 Number of non-resident shareholders	341	304
Number of shares held by the non-resident shareholders	726,620	632,409
Dividend remitted in foreign currency	Nil	Nil

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## 13.5 Shares reserved for issue under options and contracts/commitments for the sale of shares/disinvestment, including the terms and amounts

The Company has formulated various employee stock option schemes. The summary is provided below:

Name of Stock Option Scheme	Exercise Price (Rs.)	As at 31.03.2019		As at 31.03.2018	
		Outstanding Nos.	Value Rs. Mln.	Outstanding Nos.	Value Rs. Mln.
ESOP 2000	169	734	0.12	734	0.12
ESOS 2003	169	944	0.16	944	0.16
ESOS 2008	51	34,349	1.75	36,615	1.87
	119	11,807	1.41	11,807	1.41
	83	11,807	0.98	11,807	0.98
	230	26,228	6.03	26,228	6.03
	194	17,835	3.46	17,835	3.46
ESOS 2009 - Plan A	90	19,273	1.73	23,555	2.12
	110	9,440	1.04	9,440	1.04
	356	90,125	32.08	91,625	32.62
ESOS 2009 - Plan B	90	52,090	4.69	56,318	5.07
	10	29,308	0.29	31,271	0.31
	356	80,217	28.56	80,217	28.56
ESOS 2013	356	61,222	21.80	64,472	22.95
	155	229,354	35.55	243,934	37.81
	10	10,245	0.10	10,245	0.10
	482	32,125	15.48	34,625	16.69
	250	10,000	2.50	10,000	2.50
	426	2,500	1.07	2,500	1.07
	462	5,000	2.31	5,000	2.31
	348	3,500	1.22	3,500	1.22
	696	3,500	2.44	3,500	2.44
	340	18,000	6.12	18,000	6.12
	679	17,500	11.88	17,500	11.88
	307	12,874	3.95	12,874	3.95
	613	13,125	8.05	13,125	8.05
ESOS 2014	1066	11,250	11.99	15,750	16.79
	533	12,500	6.66	12,500	6.66
	399	5,000	2.00	5,000	2.00
	797	2,500	1.99	2,500	1.99
	345	10,000	3.45	11,750	4.05
	690	5,000	3.45	6,016	4.15
	155	-	-	18,000	2.79
	10	54,377	0.54	59,902	0.60
	222	1,124	0.25	5,000	1.11
	257	748	0.19	1,500	0.39
	351	4,000	1.40	4,000	1.40
	377	10,575	3.99	10,575	3.99
	443	1,250	0.55	2,500	1.11
	513	1,250	0.64	1,250	0.64
	701	2,000	1.40	2,000	1.40
	753	6,000	4.52	6,000	4.52
	168	-	-	12,500	2.10
	184	5,000	0.92	5,000	0.92
	193	10,000	1.93	10,000	1.93
202	1,188	0.24	2,500	0.51	

Name of Stock Option Scheme	Exercise Price (Rs.)	As at 31.03.2019		As at 31.03.2018	
		Outstanding Nos.	Value Rs. Mln.	Outstanding Nos.	Value Rs. Mln.
ESOS 2014 (Contd.)	214	7,500	1.61	7,500	1.61
	228	17,500	3.99	17,500	3.99
	245	-	-	17,500	4.29
	277	12,500	3.46	12,500	3.46
	336	-	-	6,250	2.10
	367	2,500	0.92	2,500	0.92
	385	5,000	1.93	5,000	1.93
	404	594	0.24	1,250	0.51
	427	3,750	1.60	3,750	1.60
	455	8,750	3.98	8,750	3.98
	490	-	-	8,750	4.29
	553	6,250	3.46	6,250	3.46
	163	20,000	3.26	-	-
	186	20,000	3.72	-	-
	326	10,000	3.26	-	-
372	10,000	3.72	-	-	
<b>Total</b>		<b>1,071,208</b>	<b>276.03</b>	<b>1,129,414</b>	<b>291.99</b>

Further details of the above schemes can be obtained from ANNEXURE E to the Director's Report.

	As at 31.03.2019 Rs. Mln.	As at 31.03.2018 Rs. Mln.
<b>14. Other equity</b>		
Securities premium	<b>6,580.62</b>	6,557.38
Currency translation reserve	<b>(5.52)</b>	10.62
Employee stock options outstanding	<b>269.32</b>	279.30
Retained earnings	<b>914.22</b>	395.12
Share application money pending allotment (refer note no.14.1)	<b>0.54</b>	1.16
	<b><u>7,759.18</u></b>	<b><u>7,243.58</u></b>

Refer statement of changes in equity for movement.

#### Nature and purpose of reserves

##### Securities Premium

Represents excess of share application money received over par value of shares and includes employee stock compensation costs accrued.

##### Currency translation reserve

Exchange differences relating to the translation of the results and net assets of the Company's foreign operations from their functional currencies to the Company's presentation currency (i.e. Currency Units) are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve. Exchange differences previously accumulated in the foreign currency translation reserve will be reclassified to profit or loss on the disposal of the foreign operation.

##### Employee stock options outstanding

The share options outstanding account is used to recognise the grant date fair value of options issued to employees under various employees stock option schemes of the Company.

##### Retained earnings

Represents the portion of the net income / (loss) of the Company.

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	<b>As at 31.03.2019 Rs. Mln.</b>	As at 31.03.2018 Rs. Mln.
<b>14.1 Share application money pending allotment</b>		
a) Terms and conditions	<b>Refer note below</b>	Refer note below
b) Number of shares proposed to be issued (no.)	<b>3,500</b>	12,296
c) Amount of premium (Rs. Mln.)	<b>0.51</b>	1.04
d) The period before which shares are to be allotted	<b>Refer note below</b>	Refer note below
e) Whether the company has sufficient authorised share capital to cover the share capital amount on allotment of shares out of share application money	<b>Yes</b>	Yes
f) Interest accrued on amount due for refund	<b>Not Applicable</b>	Not Applicable
g) The period for which the share application money has been pending beyond the period for allotment as mentioned in the share application form along with the reasons for such share application money being pending	<b>Nil</b>	Nil
<p>Note: The share application money pending allotment as at 31 March 2019 represents receipt pursuant to the exercise of options under the Employee Stock Option Scheme ESOS 2013 of the Company. Under the said scheme, one share of Rs.10 each, at a premium of Rs.145 for 3,500 shares needs to be issued for each option exercised.</p> <p>The share application money pending allotment as at 31 March 2018 represents receipt pursuant to the exercise of options under the Employee Stock Option Schemes ESOS 2009 Plan B, ESOS 2013 and ESOS 2014 of the Company. Under the said scheme, one share of Rs.10 each, at a premium of Rs.Nil for 6,014 shares, Rs.145 for 5,625 shares, Rs.335 for 282 shares &amp; Rs.346 for 375 shares needs to be issued for each option exercised.</p> <p>The shares need to be allotted within 6 weeks of receipt of exercise application along with remittance of exercise money. No such application money has been pending beyond the stipulated time for allotment.</p>		
<b>15 Provisions (non-current)</b>		
Provision for gratuity (refer note no.24.1)	<b>4.63</b>	4.04
Provision for leave encashment and other retiral	<b>54.40</b>	51.90
	<b>59.03</b>	55.94
<b>15.1</b> The Company provides for expenses towards compensated absences (leave encashment) provided to its employees. The expenses are recognised in the statement of profit and loss account and the liabilities are recognised at the present value of the amount payable determined based on an independent external actuarial valuation made as at each Balance Sheet date, using Projected Unit Credit method.		
Liability carried in the Balance Sheet:		
Leave encashment provision as per actuarial valuation	<b>47.03</b>	43.22
Leave encashment fixed commitment	<b>9.41</b>	9.79
Leave encashment provision by overseas branches	<b>2.51</b>	2.24
	<b>58.95</b>	55.25
The movement in the present value of the obligation is given below:		
Opening	<b>43.22</b>	45.61
Current service cost	<b>6.07</b>	6.10
Interest cost	<b>3.11</b>	3.12
Actuarial (gains)/losses	<b>(0.89)</b>	(7.06)
Benefits paid	<b>(4.48)</b>	(4.55)
Closing	<b>47.03</b>	43.22

	Year ended 31.03.2019	Year ended 31.03.2018
	Rs. Mln.	Rs. Mln.
Costs considered in the statement of profit and loss (P&L) is given below:		
Costs accrued as per actuarial valuation	8.29	2.16
Costs accrued by overseas branches	0.18	0.57
	<u>8.47</u>	<u>2.73</u>

The movement in the P&L as per actuary is given below:

Current service cost	6.07	6.10
Interest on obligation	3.11	3.12
Net actuarial (gains)/losses	<u>(0.89)</u>	<u>(7.06)</u>
Net cost recognized	<u>8.29</u>	<u>2.16</u>

As at 31.03.2019	As at 31.03.2018
Rs. Mln.	Rs. Mln.

## 16 Other non-current liabilities

Unearned revenue	6.42	9.70
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## 17 Financial liabilities (current)

### 17.1 Borrowings

#### Maturity date

#### Loans repayable on demand from Bank, secured

Axis Bank Ltd. - Cash credit	On Demand	17.61	33.44
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#### Loans from Banks, secured

Axis Bank Ltd. - WCDL-1	27-Jun-19	50.50	-
Axis Bank Ltd. - WCDL-2	28-Jun-19	50.00	-
Axis Bank Ltd. - WCDL-3	28-Jun-19	10.00	-
IDBI Bank Ltd. - WCDL	25-Apr-19	50.00	-
IDBI Bank Ltd. - WCDL	11-Apr-18	-	55.00

#### Loans from Banks, unsecured

Kotak Mahindra Bank Ltd. - PCFC-1	29-May-19	5.38	-
Kotak Mahindra Bank Ltd. - PCFC-2	25-Jun-19	70.00	-
Kotak Mahindra Bank Ltd. - PCFC-3	02-Jul-19	45.00	-
Kotak Mahindra Bank Ltd. - PCFC-4	20-Aug-19	30.00	-
Kotak Mahindra Bank Ltd. - PCFC-5	26-Aug-19	36.00	-
Kotak Mahindra Bank Ltd. - PCFC-6	27-Aug-19	70.00	-
Kotak Mahindra Bank Ltd. - PCFC-7	30-Aug-19	57.50	-
Kotak Mahindra Bank Ltd. - PCFC-8	09-Sep-19	25.00	-
Kotak Mahindra Bank Ltd. - PCFC-9	16-Sep-19	20.00	-
Kotak Mahindra Bank Ltd. - PCFC-10	24-Sep-19	18.50	-
HDFC Bank Ltd. - PCFC 1	06-Aug-19	22.50	-
HDFC Bank Ltd. - PCFC 2	20-Aug-19	20.00	-
HDFC Bank Ltd. - WCDL-1	24-May-19	60.00	-
HDFC Bank Ltd. - WCDL-2	20-Jun-19	40.00	-
HDFC Bank Ltd. - WCDL-3	24-Jun-19	105.00	-



# Ramco Systems Limited, INDIA

17.1 Borrowings (Contd.)	Maturity date	As at	As at
		31.03.2019	31.03.2018
		Rs. Mln.	Rs. Mln.
Kotak Mahindra Bank Ltd. - WCDL- 1	09-Apr-18	-	22.00
Kotak Mahindra Bank Ltd. - WCDL- 2	24-Apr-18	-	75.00
Kotak Mahindra Bank Ltd. - WCDL- 3	26-Apr-18	-	36.00
Kotak Mahindra Bank Ltd. - WCDL- 4	11-Apr-18	-	55.00
Kotak Mahindra Bank Ltd. - WCDL -5	12-Apr-18	-	80.00
Kotak Mahindra Bank Ltd. - WCDL -6	17-Apr-18	-	10.00
		<b>802.99</b>	<b>366.44</b>

## As at 31 March 2019 - Security details

Axis Bank Ltd. - Cash credit / WCDL- This loan is secured by pari passu first charge on the current assets, both present and future and unencumbered fixed assets (Property, plant and equipment excluding building) of the Company.

IDBI Bank Ltd. - WCDL - This loan is secured by pari passu first charge on the receivables, both present and future, of the Company.

HDFC Bank Ltd. PCFC / WCDL - This loan is unsecured.

Kotak Mahindra Bank Ltd. PCFC / WCDL - This loan is unsecured.

Short term borrowings carry interest ranging from 3.35% p.a. to 8.95% p.a.

## As at 31 March 2018 - Security details

Axis Bank Ltd. - Cash credit - This loan is secured by pari passu first charge on the current assets, both present and future and unencumbered fixed assets (Property, plant and equipment excluding building) of the Company.

IDBI Bank Ltd. - WCDL - This loan is secured by pari passu first charge on the receivables, both present and future, of the Company.

Kotak Mahindra Bank Ltd. - WCDL - This loan is unsecured.

Short term borrowings carry interest ranging from 8.60% p.a. to 9.85% p.a.

## 17.2 Trade payables

Total outstanding dues of micro, small and medium enterprises	<b>8.54</b>	14.25
	<b>8.54</b>	14.25
Total outstanding dues of creditors other than micro, small and medium enterprises		
Trade payables - subsidiaries #	<b>46.78</b>	34.30
Trade payables - other related parties #	<b>1.03</b>	5.92
Trade payables - others	<b>155.98</b>	146.68
	<b>203.79</b>	186.90

Trade payables are non-interest bearing and are normally settled on 30 to 60 days.

# Refer note no.31.

<b>Dues to micro, small and medium enterprises as at 31 March 2019</b>	<b>Principal</b>	<b>Interest</b>
The principal and interest thereon remaining unpaid	<b>8.54</b>	-
The amount of interest paid by the buyer in term of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during the year 2018-19	<b>39.82</b>	-
The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year 2018-19) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	<b>NA</b>	-
The amount of interest accrued and remaining unpaid	<b>NA</b>	-
Interest disallowable under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	<b>NA</b>	-

Dues to micro, small and medium enterprises have been determined to the extent such parties have been identified on the basis of information available with the Company. The previous year figures have been regrouped based on such information as received during the year.

	<b>As at 31.03.2019 Rs. Min.</b>	<b>As at 31.03.2018 Rs. Min.</b>
<b>17.3 Other financial liabilities</b>		
Capital creditors	<b>15.28</b>	9.62
Rental advances	<b>0.40</b>	0.40
Employee welfare payables	<b>2.54</b>	4.83
	<b>18.22</b>	14.85
<b>Total financial liabilities (current)</b>	<b>1,033.54</b>	582.44
<b>17.4 Net debt reconciliation</b>		
Effective April 01, 2017, the Company adopted the amendments to Ind AS 7, which require the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement. Accordingly the following statement is produced for:		
<b>Current borrowing</b>		
Opening debt	<b>366.44</b>	50.00
Cash flows	<b>436.55</b>	316.44
Finance costs	<b>41.03</b>	11.95
Finance costs paid	<b>(41.03)</b>	(11.95)
Closing debt	<b>802.99</b>	366.44
<b>18. Provisions (current)</b>		
Provision for gratuity (refer note no. 24.1)	<b>0.56</b>	0.15
Provision for leave encashment and other retirals (refer note no.15.1)	<b>4.55</b>	3.35
	<b>5.11</b>	3.50
<b>19. Other current liabilities</b>		
Unearned revenue-subsidiaries (refer note no. 31)	-	62.98
Unearned revenue-others	<b>154.33</b>	123.67
Statutory dues payable	<b>34.96</b>	48.34
Expenses payable	<b>84.18</b>	68.08
Advance from customers	<b>0.05</b>	3.85
	<b>273.52</b>	306.92

Advance from customers are received in the normal course of business and adjusted against subsequent supplies / services.

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	Year ended 31.03.2019	Year ended 31.03.2018
	Rs. Mln.	Rs. Mln.
<b>20. Revenue from operations - disaggregated</b>		
<b>20.1 Product wise revenue</b>		
Revenue from software products	1,815.01	1,530.41
Revenue from software services	1,334.91	1,315.00
Revenue from resale of software and hardware materials	7.02	4.36
	<u>3,156.94</u>	<u>2,849.77</u>
<b>20.2 Geography wise revenue</b>		
Americas	411.75	325.93
Europe	126.64	123.51
APAC	1,125.16	815.77
India	1,144.74	1,193.10
Middle East and Africa	348.65	391.46
	<u>3,156.94</u>	<u>2,849.77</u>
<b>20.3 Business unit wise revenue</b>		
ERP	1,269.30	1,346.74
HCM	1,224.98	889.19
Aviation	662.66	613.84
	<u>3,156.94</u>	<u>2,849.77</u>

## 20.4 Ind AS 115 – Revenue from Contract with Customers

Effective 01 April 2018, the Company adopted Ind AS 115, “Revenue from Contracts with Customers” using the cumulative catch-up transition method applied to contracts that were not completed as at 01 April 2018. In accordance with the cumulative catch-up transition method, the comparatives have not been retrospectively adjusted. The impact of the adoption of Ind AS 115 on the financial statements of the Company is insignificant.

### Remaining performance obligations

The remaining performance obligation disclosure provides the aggregate amount of transaction price yet to be recognised as at the end of the reporting period and an explanation as to when the Company expects to recognise these amounts in revenue. Remaining performance obligation estimates are subject to change and are affected by various factors including, termination, changes in scope of contracts, adjustments for revenue that are not materialised and adjustments for currency. Applying the practical expedient as given in Ind AS 115, the Company has not disclosed the following:

- the remaining performance obligations for contracts where revenue recognised corresponds directly with the value to the customer of the entity’s performance completed to date including time and material, support service and subscription contracts and
- the remaining performance obligations in respect of other contracts, since those performance obligations have an original expected duration of one year or less in most of the cases.

Further on account of applying Ind AS 115, the unbilled services revenue of Rs. 247.28 Mln. as at 31 March 2019 has been considered as a non-financial asset and reflected under other assets. However the previous year figures have not been regrouped.

During the year ended 31 March 2019, the Company recognised revenue of Rs. 186.66 Mln. arising from opening unearned revenue of Rs. 196.35 Mln. as at 01 April 2018.

Reconciliation of revenue recognised with the contracted price for the financial year ended 31 March 2019, is as follows:

Particulars	Rs. Mln.
Contract Price	3,164.83
Reduction towards implied financing component	(7.89)
Revenue recognised	3,156.94

	Year ended 31.03.2019	Year ended 31.03.2018		
	Rs. Mln.	Rs. Mln.		
<b>20.5 Earnings in foreign exchange</b>				
Export of goods and services on FOB basis	1,106.13	857.16		
Royalty	951.11	763.34		
Interest	66.88	115.95		
	<u>2,124.12</u>	<u>1,736.45</u>		
<b>21. Finance income</b>				
Interest income - loan to subsidiaries (refer note no. 31)	65.96	115.91		
Interest income - others	21.31	15.31		
	<u>87.27</u>	<u>131.22</u>		
<b>22. Other income</b>				
Profit on sale of property, plant and equipments	0.01	0.26		
Other income	0.79	0.96		
	<u>0.80</u>	<u>1.22</u>		
<b>23. Changes in inventories of finished goods, stock-in-process and stock-in-trade</b>				
Opening Stock	-	0.16		
Closing Stock	-	-		
	<u>-</u>	<u>0.16</u>		
<b>23.1 Value of consumption of imported and indigenous raw materials and spare parts</b>				
	<b>Year ended 31.03.2019</b>		<b>Year ended 31.03.2018</b>	
	Rs. Mln.	%	Rs. Mln.	%
<b>Resale Materials</b>				
Imported	1.56	65.92	2.42	35.38
Indigenous	0.81	34.08	4.42	64.62
	<u>2.37</u>	<u>100.00</u>	<u>6.84</u>	<u>100.00</u>
			<b>Year ended 31.03.2019</b>	<b>Year ended 31.03.2018</b>
			Rs. Mln.	Rs. Mln.
<b>23.2 CIF value of imports</b>				
Resale materials			1.56	2.42
Capital goods			9.77	18.03
			<u>11.33</u>	<u>20.45</u>
<b>24. Employee benefit expense</b>				
Salaries, wages and bonus			953.20	797.31
Share based payments *			7.95	14.39
Provident fund and other contributions			59.64	52.31
Gratuity and other retrials (refer note no.24.1)			35.55	33.92
Staff welfare			36.79	33.75
			<u>1,093.13</u>	<u>931.68</u>

\* Includes costs incurred for KMP's amounting to Nil. (previous year Rs.1.36 Mln.).

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	Year ended 31.03.2019	Year ended 31.03.2018
	Rs. Mln.	Rs. Mln.
<b>24.1 As per Ind AS 19, the disclosures pertaining to employee benefits are given below:</b>		
<b>Defined contributions by the employer:</b>		
Provident fund, EDLI, ESI maintained by the Government	59.64	52.31
Superannuation fund	14.34	12.37
National pension system	3.24	3.10
Other pension schemes by overseas branches	0.19	0.07
<b>Defined benefit plan contribution by the employer:</b>		
Gratuity fund, including adjustments based on actuarial valuation	16.89	18.64
Gratuity commitment by overseas branches	0.89	(0.26)
<b>The movement in Gratuity (the defined benefit plan) is given below:</b>		
Current service cost	17.84	18.72
Interest on obligation	11.81	11.42
Expected return on plan assets (to the extent it represents an adjustment to interest cost)	(12.76)	(11.50)
Net cost recognised in the statement of profit and loss	<u>16.89</u>	<u>18.64</u>
Expected return on plan assets (to the extent it does not represent an adjustment to interest cost)	(0.43)	(0.74)
Actuarial (gains)/losses recognized in the year	<u>0.08</u>	<u>(19.83)</u>
Net (gain) / loss recognised in the other comprehensive income	<u>(0.35)</u>	<u>(20.57)</u>
<b>Movements in the present value of the defined benefit obligation in the current and previous year were as follows:</b>		
Opening defined benefit obligation	162.00	165.43
Current service cost	17.84	18.72
Interest cost	11.81	11.42
Actuarial (gains)/losses	0.08	(19.83)
Benefits paid	<u>(12.13)</u>	<u>(13.74)</u>
Closing defined benefit obligation	<u>179.61</u>	<u>162.00</u>
<b>Movements in the present value of the plan assets in the current and previous year were as follows:</b>		
Opening fair value of plan assets	169.62	162.09
Expected return on plan assets	12.76	11.50
Actuarial (gains)/losses	0.43	0.74
Contributions from the employer	9.59	9.03
Benefits paid	<u>(12.13)</u>	<u>(13.74)</u>
Closing fair value of plan assets	<u>180.27</u>	<u>(169.62)</u>

The amount included in the statement of financial position arising from the entity's obligation in respect of its defined benefit plans is as follows:

Particulars	As at	As at
	31.03.2019	31.03.2018
	Rs. Mln.	Rs. Mln.
Present value of funded defined benefit obligation	179.60	162.00
Less: Fair value of plan assets	180.27	169.62
Present value of funded defined benefit obligations / (asset)	(0.67)	(7.62)
Gratuity liability maintained by overseas branches	5.19	4.19

**Investment details:**

Funds with LIC	180.27	169.62
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The principal assumptions used in determining gratuity for the Company's plans are shown below:

Discount rate	7.41%	7.58%
Future salary increase	9%	9%

A quantitative sensitivity analysis for significant assumptions are below:

Particulars	For the year ended 31.03.2019			
	Discount rate		Future salary increases	
Sensitivity Level	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Increase / (decrease) on defined benefit obligation in Rs. Mln	(8.73)	9.39	9.43	(8.85)
Particulars	For the year ended 31.03.2018			
	Discount rate		Future salary increases	
Sensitivity Level	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Increase / (decrease) on defined benefit obligation in Rs. Mln	(7.96)	8.57	8.62	(8.08)

The sensitivity analysis given above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

	Year ended	Year ended
	31.03.2019	31.03.2018
	Rs. Mln.	Rs. Mln.

The following payments are expected benefit payouts to the defined benefit plan in future years:

Within the next 12 months (next annual reporting period)	6.82	6.12
1 - 2 years	10.40	10.63
2 - 3 years	10.68	8.14
3 - 4 years	9.60	10.37
4 - 5 years	11.72	9.76
Beyond 5 years	90.85	75.47
Total expected payments	140.07	120.49

**25. Finance costs**

Interest on loans	40.23	11.54
Other finance cost	0.80	0.41
	41.03	11.95

**26. Depreciation and amortisation expense**

Depreciation on property, plant and equipment	63.98	50.77
Amortisation of intangible assets	430.50	436.08
	494.48	486.85

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	Year ended 31.03.2019	Year ended 31.03.2018
	Rs. Min.	Rs. Min.
<b>27. Other expenses</b>		
Advertisement and sales promotion	85.33	54.45
Bank charges	0.84	4.93
Bad debts / provision for bad debts, net	59.66	19.19
Consultancy charges	38.14	24.63
Corporate social responsibility expenditure	9.27	4.14
Foreign exchange fluctuation, net	(7.41)	(55.76)
Insurance	6.87	6.43
Loss on sale of property, plant and equipment	1.26	2.71
Office maintenance	24.22	20.55
Outsourcing costs	136.11	148.61
Power & fuel	27.61	29.38
Printing & stationery	2.33	2.70
Postage, telephone and communication	45.02	53.81
Rent	190.47	214.76
Repairs - building	18.30	5.01
Repairs - plant and machinery	74.97	25.12
Repairs - others	7.72	19.56
Rates and taxes	27.28	21.96
Sales commission and other selling expenses	10.13	3.76
Software subscription and maintenance	9.73	1.62
Travelling and conveyance	81.73	79.90
Unfructified patent expenses	-	0.19
Miscellaneous expenses	29.04	9.17
	<u>878.62</u>	<u>696.82</u>
<b>27.1 Movement in provision for bad &amp; doubtful debts</b>		
	As at 31.03.2019	As at 31.03.2018
<b>Particulars</b>	<b>Rs.Min.</b>	<b>Rs.Min.</b>
Balance at the beginning	135.90	194.41
Provisions for the year	59.66	19.19
Translation differences	0.69	0.64
Provision utilised for write off	(46.46)	(78.34)
Balance at the end	<u>149.79</u>	<u>135.90</u>
<b>Expenses recognised in statement of profit and loss</b>		
	Year ended 31.03.2019	Year ended 31.03.2018
<b>Particulars</b>	<b>Rs.Min.</b>	<b>Rs.Min.</b>
Provisions for the year	59.66	19.19
Provision utilised for write off reversed to P&L	(46.46)	(78.34)
Amounts written off	46.46	78.34
Bad debts / provision for bad debts, net	<u>59.66</u>	<u>19.19</u>

	Year ended 31.03.2019	Year ended 31.03.2018
	Rs. Mln.	Rs. Mln.
<b>28. Expenditure in foreign currency on account of</b>		
Professional / consultancy charges	1.45	6.82
Travelling	116.25	98.53
Reimbursement of expenses to subsidiaries	74.67	-
Others	155.43	138.54
	<u>347.80</u>	<u>243.89</u>
<b>29. Fees paid to Statutory Auditors (Excluding GST)</b>		
Statutory Audit	1.50	1.50
Company law matters	0.03	0.03
Other Certification	0.31	0.58
	<u>1.84</u>	<u>2.11</u>

**30. Corporate social responsibility (CSR)**

As per Section 135 of the Companies Act, 2013, a company meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on CSR activities. Accordingly, the gross amount required to be spent by the Company during the year ended 31 March 2019 is Rs.9.27 Mln. Details of amount spent during the year on CSR activities are given below:

Rs. Mln.

Sl. No.	Particulars	In Cash	Yet to be paid in cash	Total
i)	Construction / acquisition of any asset	-	-	-
ii)	On purposes other than (i) above	9.27	-	9.27

**31. Related party transactions**

Information on names of related parties and nature of relationship as required by Ind AS 24 on related party disclosures are given below:

**a. Subsidiary companies**

1. Ramco Systems Corporation, USA
2. Ramco Systems Ltd., Switzerland
3. Ramco Systems Pte Ltd., Singapore
4. Ramco Systems Sdn. Bhd., Malaysia
5. RSL Enterprise Solutions (Pty) Ltd., South Africa
6. Ramco Systems Canada Inc., Canada (wholly owned subsidiary of Ramco Systems Corporation, USA)
7. Ramco Systems FZ-LLC, Dubai
8. RSL Software Company Limited, Sudan
9. Ramco Systems Australia Pty Ltd., Australia
10. Ramco System Inc., Philippines
11. Ramco Systems (Shanghai) Co. Ltd., China
12. Ramco System Vietnam Company Limited, Vietnam
13. PT Ramco Systems Indonesia, Indonesia



# Ramco Systems Limited, INDIA

## **b. Key Managerial Personnel including those specified under Companies Act, 2013 (KMP)**

1. P R Venketrama Raja, Chairman
2. P V Abinav Ramasubramaniam Raja, Whole Time Director
3. Virender Aggarwal, Chief Executive Officer
4. R Ravi Kula Chandran, Chief Financial Officer
5. P R Karthic, Company Secretary
6. M M Venkatachalam, Independent Director
7. A V Dharmakrishnan, Non-Executive, Non-Independent Director
8. R S Agarwal, Independent Director
9. Soundara Kumar, Independent Director
10. Sankar Krishnan, Independent Director w.e.f.11 May 2018
11. Justice P P S Janarthana Raja (Retd.), Independent Director w.e.f. 29 August 2018.

## **c. Relatives of KMP**

1. P R Venketrama Raja, Father of P V Abinav Ramasubramaniam Raja
2. P V Nirmala, Mother of P V Abinav Ramasubramaniam Raja
3. B Srisandhya Raju, Sister of P V Abinav Ramasubramaniam Raja
4. R Sudarsanam, Mother of P R Venketrama Raja
5. S Saradha Deepa, Sister of P R Venketrama Raja
6. R Nalina Ramalakshmi, Sister of P R Venketrama Raja

## **d. Enterprises over which the above persons exercise significant influence**

- |   |  |
|---|--|
| 1. Rajapalayam Mills Limited                                    | 17. The Ramco Cements Limited Educational and Charitable Trust   |
| 2. The Ramco Cements Limited                                    | 18. Gowrihouse Metal Works LLP   |
| 3. Ramco Industries Limited                                     | 19. JKR Enterprises Limited  |
| 4. The Ramaraju Surgical Cotton Mills Limited                   | 20. Gowrishankar Screws  |
| 5. Sri Vishnu Shankar Mills Limited                             | 21. P A C R Sethurammam Charity Trust  |
| 6. Sandhya Spinning Mill Limited                                | 22. P A C R Sethurammam Charities  |
| 7. Thanjavur Spinning Mill Limited                              | 23. Rajapalayam Spinners Limited   |
| 8. Rajapalayam Spintex<br>(A division of Rajapalayam Mills Ltd) | 24. Ramco Industrial and Technology Services Limited<br>formerly known as Ontime Industrial Services Limited |
| 9. Sri Harini Textiles Limited                                  | 25. Madurai Trans Carrier Limited  |
| 10. Swarna Boomi Estate   | 26. Ramco Welfare Trust  |
| 11. Thanga Vilas Estate   | 27. Lynks Logistics Limited  |
| 12. Rajapalayam Textile Limited                                 | 28. Ramco Management Private Limited   |
| 13. Shri Harini Media Limited                                   | 29. Raja Charity Trust   |
| 14. Sudarsanam Estate   | 30. P A C Ramasamy Raja Centenary Trust  |
| 15. Shri Abhinava Vidya Theertha Seva Trust                     | 31. P A C Ramasamy Raja Education Charity Trust  |
| 16. Smt. Lingammal Ramaraju Shastra Prathista Trust             |  |

## **e. Employee benefit funds where control exists**

1. Ramco Systems Limited employees group gratuity scheme
2. Ramco Systems Limited employees superannuation scheme

The Company's transactions with the above related parties are given below:

Rs. Mln.

Particulars	Transaction during 2018-19	Outstanding as at 31.03.2019	Transaction during 2017-18	Outstanding as at 31.03.2018	Unbilled/ (unearned) as at 31.03.2018
<b>Income from Sale of goods &amp; services</b>					
Ramco Systems Corporation, USA	170.09	113.41	135.73	54.74	-
Ramco Systems Canada Inc, Canada	1.26	0.01	14.55	0.42	-
Ramco Systems Limited, Switzerland	8.86	1.67	3.76	1.08	-
Ramco Systems Sdn. Bhd., Malaysia	79.53	57.15	69.37	53.86	-
Ramco Systems Pte. Ltd., Singapore	195.61	138.01	106.48	86.08	-
RSL Enterprise Solutions (Pty) Ltd., South Africa	34.09	16.28	72.98	30.15	-
Ramco Systems FZ-LLC, Dubai	137.00	73.69	151.32	100.30	-
RSL Software Co. Ltd., Sudan	0.16	13.97	0.35	12.95	-
Ramco Systems Australia Pty Ltd., Australia	134.63	84.88	173.45	119.31	-
Ramco System Inc., Philippines	159.91	132.65	72.57	52.52	-
Ramco Systems (Shanghai) Co. Ltd., China	1.19	0.99	-	-	-
PT Ramco Systems Indonesia, Indonesia	0.48	0.47	-	-	-
The Ramco Cements Limited	123.33	-	205.01	-	48.68
Ramco Industries Limited	47.39	-	29.25	-	-
Rajapalayam Mills Limited	2.84	-	2.22	0.04	-
Rajapalayam Textile Limited	0.33	-	0.61	0.02	-
Sri Vishnu Shankar Mills Limited	1.30	-	1.13	0.09	-
Sandhya Spinning Mill Limited	1.11	-	1.06	-	-
Thanjavur Spinning Mill Limited	-	-	0.21	-	-
Sri Harini Textiles Limited	0.11	-	0.14	-	-
The Ramaraju Surgical Cotton Mills Limited	1.47	-	1.51	-	-
Sudarsanam Estate	0.30	-	0.10	-	-
Swarna Bhoomi Estate	0.20	-	0.07	-	-
Thanga Vilas Estate	0.22	-	0.07	-	-
Ramco Welfare Trust	0.07	-	0.07	-	-
Smt. Lingammal Ramaraju Shastra Prathista Trust	0.07	-	0.07	0.01	-
The Ramco Cements Limited Educational and Charitable Trust	0.29	-	0.29	-	-
Gowrihouse Metal Works LLP	0.67	-	0.09	-	-
Gowrishankar Screws	-	-	0.22	-	-
P.A.C.R Sethurammal Charity Trust	0.36	-	0.36	-	-
P.A.C.R. Sethurammal Charities	0.07	-	0.07	0.02	-
JKR Enterprises Limited	0.14	-	0.07	-	-
Madurai Trans Carrier Limited	1.23	-	1.34	-	-
<b>Income from royalty</b>					
Ramco Systems Corporation, USA	277.93	181.94	211.13	93.63	-
Ramco Systems Canada Inc., Canada	5.09	3.27	2.41	0.85	-
Ramco Systems Limited, Switzerland	6.37	1.86	6.49	2.16	-
Ramco Systems Sdn. Bhd., Malaysia	71.88	38.48	61.50	49.41	-
Ramco Systems Pte. Ltd., Singapore	163.03	66.08	105.10	86.23	-
Ramco Systems FZ-LLC, Dubai	143.84	112.01	190.84	40.76	50.84
Ramco Systems Australia Pty Ltd., Australia	125.44	96.13	66.46	48.79	-

# Ramco Systems Limited, INDIA

Particulars	Transaction during 2018-19	Outstanding as at 31.03.2019	Transaction during 2017-18	Outstanding as at 31.03.2018	Unbilled/ (unearned) as at 31.03.2018
Ramco System Inc., Philippines	140.06	87.41	119.41	52.28	-
Ramco Systems (Shanghai) Co. Ltd., China	10.88	9.08	-	-	-
PT Ramco Systems, Indonesia	5.18	4.50	-	-	-
Ramco System Vietnam Co Ltd., Vietnam	1.42	1.28	-	-	-
<b>Income from sale of license</b>					
Ramco Systems Pte. Ltd., Singapore	62.38	-	141.50	-	(62.98)
<b>Cost of services availed</b>					
Ramco Systems Limited, Switzerland	3.18	22.86	-	19.74	-
Ramco Systems Sdn. Bhd., Malaysia	8.66	2.22	11.16	11.16	-
Ramco Systems Pte. Ltd., Singapore	35.01	20.78	1.46	1.46	-
Ramco Systems Australia Pty Ltd., Australia	5.56	0.92	1.23	1.20	-
Ramco System Inc., Philippines	-	-	0.74	0.74	-
Ramco Industrial and Technology Services Limited	17.03	1.03	6.47	5.92	-
<b>Loans given</b>					
Ramco Systems Sdn. Bhd., Malaysia	44.96	77.03	79.17	79.17	-
RSL Enterprise Solutions (Pty) Ltd., South Africa	-	10.94	88.83	43.94	-
Ramco Systems Australia Pty Ltd., Australia	217.86	290.65	285.66	89.35	-
Ramco Systems Pte. Ltd., Singapore	351.37	386.93	320.93	49.63	-
Ramco Systems FZ-LLC, Dubai	83.03	199.02	4.50	206.90	-
Ramco System Inc., Philippines	40.12	31.98	38.75	-	-
<b>Investments (refer note no.7)</b>					
Ramco Systems Pte. Ltd., Singapore	-	-	605.95	-	-
Ramco Systems Australia Pty Ltd., Australia	-	-	473.68	-	-
RSL Enterprise Solutions (Pty) Ltd., South Africa	-	-	99.02	-	-
Ramco Systems (Shanghai ) Co. Ltd., China	-	-	10.41	-	-
Ramco System Vietnam Company Limited, Vietnam	-	-	16.44	-	-
PT Ramco Systems Indonesia, Indonesia	-	-	16.28	-	-
<b>Interest – Income</b>					
RSL Enterprise Solutions (Pty) Ltd., South Africa	2.49	-	5.77	-	-
Ramco Systems Australia Pty Ltd., Australia	18.65	-	48.53	-	-
Ramco Systems Pte. Ltd., Singapore	17.51	-	34.50	-	-
Ramco Systems FZ-LLC, Dubai	17.90	-	22.25	-	-
Ramco Systems Sdn. Bhd., Malaysia	8.41	-	4.05	-	-
Ramco System Inc., Philippines	1.00	-	0.81	-	-
<b>Bank Guarantee issued to</b>					
i) a banker to Ramco Systems FZ-LLC, Dubai	-	61.48	-	57.02	-
ii) a banker to Ramco System Inc., Philippines	-	21.78	-	20.72	-
iii) a banker of Dubai Branch of the Company	-	-	3.03	3.03	-
iv) a banker to Ramco Systems Australia Pty Ltd., Australia	6.22	12.43	-	6.44	-
v) a banker to Ramco Systems Sdn. Bhd., Malaysia	23.18	23.18	-	-	-
<b>Corporate Guarantee issued in favour of customer(s) of:</b>					
i) Ramco Systems Sdn. Bhd., Malaysia	-	-	-	32.25	-
ii) Ramco Systems Australia Pty Ltd., Australia	599.52	724.42	-	123.75	-
iii) Ramco System Inc., Philippines	33.07	33.07	-	-	-

Particulars	Transaction during 2018-19	Outstanding as at 31.03.2019	Transaction during 2017-18	Outstanding as at 31.03.2018	Unbilled/ (unearned) as at 31.03.2018
<b>Rent expense</b>					
The Ramco Cements Limited	85.13	-	83.16	-	-
Rajapalayam Mills Limited	0.08	-	0.08	-	-
<b>Sitting fees</b>					
P R Venketrana Raja	0.12	-	0.08	-	-
P V Abinav Ramasubramaniam Raja	0.12	-	0.06	-	-
M M Venkatachalam	0.15	-	0.14	-	-
V Jagadisan	-	-	0.17	-	-
A V Dharmakrishnan	0.23	-	0.15	-	-
R S Agarwal	0.24	-	0.09	-	-
Soundara Kumar	0.19	-	0.14	-	-
Sankar Krishnan	0.17	-	-	-	-
P P S Janarthana Raja	0.15	-	-	-	-
<b>Remuneration</b>					
P R Venketrana Raja	-	-	0.20	-	-
P V Abinav Ramasubramaniam Raja	1.31	-	1.08	-	-
R Ravi Kula Chandran	6.20	-	8.84	-	-
P R Karthic	0.85	-	0.57	-	-
<b>Application money received for exercise of stock options</b>					
R Ravi Kula Chandran	-	-	1.84	-	-
A V Dharmakrishnan	-	-	5.70	-	-
<b>CSR Contribution</b>					
Shri Abhinava Vidya Theertha Seva Trust	9.27	-	4.14	-	-
<b>Contributions made</b>					
Ramco Systems Limited employees group gratuity scheme	9.59	-	9.03	-	-
Ramco Systems Limited employees superannuation scheme	14.34	-	12.37	-	-

Notes:

- Details of undertaking given by the Company are given in the note no. 34.
- The above figures include Service Tax / VAT / CST / GST as applicable.
- The Transactions with related parties are at arm's length basis. The outstanding balances are unsecured and interest free, except loan transactions. The Company has not recorded any impairment of receivables owed by related parties. Payment terms for related party transactions are 30 to 75 days, except in the case of overseas subsidiaries, from whom the receivables are realised within the prescribed period.
- Disclosure of Key Management Personnel compensation in total and for each of the following categories: Rs. Mln.

Particulars	2018-19	2017-18
Short – Term Benefits *	8.93	17.08
Defined Contribution Plan **	0.79	0.97
Defined Benefit Plan / Other Long-term benefits ***	-	-
<b>Total</b>	<b>9.72</b>	<b>18.05</b>

\* It includes bonus, sitting fees and value of perquisites.

\*\* It includes contribution to Provident fund, Superannuation, NPS and accrual of Gratuity.

\*\*\* Based on actual payment if any.

# Ramco Systems Limited, INDIA

e) Maximum loan outstanding during the year from subsidiaries: Rs. Mln.

Name of the subsidiary	2018-19	2017-18
Ramco Systems Sdn. Bhd., Malaysia	130.79	79.17
RSL Enterprise Solutions (Pty) Ltd., South Africa	44.93	86.31
Ramco Systems Australia Pty Ltd., Australia	324.87	611.82
Ramco Systems Pte. Ltd., Singapore	402.04	437.83
Ramco Systems FZ-LLC, Dubai	255.78	231.36
Ramco System Inc., Philippines	40.22	39.31

32. The fair values of financial assets and liabilities are determined at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Fair value of cash and short-term deposits, trade and other short term receivables, trade payables, other current liabilities, short term loans from banks and other financial instruments approximate their carrying amounts largely due to the short term maturities of these instruments.

### 33. Capital management

For the purpose of the Company's capital management, capital means the Total Equity as per the Balance Sheet. The primary objective of the Company's capital management is to maximise the Shareholder's wealth.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The Company monitors capital using a gearing ratio, which is Net Debt divided by the Total Equity.

Rs. Mln.

Particulars	As at 31.03.2019	As at 31.03.2018
Borrowings	802.99	366.44
Less: Cash and cash equivalents	25.07	28.46
<b>Net Debt (A)</b>	<b>777.92</b>	<b>337.98</b>
Equity Share Capital	306.28	305.75
Other Equity	7,759.18	7,243.58
<b>Total Equity (B)</b>	<b>8,065.46</b>	<b>7,549.33</b>
<b>Debt / Equity (A / B)</b>	<b>9.65%</b>	<b>4.48%</b>

In order to achieve the overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants if any, attached to the interest-bearing loans and borrowings that define capital structure requirements. There have been no breaches in the financial covenants of any interest bearing loans/ borrowings. There are no significant changes in the objectives, policies or processes for managing capital during the years ended 31 March 2019 and 31 March 2018.

### 34. Contingent liabilities and commitments

#### Contingent liabilities

a) Bank guarantees issued by the bankers to the Company in favour of:		
i) Bankers to the subsidiaries and overseas branches (refer note no. 31)	118.87	87.21
ii) Others	41.77	21.61
	<u>160.64</u>	<u>108.82</u>
b) Corporate guarantees issued in favour of customers of subsidiaries (refer note no. 31)	757.49	156.00
c) Claims against the Company not acknowledged as debts		
i) Disputed Tamil Nadu VAT demand		
1. Relating to 2009-10 to 2013-14 and pending before Honorable High Court of Madras	75.86	75.86
2. Relating to 2014-15 to 2017-18 in respect of which no demand notice has been received	26.73	26.73

	As at 31.03.2019	As at 31.03.2018
	Rs. Mln.	Rs. Mln.
<b>34. Contingent liabilities and commitments (Contd.)</b>		
ii) Disputed Sales tax demand – pending before the first appellate authority, Mumbai – Year 2012-13	0.09	0.09
iii) Disputed Service tax demand – pending before the first appellate authority – Years 2015-16 to 2017-18	1.21	1.21
iv) Income Tax – pending before the assessing authority AY: 2010-11	-	0.004
v) Income Tax – pending before the assessing authority AY: 2018-19	-	0.14
vi) Other litigations	23.53	29.03

**Commitments**

Estimated amount of contracts remaining to be executed on capital account and not provided for	13.80	16.84
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The Company has undertaken to provide continued financial support to its subsidiaries, Ramco Systems Pte. Ltd., Singapore, Ramco Systems Australia Pty. Ltd., Australia and Ramco Systems Sdn. Bhd., Malaysia for their operations and have also undertaken to ensure their going concern status with respect to debt dues to Ramco Systems Limited, Switzerland.

Note: The Company is engaged in development of software products, which are marketed by the Company and its overseas subsidiaries. The intellectual property rights are held by the Company. There are in-built warranties for performance and support. Claims which may arise out of these are not quantifiable and hence not provided for.

**35. Financial risk management objectives and policies**

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework and thus established a risk management policy to identify and analyse the risks faced by the Company. The risk management systems are reviewed periodically. The Audit Committee of the Board, oversees the compliance with the policy. The Internal Audit reviews the risk management controls and procedures and reports to the Audit Committee.

The Company's financial risks comprise of market risk, credit risk and liquidity risk.

**A. Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of two types of risk: interest rate risk and foreign currency risk.

**A.1 Interest rate risk**

The Company has borrowed debt at variable rates to finance its operations, which exposes it to interest rate risk. The Company's interest rate risk management planning includes achieving the lowest possible cost of debt financing, while managing volatility of interest rates, applying a prudent mix of fixed and floating debt, either directly or through the use of derivative financial instruments affecting a shift in interest rate exposures between fixed and floating.

Interest rate risk exposure on the average borrowing for the year:

	Rs. Mln.	
Particulars	2018-19	2017-18
Fixed rate borrowing	531.48	304.06
Variable rate borrowing	100.10	4.94

1% change in interest rate on variable rate borrowing would impact the interest cost for 2018-19 by Rs.1.00 Mln. (2017-18 by Rs.0.05 Mln.).

# Ramco Systems Limited, INDIA

## A.2 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's transactions denominated in a foreign currency including trade receivables and unbilled revenues, loans given to overseas subsidiaries, trade payables and bank balances.

The Company's exposure to foreign currency risk with respect to material currencies as detailed below:

Foreign currency	Trade receivables	Unbilled revenues	Bank balances	Loans given	Trade payables	Total
<b>SGD Mln.</b>						
As at 31.03.2019	3.87	-	-	7.66	(0.03)	11.51
As at 31.03.2018	3.46	-	-	2.02	(0.03)	5.45
<b>USD Mln.</b>						
As at 31.03.2019	5.67	0.70	0.05	1.58	(0.28)	7.72
As at 31.03.2018	2.52	0.58	0.05	2.46	(0.26)	5.35
<b>AUD Mln.</b>						
As at 31.03.2019	3.75	-	-	6.01	(0.02)	9.74
As at 31.03.2018	3.31	-	-	3.61	(0.02)	6.90
<b>AED Mln.</b>						
As at 31.03.2019	10.01	0.20	-	10.84	-	21.04
As at 31.03.2018	8.04	3.16	-	24.04	-	35.24
<b>PHP Mln.</b>						
As at 31.03.2019	167.65	-	-	-	(0.02)	167.63
As at 31.03.2018	84.59	-	0.59	-	-	85.18
<b>MYR Mln.</b>						
As at 31.03.2019	5.57	-	-	-	(0.13)	5.44
As at 31.03.2018	6.03	-	0.64	-	-	6.68

Sensitivity analysis between Indian Rupee and the following foreign currencies for an increase of / decrease by Re. 1:

Rs. Mln.

Foreign currency	As at 31.03.2019		As at 31.03.2018	
	Increase	Decrease	Increase	Decrease
SGD	11.51	(11.51)	5.45	(5.45)
USD	7.72	(7.72)	5.35	(5.35)
AUD	9.74	(9.74)	6.90	(6.90)
AED	21.04	(21.04)	35.24	(35.24)
PHP	167.63	(167.63)	85.18	(85.18)
MYR	5.44	(5.44)	6.68	(6.68)

The Company follows the following strategy to mitigate the risk of changes in exchange rates on foreign currency exposures:

- Availment of packing credit in foreign currency (PCFC), including entering into cross currency forward contracts in equivalent USD where the exposures are in other currencies. The exposure as on 31 March 2019 is USD 5.96 Mln. (Previous year Nil).

- b. Entering into forward contracts which are not covered by PCFC, for such quantum as considered appropriate. The outstanding exposure for the year ended 31 March 2019 (Previous year Nil) in this regard is as follows:

Currency	In Mln.	Rs. Mln.
AED	0.87	16.85
AUD	0.31	16.06
SGD	0.40	21.34
USD	1.00	69.39

The accounting treatment followed for foreign exchange forward contracts is Mark to Market based on the MTM calculations provided by the bankers.

## B. Credit risk

Credit risk is the risk of financial loss to the Company, if the customer or counter party to the financial instruments fail to meet its contractual obligations and arises principally from the Company's receivables and treasury operations.

Customer credit risk is managed by Company's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables and unbilled revenues are regularly monitored and the Company creates a provision based on expected credit loss model.

### B.1 Trade receivables and unbilled revenues

#### Trade receivables

Trade receivables of the Company include a) dues from its overseas subsidiaries amounting to 78 % as at 31 March 2019 (76% as at 31 March 2018), of total trade receivables and are risk free and b) dues from others which are exposed to credit risk. The number of external customers (excluding subsidiaries) and the percentage they owed exceeding Rs. 5.00 Mln. individually, out of the outstanding as at 31 March 2019, were 18 and 54% respectively, 8 and 34% as at 31 March 2018.

No single external customer accounted for more than 10% of the trade receivable from them, as at 31 March 2019 and 31 March 2018.

#### Unbilled revenues

Unbilled revenues (Unbilled licenses revenue grouped under financial asset and Unbilled services revenue grouped under non-financial assets i.e., other assets) of the Company are also exposed to risk in the event of the inability to bill the customer.

Number of external customers constituting more than 10% of the unbilled revenues in respect of them, is two as at 31 March 2019 and one as at 31 March 2018.

#### Credit risk exposure

The movement in provision for doubtful debts is as below:

Rs. Mln.

Particulars	As at 31.03.2019	As at 31.03.2018
Balance at the beginning	135.90	194.41
Provisions for the year	59.66	19.19
Translation differences	0.69	0.64
Provision utilised for write off	(46.46)	(78.34)
Balance at the end	149.79	135.90



# Ramco Systems Limited, INDIA

## Credit exposure

Rs. Mln.

Nature of dues	As at 31.03.2019	As at 31.03.2018
Trade receivables	1,578.97	1,164.13
Unbilled licenses revenue	158.05	445.71
Unbilled services revenue	247.28	

## B.2 Financial instruments and cash deposits

Investments of surplus funds are made only with approved counterparties. The Company is exposed to counter party risk relating to deposits with banks and investments in mutual funds. The Company places its cash equivalents based on the creditworthiness of the financial institutions.

## C. Liquidity risk

Liquidity risks are those risks that the Company will not be able to settle or meet its obligations on time or at reasonable price. In the management of liquidity risk, the Company monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows. Due to the dynamic nature of the underlying business, the Company aims at maintaining flexibility in funding by keeping both committed and uncommitted credit lines available.

## Financial arrangements

The Company has access to the following undrawn borrowing facilities:

Rs. Mln.

Particulars	As at 31.03.2019	As at 31.03.2018
Expiring within one year		
Bank cash credit / overdraft / packing credit / WCDL	397.01	633.55
Expiring beyond one year	Nil	

## Maturities of Financial Liabilities

Year ended	< 1 year	> 1 year	Total
<b>As at 31 March 2019</b>			
Borrowings	802.99	-	802.99
Trade and other payables	230.55	-	230.55
Total	1,033.54	-	1,033.54
<b>As at 31 March 2018</b>			
Borrowings	366.44	-	366.44
Trade and other payables	216.00	-	216.00
Total	582.44	-	582.44

36. The Company has only one operating segment, viz., Software Solutions & Services and hence the segment reporting required under Ind AS 108 does not apply.
37. The Company's shares are listed on BSE Limited and The National Stock Exchange of India Limited. In line with the provisions of the listing agreement with the stock exchanges, the listing fee for the financial year 2019-20 have been paid to the BSE Limited and The National Stock Exchange of India Limited.
38. Figures for the previous year have been regrouped / restated wherever necessary to make them comparable with the figures for the current year.
39. The figures in Rupees have been rounded off to the million in current and previous year.

As per our report annexed  
For **M S JAGANNATHAN & N KRISHNASWAMI**  
Chartered Accountants  
Firm Registration No. 001208S

**K SRINIVASAN**  
Partner  
Membership No.:021510

**P R VENKETRAMA RAJA**  
Chairman  
**P V ABINAV RAMASUBRAMANIAM RAJA**  
Whole Time Director  
**VIRENDER AGGARWAL**  
Chief Executive Officer  
**R RAVI KULA CHANDRAN**  
Chief Financial Officer

**SOUNDARA KUMAR**  
Director

**P R KARTHIC**  
Company Secretary

Place : Chennai  
Date : 22 May 2019

# Ramco Systems Limited, INDIA

## RESEARCH AND DEVELOPMENT ACTIVITIES

### BALANCE SHEET AS AT 31 MARCH 2019

	Note No.	As at 31.03.2019 Rs. Mln.	As at 31.03.2018 Rs. Mln.
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	1	2.96	1.39
Intangible assets	2	2,381.23	2,371.37
<b>Total non-current assets</b>		<b>2,384.19</b>	<b>2,372.76</b>
<b>Current assets</b>			
Financial assets		0.01	0.21
Other current assets		14.25	2.01
<b>Total current assets</b>		<b>14.26</b>	<b>2.22</b>
<b>Total assets</b>		<b>2,398.45</b>	<b>2,374.98</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Other equity			
Retained earnings (Revenue expenditure of R&D activity)		(5,064.46)	(4,654.59)
<b>Total equity</b>		<b>(5,064.46)</b>	<b>(4,654.59)</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Head office contra account		7,450.15	7,018.54
<b>Total non-current liabilities</b>		<b>7,450.15</b>	<b>7,018.54</b>
<b>Current liabilities</b>			
Financial liabilities			
Trade payables		5.93	3.90
Other current liabilities		6.83	7.13
<b>Total current liabilities</b>		<b>12.76</b>	<b>11.03</b>
<b>Total liabilities</b>		<b>7,462.91</b>	<b>7,029.57</b>
<b>Total equity and liabilities</b>		<b>2,398.45</b>	<b>2,374.98</b>

Notes on Financials of Research & Development activities

1 to 5

As per our report annexed  
For **M S JAGANNATHAN & N KRISHNASWAMI**  
Chartered Accountants  
Firm Registration No. 001208S

**K SRINIVASAN**  
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Chief Financial Officer

**SOUNDARA KUMAR**  
Director

**P R KARTHIC**  
Company Secretary

Place : Chennai  
Date : 22 May 2019

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2019**

	Note No.	Year ended 31.03.2019	Year ended 31.03.2018
		Rs. Mln.	Rs. Mln.
<b>Expenses</b>			
Employee benefits expense	3	(0.02)	0.32
Depreciation and amortisation expense	1 & 2	409.89	413.41
Other expenditure	4	-	-
<b>Total expenditure</b>		<b>409.87</b>	413.73
<b>Profit / (loss) for the year</b>		<b>(409.87)</b>	(413.73)

Notes on financials of Research & Development Activities

1 to 5

As per our report annexed  
For **M S JAGANNATHAN & N KRISHNASWAMI**  
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Chief Financial Officer

**SOUNDARA KUMAR**  
Director

**P R KARTHIC**  
Company Secretary

Place : Chennai  
Date : 22 May 2019

# Ramco Systems Limited, INDIA

## NOTES ON FINANCIALS OF RESEARCH & DEVELOPMENT ACTIVITIES

### 1. Property, plant and equipment

Rs. Mln.

Particulars	Laptops and desktops	Servers and networks	Office equipments	Total
<b>Gross carrying value</b>				
<b>As at 01 April 2017</b>	<b>31.02</b>	<b>46.19</b>	<b>0.17</b>	<b>77.38</b>
Additions	-	-	-	-
Disposals	(26.73)	(46.19)	-	(72.92)
<b>As at 31 March 2018</b>	<b>4.29</b>	<b>-</b>	<b>0.17</b>	<b>4.46</b>
Additions	-	2.72	-	2.72
Disposals	(0.01)	-	-	(0.01)
<b>As at 31 March 2019</b>	<b>4.28</b>	<b>2.72</b>	<b>0.17</b>	<b>7.17</b>
<b>Depreciation</b>				
<b>As at 01 April 2017</b>	<b>28.24</b>	<b>46.19</b>	<b>0.14</b>	<b>74.57</b>
For the year	1.41	-	0.01	1.42
Disposals	(26.73)	(46.19)	-	(72.92)
<b>As at 31 March 2018</b>	<b>2.92</b>	<b>-</b>	<b>0.15</b>	<b>3.07</b>
For the year	1.13	-	0.01	1.14
Disposals	-	-	-	-
<b>As at 31 March 2019</b>	<b>4.05</b>	<b>-</b>	<b>0.16</b>	<b>4.21</b>
<b>Carrying value</b>				
<b>As at 31 March 2018</b>	<b>1.37</b>	<b>-</b>	<b>0.02</b>	<b>1.39</b>
<b>As at 31 March 2019</b>	<b>0.23</b>	<b>2.72</b>	<b>0.01</b>	<b>2.96</b>

### 2. Intangible assets

Rs. Mln.

Particulars	Technology platform	Product software	Computer software	Total
<b>Gross carrying value</b>				
<b>As at 01 April 2017</b>	<b>1,406.50</b>	<b>3,627.72</b>	<b>79.54</b>	<b>5,113.76</b>
Additions	70.59	282.03	-	352.62
Deletions	-	-	(41.10)	(41.10)
<b>As at 31 March 2018</b>	<b>1,477.09</b>	<b>3,909.75</b>	<b>38.44</b>	<b>5,425.28</b>
Additions	118.00	300.13	0.48	418.61
Deletions	-	-	-	-
<b>As at 31 March 2019</b>	<b>1,595.09</b>	<b>4,209.88</b>	<b>38.92</b>	<b>5,843.89</b>
<b>Amortisation</b>				
<b>As at 01 April 2017</b>	<b>766.40</b>	<b>1,846.04</b>	<b>70.58</b>	<b>2,683.02</b>
For the year	108.32	297.26	6.41	411.99
Disposals	-	-	(41.10)	(41.10)
<b>As at 31 March 2018</b>	<b>874.72</b>	<b>2,143.30</b>	<b>35.89</b>	<b>3,053.91</b>
For the year	104.59	302.89	1.27	408.75
Disposals	-	-	-	-
<b>As at 31 March 2019</b>	<b>979.31</b>	<b>2,446.19</b>	<b>37.16</b>	<b>3,462.66</b>
<b>Carrying value</b>				
<b>As at 31 March 2018</b>	<b>602.37</b>	<b>1,766.45</b>	<b>2.55</b>	<b>2,371.37</b>
<b>As at 31 March 2019</b>	<b>615.78</b>	<b>1,763.69</b>	<b>1.76</b>	<b>2,381.23</b>

Note: The disposals under property, plant and equipment include gross block and net block Nil (previous year gross block Rs.67.85 Mln. and net block Nil) and the deletions under intangible assets include gross block and net block Nil (previous year gross block Rs.41.10 Mln. and net block Nil) as no longer required and accordingly moved to assets held for sale.

	Year ended 31.03.2019	Year ended 31.03.2018
	Rs. Mln.	Rs. Mln.
<b>3. Employee benefits expense</b>		
Salaries, Bonus, contributions etc.,	322.85	304.78
Share based payment	(0.02)	0.32
Staff welfare	5.95	5.14
Gross cost	<u>328.78</u>	<u>310.24</u>
Less: Product research and development expenditure capitalised	<u>(328.80)</u>	<u>(309.92)</u>
	<u>(0.02)</u>	<u>0.32</u>
<b>4. Other expenses</b>		
Postage & telephone	0.12	0.21
Power & fuel	5.82	6.04
Travel & conveyance	4.40	8.55
Rent / Hosting charges	1.37	4.80
Consultancy & outsourcing charges	75.70	21.81
Other miscellaneous expenses	1.92	1.30
Gross cost	<u>89.33</u>	<u>42.71</u>
Less: Product research and development expenditure capitalised	<u>(89.33)</u>	<u>(42.71)</u>
	<u>-</u>	<u>-</u>
<b>5. Calculation of total R&amp;D expenditure</b>		
i) Captial expenditure for R&D (exclusive of product research & development expenditure capitalised) (refer note no. 1 & 2)	3.20	-
ii) Recurring R&D expenditure:		
Employee benefits expense - gross (refer note no. 3)	328.78	310.24
Other expenses - gross (refer note no.4)	89.33	42.71
Sub-total	<u>418.11</u>	<u>352.95</u>
<b>Total R&amp;D expenditure (i) + (ii)</b>	<u>421.31</u>	<u>352.95</u>

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**RAMCO SYSTEMS LIMITED**  
**CONSOLIDATED FINANCIAL STATEMENTS**

**SUBSIDIARIES**

- 1 Ramco Systems Corporation, USA
- 2 Ramco Systems Ltd., Switzerland
- 3 Ramco Systems Pte. Ltd., Singapore
- 4 Ramco Systems Sdn. Bhd., Malaysia
- 5 RSL Enterprise Solutions (Pty) Ltd., South Africa
- 6 Ramco Systems Canada Inc., Canada
- 7 Ramco Systems FZ-LLC, Dubai
- 8 RSL Software Co. Ltd., Sudan
- 9 Ramco Systems Australia Pty Ltd., Australia
- 10 Ramco System Inc., Philippines
- 11 Ramco Systems (Shanghai) Co. Ltd., China
- 12 Ramco System Vietnam Company Limited, Vietnam
- 13 PT Ramco Systems Indonesia, Indonesia

**AUDITORS**

**Messrs M S JAGANNATHAN & N KRISHNASWAMI**  
Chartered Accountants, Chennai



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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RAMCO SYSTEMS LIMITED

### Report on the Audit of the Consolidated Financial Statements

#### Opinion

We have audited the accompanying Consolidated Financial Statements drawn in accordance with the Indian Accounting Standards of Ramco Systems Limited (hereinafter referred to as "the Holding Company") and its Subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and the share of profit of its Associate, which comprise the Consolidated Balance Sheet as at 31 March 2019 and the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and notes to the Consolidated Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter collectively referred to as "the Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Indian Accounting Standards, of the consolidated state of affairs (financial position) of the Group as at 31 March 2019, of its Consolidated Profit (financial performance including Other Comprehensive Income), Consolidated Changes in Equity and its Consolidated Cash Flows for the year ended on 31 March 2019.

#### Basis for Opinion

We conducted our audit of the Consolidated Financial Statements in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI'), and we have fulfilled our other ethical responsibilities in accordance with the provisions of the Act. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of the current period. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

##### 1. Trade Receivable, Unbilled License Revenue and Unbilled Service Revenue

###### Trade Receivable:

Trade receivables are amounts billed but not yet received as on 31 March 2019. Amount outstanding on this account is Rs.1,527.06 Mln. Of this Rs.7.22 Mln. is due from an Associate in which the Group holds 30% of the Equity.

###### Unbilled License Revenue:

Revenue recognition in the case of Licenses is on delivery of the software and when the customer obtains a right to use such licenses. The excess revenue over billing is classified as Unbilled License Revenue and grouped under Financial Assets. The amount recoverable as on 31 March 2019 is Rs.2,273.16 Mln.

###### Unbilled Service Revenue:

Revenue recognition in the case of services is based on percentage of completion method. The excess revenue over billing is classified as Unbilled Service Revenue and grouped under Other Assets. The amount recoverable as on 31 March 2019 is Rs.885.26 Mln.

###### Auditor's Response:

We have audited the Revenue recognition to ensure that it follows the stated policy. The outstanding amount has certain element of credit risk.

# Ramco Systems Limited, Consolidated Financials

In the case of Trade Receivable and Unbilled License Revenue, the credit risk is default on its payment obligation by the customer, resulting in a financial loss.

In the case of Unbilled Service Revenue, the risk consists of the satisfaction of the customers, in respect of completion of services milestones and the default on its payment obligation by the customer, resulting in a financial loss.

We have reviewed the credit risk policy of the Group. The implementation of such policy has been audited through audit / review of accounts through compliance and substantive testing of selected samples. The Group has created a provision for doubtful debts for Trade Receivable and Unbilled Revenue based on expected credit loss method. We have evaluated the empirical data of the previous years and we have ascertained that the current provisioning for the expected credit loss is in line with the historical evidences. We have also ascertained the key judgments and assumptions used by the Management in the recoverability assessment of Trade Receivables, Unbilled License Revenue and Unbilled Service Revenue.

## 2. Deferred Tax

Deferred tax is recognised using the balance sheet approach on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting at the reporting date. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. The measurement of deferred tax assets is reduced, if necessary, by a valuation allowance for any tax benefits of which future realisation is uncertain. Deferred tax assets and liabilities are offset, if such items relate to taxes on income levied by same governing tax laws and the Group has legally enforceable right to set off current tax assets against current tax liabilities.

The credit availed for Minimum Alternate Tax (MAT) in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future tax liability, is recognised as an asset viz. MAT Credit Entitlement. The balance in deferred tax asset as on 31 March 2019 is Rs.376.79 Mln. which is net of, MAT credit asset of Rs.451.12 Mln. and Deferred Tax Liability (Net) of Rs. 74.33 Mln.

Auditor's Response:

We have verified the carrying amount of the MAT Credit Entitlement disclosed under Deferred Tax Assets.

We reviewed the evaluation process of availing the MAT Credit Entitlement. We assessed the permanence of methods used, the relevance and consistency of underlying assumptions (budget and future projections including earnings growth and applicable tax rates) and tested the arithmetic accuracy.

## 3. Intangible Assets - Product Software and Technology Platform

The Holding Company's significant cash generating assets are Product Software and Technology Platform. Costs incurred in the development of the product, together with repository of new business components, upon completion of the development phase, have been classified as "Product Software". Similarly, costs incurred in the development of Technology Platform framework, which would enable the Holding Company to provide solutions in both standard and customised way, have been classified as "Technology Platform". These are disclosed under Intangible Assets.

The carrying cost of Product Software and Technology Platform as on 31 March 2019 is Rs.2,379.47 Mln.

Auditor's Response:

We have reviewed and verified the process of capitalisation of Product Software and Technology Platform. The Holding Company amortises the cost incurred in development of these intangible assets over its estimated useful life which is determined as ten years.

We have reviewed the Holding Company's assessment on the reasonableness of the useful lives of these intangible assets and the impairment of these assets.

## Other Information

The Holding Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Holding Company's Annual Report, but does not include the Consolidated Financial Statements, Standalone Financial Statements and our auditor's report thereon.

Our opinion on the Consolidated Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

The Holding Company's Management and Board of Directors are responsible for the preparation and presentation of these Consolidated Financial Statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance (including other comprehensive income), consolidated statement of changes in equity and consolidated cash flows of the Group including its Associate in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with applicable rules thereunder.

The respective Management and Board of Directors of the Companies included in the Group and Associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of respective entities and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Holding Company, as aforesaid.

In preparing the Consolidated Financial Statements, the respective Management and Board of Directors of the entities included in the Group are responsible for assessing the ability of each entity to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless Management and Board of Directors either intends to liquidate the entity or to cease operations, or have no realistic alternative but to do so.

The respective Board of Directors of the entities included in the Group is also responsible for overseeing the financial reporting process of each entity.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

## Ramco Systems Limited, Consolidated Financials

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit of financial statements of the Holding Company included in the Consolidated Financial Statements, of which we are the independent auditors. For the other entities included in the Consolidated Financial Statements, which have been audited / reviewed by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits / reviews carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company included in the Consolidated Financial Statements, of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Other Matters

- a) The Consolidated Financial Statements reflects the Group's share of total assets of Rs.5,068.93 Mln. as at 31 March 2019, total revenues of Rs.3,882.63 Mln, total loss of Rs.355.52 Mln. and net cash outflow of Rs.23.84 Mln. for the year ended 31 March 2019 of the subsidiaries, which were not audited by us but were audited /reviewed by other independent auditors whose reports have been furnished to us by the Management. Our opinion in terms of sub-section (3) and (11) of section 143 of the Act, on the Consolidated Financial Statements in so far as it relates to the amount as mentioned above and disclosures included in respect of the subsidiaries, is solely based on the report of the other independent auditors.
- b) The Consolidated Financial Statements include Group's share of profit after tax of the Associate amounting to Rs.0.44 Mln. for the year ended 28 February 2019, which was not audited. Our opinion in terms of sub-section (3) and (11) of section 143 of the Act, on the Consolidated Financial Statements in so far as it relates to the amount as mentioned above and disclosures included in respect of the Associate, is solely based on the certification of the unaudited financials by the Management.
- c) Our opinion on the Consolidated Financial Statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters stated in paragraphs (a) and (b).

### Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit, we report, to the extent applicable, that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements.
  - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
  - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements.
  - d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Ind AS specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) On the basis of the written representations received from the Directors of the Holding Company as on 31 March 2019 and taken on record by the Board of Directors of the Holding Company, none of the Directors of the Holding Company is disqualified as on 31 March 2019 from being appointed as a Director in terms of Section 164(2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting with reference to financial statements of the Holding Company and the operating effectiveness of such controls, refer to our separate report in Annexure A. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial controls over financial reporting.
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Consolidated Financial Statements disclose the impact of pending litigations as at 31 March 2019 on the consolidated financial position of the Group - Refer note no. 31 (c) to the Consolidated Financial Statements.
    - ii. The Group and its Associate do not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There are no amounts required to be transferred by the Holding Company to the Investor Education and Protection Fund.

In reaching conclusions commented upon in items i) to iii) above, we have relied on our audit of the Holding Company, the audit / review of the subsidiaries by other independent auditors and Management certification in the case of Associate.

2. With respect to the matter to be included in the Auditor's report under Section 197(16) of the Act:

In our opinion and according to the information and explanations given to us, the remuneration paid by the Holding Company to its Directors during the year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any Director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

**For M S JAGANNATHAN & N KRISHNASWAMI**  
Chartered Accountants  
Firm Registration No. 001208S

**K SRINIVASAN**  
Partner  
Membership No. 021510

Place : Chennai  
Date : 22 May 2019

# Ramco Systems Limited, Consolidated Financials

## ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

### **Report on the Internal Financial Controls over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of the Holding Company as of 31 March 2019 in conjunction with our audit of the Consolidated Financial Statements for the year ended on that date. Our reporting of the internal financial controls in the case of Consolidated Financial Statements is applicable only to the Holding Company, which has been audited by us.

#### **Management's Responsibility for Internal Financial Controls**

The Holding Company's Management and Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Holding Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Holding Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls and both applicable to an audit of Internal Financial Controls and, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Holding Company's internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of Management and Directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the Holding Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2019, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note.

**For M S JAGANNATHAN & N KRISHNASWAMI**Chartered Accountants  
Firm Registration No. 001208S**K SRINIVASAN**Partner  
Membership No. 021510Place : Chennai  
Date : 22 May 2019



# Ramco Systems Limited, Consolidated Financials

## CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2019

	Note No.	As at 31.03.2019		As at 31.03.2018	
		Rs. Mln.	USD Mln.	Rs. Mln.	USD Mln.
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	5	207.15	3.01	169.14	2.62
Intangible assets	6	2,432.85	35.37	2,435.80	37.77
Investment in associate	7	12.94	0.21	12.49	0.20
Financial assets	8				
Loans		40.00	0.58	40.00	0.62
Investments		15.00	0.23	15.00	0.23
Trade receivables		65.13	0.95	63.25	0.98
Other financial assets		1,407.21	20.46	1,062.98	16.48
Tax assets (net)		210.64	3.06	136.05	2.11
Deferred tax assets (net)	9	376.79	5.48	431.64	6.69
Other non-current assets	10	17.31	0.25	1.88	0.03
		<u>4,785.02</u>	<u>69.60</u>	<u>4,368.23</u>	<u>67.73</u>
<b>Current assets</b>					
Financial assets	11				
Loans		12.49	0.18	11.39	0.18
Trade receivables		1,461.93	21.26	1,181.22	18.32
Cash and cash equivalents		111.59	1.62	138.82	2.15
Other financial assets		960.29	13.96	1,603.54	24.86
Tax assets (net)		83.22	1.21	74.07	1.15
Other current assets	12	1,012.95	14.73	144.54	2.24
		<u>3,642.47</u>	<u>52.96</u>	<u>3,153.58</u>	<u>48.90</u>
<b>Total assets</b>		<u>8,427.49</u>	<u>122.56</u>	<u>7,521.81</u>	<u>116.63</u>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Equity share capital	13	306.28	6.05	305.75	6.04
Other equity	14	5,469.40	77.94	5,231.96	79.82
<b>Equity attributable to equity holders of the parent</b>		<u>5,775.68</u>	<u>83.99</u>	<u>5,537.71</u>	<u>85.86</u>
Non-controlling interests		13.32	0.21	7.99	0.13
<b>Total equity</b>		<u>5,789.00</u>	<u>84.20</u>	<u>5,545.70</u>	<u>85.99</u>
<b>Liabilities</b>					
<b>Non-current liabilities</b>					
Financial liabilities					
Trade payables					
Total outstanding dues of creditors other than micro enterprises and small enterprises		36.16	0.53	31.45	0.48
Deferred tax liabilities (net)	9	-	-	1.16	0.02
Provisions	15	141.46	2.06	142.31	2.21
Other non-current liabilities	16	6.42	0.09	9.70	0.15
		<u>184.04</u>	<u>2.68</u>	<u>184.62</u>	<u>2.86</u>
<b>Current liabilities</b>					
Financial liabilities	17				
Borrowings		820.02	11.92	380.02	5.89
Trade payables					
Total outstanding dues of micro enterprises and small enterprises		8.54	0.12	14.25	0.22
Total outstanding dues of creditors other than micro enterprises and small enterprises		438.15	6.37	444.93	6.90
Other financial liabilities		18.22	0.26	15.38	0.24
Provisions	18	10.94	0.16	10.90	0.17
Liabilities for current tax		36.91	0.54	27.71	0.43
Other current liabilities	19	1,121.67	16.31	898.30	13.93
		<u>2,454.45</u>	<u>35.68</u>	<u>1,791.49</u>	<u>27.78</u>
<b>Total liabilities</b>		<u>2,638.49</u>	<u>38.36</u>	<u>1,976.11</u>	<u>30.64</u>
<b>Total equity and liabilities</b>		<u>8,427.49</u>	<u>122.56</u>	<u>7,521.81</u>	<u>116.63</u>

The accompanying policies and notes form an integral part of the financial statements

Significant Accounting Policies, Judgements and Estimates 1-4  
Notes on Financial Statements 5-36

As per our report annexed  
For **M S JAGANNATHAN & N KRISHNASWAMI**  
Chartered Accountants  
Firm Registration No. 001208S

**K SRINIVASAN**  
Partner  
Membership No.:021510

**P R VENKETRAMA RAJA**  
Chairman  
**P V ABINAV RAMASUBRAMANIAM RAJA**  
Whole Time Director  
**VIRENDER AGGARWAL**  
Chief Executive Officer  
**R RAVI KULA CHANDRAN**  
Chief Financial Officer

**SOUNDARA KUMAR**  
Director

**P R KARTHIC**  
Company Secretary

Place : Chennai  
Date : 22 May 2019

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2019

	Note No.	Year ended 31.03.2019		Year ended 31.03.2018	
		Rs. Min.	USD Min.	Rs. Min.	USD Min.
<b>Income</b>					
Revenue from operations	20	5,421.30	78.35	4,692.19	73.15
Finance income	21	73.07	1.06	50.26	0.78
Other income	22	23.61	0.34	46.94	0.73
<b>Total income</b>		<b>5,517.98</b>	<b>79.75</b>	<b>4,789.39</b>	<b>74.66</b>
<b>Expenses</b>					
Purchase of stock-in-trade		28.34	0.41	7.87	0.12
Changes in inventories of stock-in-trade	23	-	-	(0.16)	-
Employee benefits expense	24	2,326.87	33.63	2,018.10	31.46
Finance costs	25	42.03	0.61	13.09	0.20
Depreciation and amortisation expense	26	510.88	7.38	500.98	7.81
Other expenses	27	2,186.58	31.61	1,908.26	29.75
<b>Total expenses</b>		<b>5,094.70</b>	<b>73.64</b>	<b>4,448.14</b>	<b>69.34</b>
<b>Profit / (Loss) before share of Profit of an associate</b>		<b>423.28</b>	<b>6.11</b>	<b>341.25</b>	<b>5.32</b>
Share of Profit of an associate	7	0.44	0.01	1.41	0.02
<b>Profit / (Loss) before tax</b>		<b>423.72</b>	<b>6.12</b>	<b>342.66</b>	<b>5.34</b>
<b>Income tax expense</b>					
Current tax (includes MAT)		201.13	2.91	186.87	2.91
Deferred tax (includes MAT credit)		53.48	0.77	40.10	0.63
<b>Total income tax expenses</b>	9	<b>254.61</b>	<b>3.68</b>	<b>226.97</b>	<b>3.54</b>
<b>Profit for the year</b>		<b>169.11</b>	<b>2.44</b>	<b>115.69</b>	<b>1.80</b>
<b>Other comprehensive income</b>					
<b>(i) Items that will not be reclassified to profit or loss</b>					
Remeasurement gains / (losses) of defined benefit obligations		0.35	-	20.57	0.32
Income tax on above item(s)		(0.12)	-	(7.19)	(0.11)
		<b>0.23</b>	<b>-</b>	<b>13.38</b>	<b>0.21</b>
<b>(ii) Items that may be reclassified to profit or loss</b>					
Effect of change in functional currency of foreign operations		60.79	(4.43)	(24.22)	(0.44)
Income tax on above item(s)		-	-	-	-
		<b>60.79</b>	<b>(4.43)</b>	<b>(24.22)</b>	<b>(0.44)</b>
<b>Other comprehensive income for the year (i + ii)</b>		<b>61.02</b>	<b>(4.43)</b>	<b>(10.84)</b>	<b>(0.23)</b>
<b>Total comprehensive income for the year</b>		<b>230.13</b>	<b>(1.99)</b>	<b>104.85</b>	<b>1.57</b>
<b>Profit for the year attributable to:</b>					
a) Shareholders of the Company		163.78	2.37	112.85	1.76
b) Non-controlling interests		5.33	0.07	2.84	0.04
		<b>169.11</b>	<b>2.44</b>	<b>115.69</b>	<b>1.80</b>
<b>Total comprehensive income for the year attributable to:</b>					
a) Shareholders of the Company		224.80	(2.06)	102.01	1.53
b) Non-controlling interests		5.33	0.07	2.84	0.04
		<b>230.13</b>	<b>(1.99)</b>	<b>104.85</b>	<b>1.57</b>
Earnings per Equity Share of Rs.10 each, in Rs. and USD (calculated on profit for the year attributable to Shareholders of the Company)					
Basic		5.36	0.08	3.70	0.06
Diluted		5.36	0.08	3.70	0.06

Weighted average equity shares used in computing earnings per share

Basic	30,574,407	30,478,159
Diluted	30,574,407	30,478,159

The accompanying policies and notes form an integral part of the financial statements

Significant Accounting Policies, Judgements and Estimates

Notes 5-36

**P R VENKETRAMA RAJA**

Chairman

**SOUNDARA KUMAR**

Director

Chartered Accountants

**P V ABINAV RAMASUBRAMANIAM RAJA**

Whole Time Director

**P R KARTHIC**  
Company Secretary

Firm Registration No. 001208S

**VIRENDER AGGARWAL**

Chief Executive Officer

**R RAVI KULA CHANDRAN**

Chief Financial Officer

Place : Chennai  
Date : 22 May 2019

**K SRINIVASAN**

Partner

Membership No.:021510

# Ramco Systems Limited, Consolidated Financials

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2019

### a. Equity Share Capital

	Nos. in Mln.	Rs. Mln.	USD Mln.
Equity shares of Rs. 10 each issued, subscribed and fully paid			
<b>Balance as at 01 April 2017</b>	30.41	304.41	6.02
Changes in Equity Share Capital during 2017-18 (refer note no.14)	0.13	1.34	0.02
<b>Balance as at 31 March 2018</b>	30.54	305.75	6.04
Changes in Equity Share Capital during 2018-19 (refer note no.14)	0.05	0.53	0.01
<b>Balance as at 31 March 2019</b>	<b>30.59</b>	<b>306.28</b>	<b>6.05</b>

### b. Other Equity for the year ended 31 March 2019

Particulars	Share application money pending allotment		Reserves & Surplus						Items of OCI		Total		Non-controlling interests		Total other equity	
			Securities Premium		Employee stock options outstanding		Retained earnings		Currency translation reserve							
	Rs. Mln.	USD Mln.	Rs. Mln.	USD Mln.	Rs. Mln.	USD Mln.	Rs. Mln.	USD Mln.	Rs. Mln.	USD Mln.	Rs. Mln.	USD Mln.	Rs. Mln.	USD Mln.	Rs. Mln.	USD Mln.
<b>As at 01 April 2018</b>	1.16	0.02	6,557.38	119.25	279.30	4.43	(1,578.44)	(41.80)	(27.44)	(2.08)	5,231.96	79.82	7.99	0.13	5,239.95	79.95
Profit for the period	-	-	-	-	-	-	163.78	2.37	-	-	163.78	2.37	5.33	0.08	169.11	2.45
Other comprehensive income / (losses)																
(a) Remeasurement gains / (losses) of defined benefit obligations*	-	-	-	-	-	-	0.23	-	-	-	0.23	-	-	-	0.23	-
(b) Exchange difference on translation of foreign operations	-	-	-	-	-	-	-	-	60.79	(4.43)	60.79	(4.43)	-	-	60.79	(4.43)
<b>Total comprehensive income / (losses)</b>	<b>1.16</b>	<b>0.02</b>	<b>6,557.38</b>	<b>119.25</b>	<b>279.30</b>	<b>4.43</b>	<b>(1,414.43)</b>	<b>(39.43)</b>	<b>33.35</b>	<b>(6.51)</b>	<b>5,456.76</b>	<b>77.76</b>	<b>13.32</b>	<b>0.21</b>	<b>5,470.08</b>	<b>77.97</b>
Subscription to stock option schemes	0.54	0.01	-	-	-	-	-	-	-	-	0.54	0.01	-	-	0.54	0.01
Issue of share capital	(1.16)	(0.02)	5.32	0.07	-	-	-	-	-	-	4.16	0.05	-	-	4.16	0.05
Transfer on exercise of stock options	-	-	17.92	0.26	(17.92)	(0.26)	-	-	-	-	-	-	-	-	-	-
Share based payments for options granted	-	-	-	-	7.94	0.12	-	-	-	-	7.94	0.12	-	-	7.94	0.12
<b>As at 31 March 2019</b>	<b>0.54</b>	<b>0.01</b>	<b>6,580.62</b>	<b>119.58</b>	<b>269.32</b>	<b>4.29</b>	<b>(1,414.43)</b>	<b>(39.43)</b>	<b>33.35</b>	<b>(6.51)</b>	<b>5,469.40</b>	<b>77.94</b>	<b>13.32</b>	<b>0.21</b>	<b>5,482.72</b>	<b>78.15</b>

### Other Equity for the year ended 31 March 2018

Particulars	Share application money pending allotment		Reserves & Surplus						Items of OCI		Total		Non-controlling interests		Total other equity	
			Securities Premium		Employee stock options outstanding		Retained earnings		Currency translation reserve							
	Rs. Mln.	USD Mln.	Rs. Mln.	USD Mln.	Rs. Mln.	USD Mln.	Rs. Mln.	USD Mln.	Rs. Mln.	USD Mln.	Rs. Mln.	USD Mln.	Rs. Mln.	USD Mln.	Rs. Mln.	USD Mln.
<b>As at 01 April 2017</b>	-	-	6,497.52	118.32	308.19	4.88	(1,704.67)	(43.77)	(3.22)	(1.64)	5,097.82	77.79	5.15	0.08	5,102.97	77.87
Profit for the period	-	-	-	-	-	-	112.85	1.76	-	-	112.85	1.76	2.84	0.04	115.69	1.80
Other comprehensive income / (losses)																
(a) Remeasurement gains / (losses) of defined benefit obligations*	-	-	-	-	-	-	13.38	0.21	-	-	13.38	0.21	-	-	13.38	0.21
(b) Exchange difference on translation of foreign operations	-	-	-	-	-	-	-	-	(24.22)	(0.44)	(24.22)	(0.44)	-	-	(24.22)	(0.44)
<b>Total comprehensive income / (losses)</b>	<b>-</b>	<b>-</b>	<b>6,497.52</b>	<b>118.32</b>	<b>308.19</b>	<b>4.88</b>	<b>(1,578.44)</b>	<b>(41.80)</b>	<b>(27.44)</b>	<b>(2.08)</b>	<b>5,199.83</b>	<b>79.32</b>	<b>7.99</b>	<b>0.13</b>	<b>5,207.82</b>	<b>79.44</b>
Subscription to stock option schemes	1.16	0.02	-	-	-	-	-	-	-	-	1.16	0.02	-	-	1.16	0.02
Issue of share capital	-	-	16.59	0.26	-	-	-	-	-	-	16.59	0.26	-	-	16.59	0.26
Transfer on exercise of stock options	-	-	43.28	0.67	(43.28)	(0.67)	-	-	-	-	-	-	-	-	-	-
Share based payments for options granted	-	-	-	-	14.39	0.22	-	-	-	-	14.39	0.22	-	-	14.39	0.22
<b>As at 31 March 2018</b>	<b>1.16</b>	<b>0.02</b>	<b>6,557.38</b>	<b>119.25</b>	<b>279.30</b>	<b>4.43</b>	<b>(1,578.44)</b>	<b>(41.80)</b>	<b>(27.44)</b>	<b>(2.08)</b>	<b>5,231.96</b>	<b>79.82</b>	<b>7.99</b>	<b>0.13</b>	<b>5,239.95</b>	<b>79.95</b>

\* In accordance with Ind AS, remeasurement gain / (losses) of defined benefit obligations recognised in OCI are not to be subsequently reclassified to profit or loss. As required under Ind AS compliant Schedule III, the Company transfers it immediately to retained earnings.

The accompanying policies and notes form an integral part of the financial statements

As per our report annexed  
For **M S JAGANNATHAN & N KRISHNASWAMI**  
Chartered Accountants  
Firm Registration No. 001208S

**K SRINIVASAN**  
Partner  
Membership No.:021510

**P R VENKETRAMA RAJA**  
Chairman  
**P V ABINAV RAMASUBRAMANIAM RAJA**  
Whole Time Director  
**VIRENDER AGGARWAL**  
Chief Executive Officer  
**R RAVI KULA CHANDRAN**  
Chief Financial Officer

**SOUNDARA KUMAR**  
Director

**P R KARTHIC**  
Company Secretary

Place : Chennai  
Date : 22 May 2019

## CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 MARCH 2019

	Year ended 31.03.2019		Year ended 31.03.2018	
	Rs. Min.	USD Min.	Rs. Min.	USD Min.
<b>A. Cash flow from operating activities:</b>				
<b>Profit before tax</b>	<b>423.28</b>	<b>6.11</b>	341.25	5.32
Adjustments for :				
Depreciation and impairment of property, plant and equipment (PPE)	80.36	1.16	64.88	1.01
Amortisation and impairment of intangible assets	430.52	6.22	436.10	6.80
Share based payment expense accrual	7.95	0.11	14.39	0.22
(Profit) / loss on sale of PPE (net)	1.25	0.02	2.45	0.04
Bad debts / provision for bad debts, net	263.38	3.80	224.69	3.50
Remeasurement of defined benefit obligations	0.35	-	20.57	0.32
Effect of exchange difference on translation of deferred tax & fixed assets	(1.92)	2.96	(2.55)	(0.06)
Effect of change in foreign currency translation reserve	60.78	(4.41)	(24.21)	(0.44)
Unrealised exchange (gain) / loss	73.62	1.06	(48.73)	(0.76)
Finance and investment income	(61.03)	(0.89)	(43.22)	(0.67)
Finance costs	42.03	0.61	13.09	0.20
Grant income	(22.31)	(0.32)	(44.36)	(0.69)
<b>Operating Profit before working capital / other changes</b>	<b>1,298.26</b>	<b>16.43</b>	954.35	14.79
Adjustments for :				
Increase / (decrease) in provisions	(0.81)	(0.16)	9.82	0.16
Increase / (decrease) in trade and other payables	(7.78)	(0.58)	(5.29)	(0.10)
Increase / (decrease) in other current liabilities	222.93	2.34	262.43	4.06
(Increase) / decrease in trade and other receivables	(1,396.12)	(16.17)	(1,132.08)	(17.48)
(Increase) / decrease in inventories	-	-	0.16	-
<b>Cash generated from operations</b>	<b>116.48</b>	<b>1.86</b>	89.39	1.43
Income tax paid	(32.53)	(0.49)	(12.59)	(0.21)
<b>Net cash flow from operating activities (A)</b>	<b>83.95</b>	<b>1.37</b>	76.80	1.22
<b>B. Cash flow from investing activities:</b>				
Addition to tangible / Intangible assets	(547.29)	(7.96)	(433.23)	(6.72)
Proceeds from sale of PPE	2.02	0.03	1.10	0.02
Loan to other parties	(1.10)	0.04	(51.39)	(0.80)
Short term fixed deposits placed with Banks	0.79	0.01	1.14	(0.02)
Interest income on loans and deposits	5.20	0.08	3.32	0.05
Receipt of government grants	43.19	0.65	36.67	0.57
<b>Net cash used in investing activities (B)</b>	<b>(497.19)</b>	<b>(7.15)</b>	(442.39)	(6.90)
<b>C. Cash flow from financing activities:</b>				
Proceeds from issue of Share Capital on account of issue of shares under employee stock option plans	5.83	0.09	17.91	0.28
Proceeds from short term borrowings	3,008.13	43.74	1,996.78	30.96
Repayment of short term borrowings	(2,571.58)	(37.76)	(1,680.34)	(26.06)
Finance costs paid	(42.03)	(0.61)	(13.09)	(0.20)
Finance income	55.83	0.81	39.90	0.62
<b>Net cash generated from financing activities (C)</b>	<b>456.18</b>	<b>6.27</b>	361.16	5.60
<b>Net increase / (decrease) in cash and cash equivalents [A+B+C]</b>	<b>42.94</b>	<b>0.49</b>	(4.43)	(0.08)
<b>Effect of unrealised exchange (gain) / loss</b>	<b>(73.62)</b>	<b>(1.06)</b>	48.73	0.76
<b>Net cash generated / (used in) for the year</b>	<b>(30.68)</b>	<b>(0.57)</b>	44.30	0.68
Cash and cash equivalents at the beginning of the year	125.24	1.94	80.94	1.26
Cash and cash equivalents as at end of the year	94.56	1.37	125.24	1.94
<b>Reconciliation of cash and cash equivalents as per the cash flow statement:</b>				
Cash and cash equivalents (refer note no.11.3)	111.59	1.62	138.82	2.15
Bank overdrafts (refer note no.17.1)	(17.03)	(0.25)	(13.58)	(0.21)
Balance as per statement of cash flows	94.56	1.37	125.24	1.94

The accompanying policies and notes form an integral part of the financial statements

As per our report annexed  
For **M S JAGANNATHAN & N KRISHNASWAMI**  
Chartered Accountants  
Firm Registration No. 001208S

**K SRINIVASAN**  
Partner  
Membership No.:021510

**P R VENKETRAMA RAJA**  
Chairman  
**P V ABINAV RAMASUBRAMANIAM RAJA**  
Whole Time Director  
**VIRENDER AGGARWAL**  
Chief Executive Officer  
**R RAVI KULA CHANDRAN**  
Chief Financial Officer

**SOUNDARA KUMAR**  
Director

**P R KARTHIC**  
Company Secretary

Place : Chennai  
Date : 22 May 2019

# Ramco Systems Limited, Consolidated Financials

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

### 1. Group information

The consolidated financial statements comprise financial statements of Ramco Systems Limited, India (the "Company" or the "Parent") and its subsidiaries (collectively, "Group") and affiliate as given below for the year ended 31 March 2019.

Sl. No.	Name	Country	% holding of the Parent	Year ending on
<b>Subsidiaries</b>				
(a)	Ramco Systems Corporation	USA	98%	31st March
(b)	Ramco Systems Limited	Switzerland	100%	31st March
(c)	Ramco Systems Sdn. Bhd.	Malaysia	100%	31st March
(d)	Ramco Systems Pte. Ltd.	Singapore	100%	31st March
(e)	RSL Enterprise Solutions (Pty) Ltd.	South Africa	100%	31st March
(f)	Ramco Systems Canada Inc. (100% held by sl. no. (a) above)	Canada	98%	31st March
(g)	Ramco Systems FZ-LLC	Dubai	100%	31st March
(h)	RSL Software Company Ltd.	Sudan	100%	31st March
(i)	Ramco Systems Australia Pty Ltd.	Australia	100%	31st March
(j)	Ramco System Inc.	Philippines	100%	31st March
(k)	Ramco Systems (Shanghai) Co. Ltd.	China	100%	31st March
(l)	Ramco System Vietnam Company Ltd.	Vietnam	100%	31st March
(m)	PT Ramco Systems Indonesia	Indonesia	100%	31st March
<b>Associate / Affiliate</b>				
(a)	City Works (Pty.) Ltd., South Africa (earlier known as Redlex 47 (Pty) Limited) (30% held by sl.no. (e) above)	South Africa	30%	28th February

The Company is a public limited company domiciled and headquartered in India and incorporated on 19 February 1997 under the provisions of Companies Act, 1956. Its shares are listed in BSE Limited and National Stock Exchange of India Limited. The registered office of the Company is located at No. 47, P.S.K Nagar, Rajapalayam, 626108 and corporate office and R&D center is located at 64, Sardar Patel Road, Taramani, Chennai, 600113.

The Company develops Enterprise Resource Planning (ERP) Software solutions for various verticals in various domains like Human Capital Management, Aviation Maintenance Repair & Overhaul, Logistics and provides these with related solutions and services, including managed services. The Software is either delivered on-premise or offered as a service hosted on cloud. The subsidiary companies are involved in selling / implementing / supporting the products developed by the Parent.

The consolidated financial statements for the year ended 31 March 2019 were approved and adopted by the Board of Directors of the Company in its meeting held on 22 May 2019.

### 2. Basis of preparation of Consolidated Financial Statements

2.1 The consolidated financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) as prescribed under Section 133 of the Companies Act, 2013 ('the Act') (to the extent notified), read with Companies (Indian Accounting Standards) Rules, as amended from time to time and guidelines issued by the Securities and Exchange Board of India (SEBI).

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

2.2 Pursuant to General Circular No.39/2014 dated 14 October 2014 issued by the Ministry of Corporate Affairs that the disclosures made already under the separate financial statements are not repeated and thus the disclosures that are relevant arising out of consolidation have only been presented.

- 2.3 The consolidated financial statements have been prepared on the historical cost convention on accrual basis except certain financial instruments and defined benefit plan assets, share based payments that are measured at fair values.
- 2.4 An asset is treated as current when it is:
- Expected to be realised or intended to be sold or consumed in normal operating cycle,
  - Held primarily for the purpose of trading,
  - Expected to be realised within twelve months after the reporting period, or
  - Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.
- All other assets are classified as non-current.
- 2.5 A liability is current when:
- It is expected to be settled in normal operating cycle,
  - It is held primarily for the purpose of trading,
  - It is due to be settled within twelve months after the reporting period, or
  - There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.
- All other liabilities are classified as non-current.
- 2.6 Deferred tax assets and liabilities are classified as non-current assets and liabilities.
- 2.7 The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Group has identified twelve months as its operating cycle.
- 2.8 The consolidated financial statements are presented in Indian Rupees (i.e. the functional currency of the Parent) as well as in United States Dollars (USD) and all values are rounded to the nearest millions, except when otherwise indicated. Figures less than ten thousands are shown as nil.

**2.9 Basis of consolidation**

The consolidated financial statements comprise of the financial statements of the Group and Affiliate. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee),
- Exposure or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed off during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control.

The consolidated financial statements are prepared by adopting uniform accounting policies for like transactions or other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's financial statements.

The financial statements of subsidiaries have been combined on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenditure after eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses. The financial statements of the Affiliate have been consolidated using the Equity Method. The most recent available financial statements of the associate is used in applying the equity method.

# Ramco Systems Limited, Consolidated Financials

Non-controlling interest in the net assets of consolidated subsidiaries consists of: a) the amount of equity attributable to the non-controlling interest at the dates on which investment in a subsidiary is made; and b) the share of movements in equity of non-controlling interest since the date the parent-subsidiary relationship came into existence.

## Foreign currencies

The Group's consolidated financial statements are presented in Indian Rupees, which is also the Parent's functional currency, as well as in USD. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded at the spot rate on the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

As per Appendix B to Ind AS 21, effective 01 April 2018, the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

## Translation of financial statements of foreign branches

All transactions of the foreign branch are recorded in their respective functional currencies.

Income and expenditure transactions during the year are reported at a monthly moving average exchange rate for the respective periods. All assets and liabilities are translated at the rate prevailing on the Balance Sheet date. Net gain / loss on foreign currency translation is recognised in the OCI.

## Group companies

On consolidation, the assets and liabilities of foreign operations are translated into Indian Rupees at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at the monthly moving average exchange rates applicable for the year. The equity share capital is stated at the exchange rate at the date of the investment. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in consolidated statement of profit or loss.

### 3. Significant accounting policies

#### a. Investment in associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investment in its associate are accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment individually.

The consolidated statement of profit and loss reflects the Group's share of the results of operations of the associate. Any change in Other Comprehensive Income (OCI) of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss in the consolidated statement of profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in consolidated statement of profit or loss.

#### **b. Fair value measurement**

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

#### **c. Revenue recognition**

The Group derives revenues from Software Solutions & Services. Revenues are derived from the following streams:

- (1) Revenue from Software Products, in the form of (a) Software Licensing (b) Subscription for Software as a Service (c) Product Support Services and (d) Application Maintenance Services;
- (2) Revenue from Software Services, in the form of (a) Implementation / Professional Services (b) Managed Services;
- (3) Revenue from Resale of Hardware & Software.

Effective 01 April 2018, the Group adopted Ind AS 115 "Revenue from Contracts with Customers" using the cumulative catch-up transition method, applied to contracts that were not completed as at 01 April 2018. In accordance with the cumulative catch-up transition method, the comparatives have not been retrospectively adjusted. For policies in effect for revenue prior to 01 April 2018, refer Note No. 3(c) "Significant accounting policies" reported in the Consolidated Financial Statements of the Company's 2017-18 Annual Report.



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Revenue is measured based on the transaction price, which is the consideration, adjusted for financing components and volume discounts, service level credits, performance bonus, price concessions and incentives, if any, as specified in the contract with the customers.

Revenue is recognised in the profit and loss account upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Group expects to receive in exchange for those services or products and excluding taxes or duties. To recognise revenues, the Group applies the following five step approach: (1) identify the contract with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognise revenues when a performance obligation is satisfied.

At contract inception, the Group assesses its promise to transfer products or services to a customer to identify separate performance obligations. The Group applies judgement to determine whether each product or service promised to a customer is capable of being distinct, and are distinct in the context of the contract, if not, the promised products or services are combined and accounted as a single performance obligation. The Group allocates the contract value to separately identifiable performance obligations based on their relative stand-alone selling price (mostly as reflected in the contracts) or residual method. Standalone selling prices are determined based on sale prices for the components when it is regularly sold separately. In cases where the Group is unable to determine the stand-alone selling price, the Group uses expected cost-plus margin approach in estimating the stand-alone selling price.

For performance obligations where control is transferred over time, revenues are recognised by measuring progress towards completion of the performance obligation. The selection of the method to measure progress towards completion requires judgment and is based on the nature of the promised products or services to be provided.

The method for recognising revenues depends on the nature of the products sold / services rendered:

(1) Revenue from Software Products

(a) Software Licensing

Software licensing revenues represent all fees earned from granting customers licenses to use the Company's software, through initial licensing and or through the purchase of additional modules or user rights. For software license arrangements that do not require significant modification or customisation of the underlying software, revenue is recognised on delivery of the software and when the customer obtains a right to use such licenses.

(b) Subscription for Software as a Service

Subscription fees for offering the hosted software as a service are recognised as revenue ratably on straight line basis, over the term of the subscription arrangement.

(c) Product Support Services

Fees for product support services, covering inter alia improvement and upgradation of the basic Software, whether sold separately (e.g., renewal period AMC) or as an element of a multiple-element arrangement, are recognised as revenue ratably on straight line basis, over the term of the support arrangement.

(d) Application Maintenance Services

Fees for the application maintenance services, covering inter alia the support of the customised software, are recognised as revenue ratably on straight line basis, over the term of the support arrangement.

(2) Revenue from Software Services

(a) Implementation / Professional Services

Software Implementation / Professional Services contracts are either fixed price or time and material based.

Revenues from fixed price contracts, where the performance obligations are satisfied over time, are recognised using the "percentage of completion" method. Percentage of completion is determined based on project costs incurred to date as a percentage of total estimated project costs required to

complete the project. The cost expended (or input) method has been used to measure progress towards completion as there is a direct relationship between input and productivity. The performance obligations are satisfied as and when the services are rendered since the customer generally obtains control of the work as it progresses.

Where the Software is required to be substantially customised as part of the implementation service, the entire fee for licensing and implementation services is considered to be a single performance obligation and the revenue is recognised using the percentage of completion method as the implementation services are performed.

Revenues from implementation services in respect of hosting contracts are to be recognised as revenue ratably over the longer of the contract term or the estimated expected life of the customer relationship. However, considering the existence of partners being available for rendering such implementation services, these services are considered to be a separate element and recognised in accordance with percentage of completion method.

When total cost estimates exceed revenues in an arrangement, the estimated losses are recognised in the statement of profit and loss in the period in which such losses become probable based on the current contract estimates as a contract provision.

In the case of time and material contracts, revenue is recognised based on billable time spent in the project, priced at the contractual rate.

Any change in scope or price is considered as a contract modification. The Group accounts for modifications to existing contracts by assessing whether the services added are distinct and whether the pricing is at the standalone selling price. Services added that are not distinct are accounted for on a cumulative catch up basis, while those that are distinct are accounted for prospectively as a separate contract if the additional services are priced at the standalone selling price.

Non-refundable one-time upfront fees for enablement / application installation, consisting of standardisation set-up, initiation or activation or user login creation services in the case of hosting contracts, are recognised in accordance with percentage of completion method once the customer obtains a right to access and use the Software.

(b) Managed Services

Fees for managed services, which include business processing services, are recognised as revenue as the related services are performed.

(3) Revenue from Resale of Hardware & Software

Revenue from sale of traded hardware / software is recognised on transfer of significant risks, rewards and control to the customer.

### **Contract assets, liabilities and financing arrangements**

A contract asset is a right to consideration that is conditional upon factors other than the passage of time. Contract assets primarily relate to unbilled amounts on implementation / professional services contracts and are classified as non-financial asset as the contractual right to consideration is dependent on completion of contractual milestones (which we refer to as unbilled services revenue).

Unbilled revenues on software licensing are classified as a financial asset where the right to consideration is unconditional upon passage of time (which we refer to as unbilled licenses revenue).

A contract liability is an entity's obligation to transfer software products or software services to a customer for which the entity has received consideration (or the amount is due) from the customer (which we refer to as unearned revenue).

The Group assesses the timing of the transfer of software products or software services to the customer as compared to the timing of payments to determine whether a significant financing component exists. As a practical expedient, the Group does not assess the existence of a significant financing component when the difference between payment and transfer of deliverables is a year or less. If the difference in timing arises for reasons other than the provision of finance to either the customer or us, no financing component is deemed to exist.

# Ramco Systems Limited, Consolidated Financials

## **d. Finance income:**

Interest on bank deposits is recognised on accrual basis.

The imputed interest attributable to arrangements having extended credit period is eliminated from the revenue from operations and accounted as interest over the credit period.

## **e. Government grants**

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Grant related to income is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. Grant related to an asset is recognised as income in equal amounts over the expected useful life of the related asset.

## **f. Income taxes**

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates as per the provisions of the Income tax Act, 1961 for the Company and other applicable tax laws in the countries where the Group operates and generate taxable income. Current income tax payable by overseas branches of the Company if any is computed in accordance with the tax laws applicable in the jurisdiction in which the respective branch operates. The taxes paid are generally available for set off against the Indian income tax liability of the Company's worldwide income, and if not available, charged off in the profit and loss account.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future tax liability, is recognised as an asset viz., MAT credit entitlement, to the extent there is convincing evidence that the Group will pay normal Income tax and it is highly probable that future economic benefits associated with it will flow to the Group during the specified period. The Group reviews the "MAT credit entitlement" at each Balance Sheet date and writes down the carrying amount of the same to the extent there is no longer convincing evidence to the effect that the Group will pay normal Income tax during the specified period.

Current tax assets and liabilities are offset, when the Group has legally enforceable right to set off the recognised amounts and intends to settle the asset and the liability on a net basis.

Deferred tax is recognised using the Balance Sheet approach on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting at the reporting date. The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year where the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by same governing tax laws and the Group has legally enforceable right to set off current tax assets against current tax liabilities.

Both current tax and deferred tax relating to items recognised outside the Profit or Loss is recognised either in "Other Comprehensive Income" or directly in "Equity" as the case may be.

## **g. Property, plant and equipment**

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises of purchase price, borrowing cost if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives.

When assets are acquired on Hire Purchase these are capitalised at the gross value and interest thereon charged to consolidated statement of profit and loss.

Depreciation in the books of the Company is charged on a pro-rata basis on the Straight Line Method as prescribed under Schedule II of the Companies Act, 2013 over the useful life of the assets.

Depreciation in the books of subsidiaries is charged on a pro-rata basis on the Straight Line Method over the useful life of the assets.

The useful lives of various assets used by the Company are tabled below:

Asset type	Useful life ranging from (years)
Building	60
Laptop & desktops	3 to 5
Server & networks	6
Furniture	5 to 16
Office equipment	3 to 7
Electrical items	5 to 10
Vehicles	8

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit and loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

#### **h. Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. Internally generated intangibles, excluding capitalised software development costs, are not capitalised and the related expenditure is reflected in the consolidated statement of profit and loss in the period in which the expenditure is incurred.

The useful lives of intangible assets of the Group are assessed as finite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of profit or loss when the asset is derecognised.

#### **Software development costs**

Research costs are expensed as incurred. Software development expenditures on product / platform are recognised as intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale,
- Its intention to complete and its ability and intention to use or sell the asset,
- How the asset will generate future economic benefits,
- The availability of resources to complete the asset,
- The ability to measure reliably the expenditure during development.

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Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses, if any. Amortisation of these assets begins from the year, following the year in which such development costs are incurred. It is amortised over the period of expected future benefit. Amortisation expense is recognised in the consolidated statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Costs incurred in the development of the product, together with repository of new business components, upon completion of the development phase, have been classified and grouped as "Product software" under intangible assets. Similarly, costs incurred in the development of technology platform framework, which would enable the Group to provide solutions - both standard and customised - in an efficient manner, have been classified and grouped as "Technology platform" under intangible assets.

During the period of development and thereafter, the asset is tested for impairment annually.

## Patents

Company is filing patent applications and costs incurred for filing the patent application like consultancy and filing fees are capitalised upon grant of Patents.

The useful life of the above assets is estimated as under:

Asset type	Useful life ranging from (years)
Self-generated R&D (Product software & Technology platform)	10
Computer software	3 to 6
Patents	10

## i. Borrowing costs

Borrowing cost include interest computed using Effective Interest Rate method, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs that are directly attributable to the acquisition, construction, production of a qualifying asset are capitalised as part of the cost of that asset which takes substantial period of time to get ready for its intended use. The Group determines the amount of borrowing cost eligible for capitalisation by applying capitalisation rate to the expenditure incurred on such cost. The capitalisation rate determined based on the weighted average rate of borrowing cost applicable to the borrowings of the Group which are outstanding during the period, other than borrowings made specifically towards purchase of the qualifying asset. The amount of borrowing cost that the Group capitalises during the period does not exceed the amount of borrowing cost incurred during that period. All other borrowing costs are expensed in the period in which they occur.

## j. Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to 01 April 2015, the Group has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

## Group as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned

between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the consolidated statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on the borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the consolidated statement of profit and loss on a straight line basis over the lease term.

#### **Group as a lessor**

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Group to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

#### **k. Inventories**

Inventories are valued at the lower of cost and net realisable value.

Cost includes bringing the inventories to their present location and condition and is determined based on FIFO method. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

#### **l. Impairment of non-financial assets**

The carrying values of the non-financial assets are reviewed at each Balance Sheet date to determine whether there is any indication of impairment of the carrying amount of the Group's assets. If any indication exists, an asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of the asset exceeds the recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased such reversal of impairment loss is recognised in the consolidated statement of profit and loss.

#### **m. Provisions, contingent liabilities and contingent assets**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liability is a possible obligation that may arise from past events and its existence will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the same are not recognised but disclosed in the consolidated financial statements.

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Insurance claims are accounted on the basis of claims admitted or expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection. Any subsequent change in the recoverability is provided for. Contingent assets are neither recognised nor disclosed.

## n. Employee benefits expense

### Short-term employee benefits

Short-term employee benefits viz., salaries, wages and other benefits are recognised as expenses at the undiscounted amount as per contractual terms in the consolidated statement of profit and loss for the year in which the related service is rendered.

### Defined contribution plans of the Company

#### Superannuation

The senior officers of the Company have been given an option to participate in defined contribution plan ("The superannuation plan") maintained by the Life Insurance Corporation of India. For those who opt to participate, the Company makes contributions not exceeding Rupees One Lakh fifty thousand per annum, based on specified percentage of basic salary of each covered employee. For those who do not opt to participate, an amount equivalent to the contribution determined at the time of exercise of option is paid along with salary. The Company has no further obligation beyond its contribution/payments.

#### National pension system

The employees of the Company have been given an option to participate in a defined contribution plan ("National Pension System"), maintained by the fund managers approved by the Pension Fund Regulatory and Development Authority. For those who opt to participate, the Company makes contributions equal to 10% of the covered employee's basic salary. For those who do not opt to participate, an amount equivalent to the contribution determined at the time of exercise of option is paid along with salary. The Company has no further obligation beyond its contributions/payments.

#### Provident fund

In addition to the above benefits, all employees receive benefits from a Provident fund, which is defined contribution plan. Both the employee and employer each make monthly contributions to the plan equal to 12% of the covered employee's basic salary. These contributions are made to the employees' provident fund maintained by the Government of India. The Company has no further obligations under the plan beyond its monthly contributions.

### Defined benefit plans of the Company

#### Gratuity

In accordance with the Indian Law, the Company provides for gratuity, a defined benefit plan ("The Gratuity Plan"), covering all employees. The employees are covered under the Company Gratuity Scheme of the Life Insurance Corporation of India. The liability for gratuity is ascertained as at the end of the financial year, based on the actuarial valuation by an independent external actuary as at the Balance Sheet date using the "projected unit credit method".

Remeasurement of net defined benefit asset / liability comprising of actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged / credited to other comprehensive income in the period in which they arise and immediately transferred to retained earnings. Other costs are accounted in the consolidated statement of profit and loss.

#### Leave encashment

The Company has a policy of providing encashment of unavailed leave for its employees. The obligation for the leave encashment is recognised based on an independent external actuarial valuation at the Balance Sheet date. The expense is recognised in the consolidated statement of profit and loss at the present value of the

amount payable determined based on actuarial valuation using “projected unit credit method”.

In respect of subsidiaries, such benefits to the extent applicable have been provided for in the books as required.

**o. Financial instruments**

- 1.1 A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.
- 1.2 Financial assets and liabilities are offset and the net amount is presented in the Balance Sheet when and only when the Group has a legal right to offset the recognised amounts and intends either to settle on a net basis or to realise the assets and settle the liabilities simultaneously.
- 1.3 The Group initially determines the classification of financial assets and liabilities. After initial recognition, no re-classification is made for financial assets which are categorised as equity instruments at FVTOCI and financial assets / liabilities that are specifically designated as FVTPL. However, other financial assets are re-classifiable when there is a change in the business model of the Group. When the Group reclassifies the financial assets, such reclassifications are done prospectively from the first day of the immediately next reporting period. The Group does not restate any previously recognised gains, losses including impairment gains or losses or interest.

**Financial Assets**

- 1.4 Financial assets comprises of investments in equity and mutual funds, trade receivables, cash and cash equivalents and other financial assets.
- 1.5 Depending on the business model (i.e.,) nature of transactions for managing those financial assets and its contractual cash flow characteristics, the financial assets are initially measured at fair value and subsequently measured and classified at:
  - a) Amortised cost; or
  - b) Fair value through other comprehensive income (FVTOCI); or
  - c) Fair value through profit or loss (FVTPL)

Amortised cost represents carrying amount on initial recognition at fair value plus or minus transaction cost.

- 1.6 The Group has evaluated the facts and circumstances on date of transition to Ind AS for the purpose of classification and measurement of financial assets. Accordingly, financial assets are measured at FVTPL except for those financial assets whose contractual terms give rise to cash flows on specified dates that represents solely payments of principal and interest thereon, are measured as detailed below depending on the business model:

Classification	Business model
Amortised cost	The objective of the Group is to hold and collect the contractual cash flows till maturity. In other words, the Group do not intend to sell the instrument before its contractual maturity to realise its fair value changes.
FVTOCI	The objective of the Group is to collect its contractual cash flows and selling financial assets.

Investment in equity of associate is carried at cost (i.e.,) previous GAAP carrying amount as at the date of transition to Ind AS. The Group has exercised an irrevocable option at the time of initial recognition to measure the changes in fair value of other equity investments at FVTOCI. Accordingly, the Group classifies its financial assets for measurement as below:



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Classification	Name of financial assets
Amortised cost	Trade receivables, loans and advances, deposits, grants, interest receivable, unbilled revenue and other advances recoverable in cash or kind.
FVTOCI	Equity instrument in companies other than associate as an option exercise at the time of initial recognition.
FVTPL	Investment in mutual funds, forward exchange contracts.

- 1.7 Financial assets are derecognised (i.e.,) removed from the consolidated financial statements, when its contractual rights to the cash flows expire or upon transfer of the said assets. The Group also derecognises when it has an obligation to adjust the cash flows arising from the financial asset with third party and either upon transfer of:

- Significant risk and rewards of the financial asset, or
- Control of the financial asset.

However, the Group continue to recognise the transferred financial asset and its associated liability to the extent of its continuing involvement, which are measured on the basis of retainment of its rights and obligations of financial asset. The Group has applied the de-recognition requirements prospectively.

- 1.8 Upon derecognition of its financial asset or part thereof, the difference between the carrying amount measured at the date of recognition and the consideration received including any new asset obtained less any new liability assumed shall be recognised in the consolidated statement of profit and loss.
- 1.9 For impairment purposes, significant financial assets are tested on individual basis at each reporting date. Other financial assets are assessed collectively in groups that share similar credit risk characteristics. Accordingly, the impairment testing is done on the following basis:

Name of financial asset	Impairment testing methodology
Trade receivables and unbilled license revenue	Expected Credit Loss model (ECL) is applied using 12 month ECL method. The ECL over lifetime of the assets are estimated by using a provision matrix which is based on historical loss experience reflecting current conditions and forecasts of future economic conditions which are grouped on the basis of similar credit characteristics such as nature of industry, customer segment, past due status and other factors that are relevant to estimate the expected cash loss from these assets.
Other Financial assets	When the credit risk has not increased significantly, 12 month ECL is used to provide for impairment loss. When there is significant change in credit risk since initial recognition, the impairment is measured based on probability of default over the life time. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12 month ECL.

### Financial Liabilities

- 1.10 Financial liabilities comprises of Borrowings, Trade payables, Derivative financial instruments, Financial guarantee obligation and other financial liabilities.
- 1.11 The Group measures its financial liabilities as below:

Measurement basis	Name of Financial liabilities
Amortised cost	Borrowings, Trade payables, Interest accrued, Security deposits and other financial liabilities not for trading.
FVTPL	Foreign exchange Forward contracts being derivative contracts do not qualify for hedge accounting under Ind AS 109 and other financial liabilities held for trading.

- 1.12 Financial liabilities are derecognised when and only when it is extinguished (i.e.,) when the obligation specified in the contract is discharged or cancelled or expired.
- 1.13 Upon derecognition of its financial liabilities or part thereof, the difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid including any non-cash assets transferred or liabilities assumed is recognised in the consolidated statement of profit and loss.

**p. Cash and cash equivalents**

Cash and cash equivalents in the Balance Sheet comprises of cash at banks and on hand and short-term deposits with an original maturity of three months or less, highly liquid investments that are readily convertible in to cash.

**q. Cash dividend**

The Group recognises a liability to make cash dividend, when the distribution is authorised and the distribution is no longer at the discretion of the Group. A corresponding amount is recognised directly in equity including applicable taxes.

**r. Cash flow statement**

Cash flows are presented using indirect method, whereby profit / loss before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short term deposits, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

**s. Share based payments**

Stock options granted to the option grantees of the Group are measured at the fair value of the equity instruments granted. For each stock option, the measurement of fair value is performed on the grant date. The grant date is the date on which the options are granted. The fair value so determined is revised only if the stock option scheme is modified in a manner that is beneficial to the employees. The ex-modification fair value is recognised as an employee expense equally over the vesting period and the incremental fair value resulting from modification of the scheme, is recognised over the vesting period remaining after the modification date.

**Graded vesting options**

If the options vest in instalments (i.e. the options vest pro rata over the vesting period), then each instalment is treated as a separate share option grant because each instalment has a different vesting period.

**t. Earnings per share (EPS)**

Net profit after tax is divided by the weighted average number of equity shares outstanding.

When an item of income or expense which is otherwise required to be recognised in the consolidated statement of profit and loss is debited or credited to Equity, the amount in respect thereof is suitably adjusted in Net Profit for the purpose of computing EPS.

Basic EPS amounts are calculated by dividing the consolidated profit for the year attributable to equity holders of the Parent by the weighted average number of Equity Shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the consolidated profit for the year attributable to equity holders of the Parent by the weighted average number of Equity Shares outstanding during the year plus the weighted average number of Equity Shares that would be issued on conversion of all the dilutive potential Equity Shares into Equity Shares.

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## u. Operating Segments

The Group's business operation comprises of single operating segment viz., Software and related solutions. Operating segment has been identified on the basis of nature of products and reported in a manner consistent with the internal reporting provided to Chief Operating Decision Maker.

## v. Assets held for sale

Assets held for sale are measured at the lower of carrying amount or fair value less costs to sell.

### 3.1 Recent Accounting pronouncements – Standards issued but not effective

Ministry of Corporate Affairs ("MCA"), through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified the following new and amendments to Ind AS which the Group has not applied as they are effective from April 1, 2019. The Group is further evaluating the requirements and the effect of the new pronouncements on the financial statements. The amendments relating to the Group are reported below:

Ind AS 116 Leases:

Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lessee accounting model for lessees to recognise assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently the Group is charging off as operating lease expenses to the Profit and Loss Account. The Group will adopt Ind AS 116, effective annual reporting period beginning 01 April 2019 with a proposal to use the "Modified Retrospective Approach" for the transitioning to Ind AS 116, and take the cumulative adjustment to retained earnings, on the date of initial application, without adjusting the comparatives.

Ind AS 12 Income taxes:

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

Further amendment to Appendix C specifies that the amendment is to be applied while performing the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12.

Ind AS 109 Financial instruments – prepayment features with negative compensation:

The amendments relating to the existing requirements in Ind AS 109 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments.

Ind AS 19 Employee benefits – plan amendment, curtailment or settlement:

The amendments to Ind AS 19 require;

- a. to use updated assumptions to determine current service costs and net interest for the remainder of the period after a plan amendment, curtailment or settlement and
- b. to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

Ind AS 23 Borrowing Costs:

The amendments to Ind AS 23, clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

Ind AS 28 Investments in Associates and Joint Ventures – long term interests:

The amendments to Ind AS 28 clarify that an entity applies Ind AS 109 Financial Instruments, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.

#### 4. Significant estimates and judgments

The preparation of the consolidated financial statements requires the Group's management ("management") to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures and the disclosure of contingent liabilities. Actual results could vary from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision or future periods, if the revision affects both current and future years.

Accordingly, the management has applied the following estimates / assumptions / judgments in preparation and presentation of consolidated financial statements:

Property, plant and equipment (PPE) and intangible assets

The residual values and estimated useful life of PPEs, intangible assets are assessed by technical team duly reviewed by the management at each reporting date. Wherever the management believes that the assigned useful life and residual value are appropriate, such recommendations are accepted and adopted for computation of depreciation / amortisation / impairment.

Current taxes

Calculations of income taxes for the current period are done based on applicable tax laws and management's judgment by evaluating positions taken in tax returns and interpretations of relevant provisions of law.

Deferred tax asset (including MAT credit entitlement)

Significant management judgment is exercised by reviewing the deferred tax assets at each reporting date to determine the amount of deferred tax assets that can be retained / recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Contingent liabilities

Management judgment is exercised for estimating the possible outflow of resources, if any, in respect of contingencies / claims / litigations against the Group as it is not possible to predict the outcome of pending matters with accuracy.

Impairment of financial assets

The impairment of financial assets are done based on assumptions about risk of default and expected loss rates. The assumptions, selection of inputs for calculation of impairment are based on management judgment considering the past history, market conditions and forward looking estimates at the end of each reporting date.

Impairment of non-financial assets (PPE / intangible assets)

The impairment of non-financial assets is determined based on estimation of recoverable amount of such assets. The assumptions used in computing the recoverable amount are based on management judgment considering the timing of future cash flows, discount rates and the risks specific to the asset.

Impairment of investments in Associate

Significant management judgement is exercised in determining whether the investment in associate is impaired or not, is on the basis of its nature of long term strategic investments and other business considerations.

Defined benefit plans and other long term benefits

The cost of the defined benefit plan and other long term benefits, and the present value of such obligation are determined by the independent actuarial valuer. Management believes that the assumptions used by the actuary in determination of the discount rate, future salary increases, mortality rates and attrition rate are reasonable. Due to

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the complexities involved in the valuation and its long term nature, this obligation is highly sensitive to changes in these assumptions.

### Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities could not be measured based on quoted prices in active markets, management uses valuation techniques including the Discounted Cash Flow (DCF) model, to determine its fair value. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is exercised in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility.

### Share based payments

The Group initially measures the equity settled transactions with employees using fair value model. This requires determination of most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including volatility and dividend yield and making assumptions about them.

### Revenue recognition

The Group exercises judgment in determining whether the performance obligation is satisfied at a point in time or over a period of time.

The Group applies the percentage of completion method using the input (cost expended) method to measure progress towards completion in respect of fixed price contracts, which are performed over a period of time. The Group exercises judgment to estimate the future cost-to-completion of the contracts which is used to determine the degree of completion of the performance obligation.

The Group's contracts with customers could include promises to transfer multiple products and services to a customer. The Group assesses the products / services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgment to determine the deliverables and the ability of the customer to benefit independently from such deliverables. Judgment is also required to determine the transaction price for the contract.

The Group uses judgment to determine an appropriate standalone selling price for a performance obligation. The Group allocates the transaction price to each performance obligation on the basis of the relative standalone selling price of each distinct product or service promised in the contract. Where standalone selling price is not observable, the Group uses the expected cost plus margin approach to allocate the transaction price to each distinct performance obligation.

Provision for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the expected contract estimates at the reporting date.

## 5. Property, plant and equipment

Particulars	Building		Laptops and desktops		Servers and networks		Furniture		Office equipments		Electrical items		Vehicles		Total	
	Rs. Min.	USD Min.	Rs. Min.	USD Min.	Rs. Min.	USD Min.	Rs. Min.	USD Min.	Rs. Min.	USD Min.	Rs. Min.	USD Min.	Rs. Min.	USD Min.	Rs. Min.	USD Min.
<b>Gross carrying value</b>																
As at 01 April 2017	3.12	0.05	303.14	4.69	251.71	3.92	64.72	1.01	92.16	1.42	16.34	0.26	33.37	0.51	764.56	11.86
Additions	-	-	29.81	0.46	17.64	0.27	1.29	0.02	9.60	0.15	0.60	0.01	6.10	0.09	65.04	1.00
Disposals	-	-	(80.83)	(1.25)	(178.77)	(2.77)	(1.63)	(0.03)	(3.33)	(0.05)	(0.74)	(0.01)	(4.82)	(0.07)	(270.12)	(4.18)
Exchange difference	-	-	1.57	0.02	-	-	1.18	0.01	2.11	0.03	0.01	-	-	-	4.87	0.06
As at 31 March 2018	3.12	0.05	253.69	3.92	90.58	1.42	65.56	1.01	100.54	1.55	16.21	0.26	34.65	0.53	564.35	8.74
Additions	-	-	37.55	0.55	57.20	0.83	3.70	0.05	14.95	0.22	0.80	0.01	5.53	0.08	119.73	1.74
Disposals	-	-	(9.98)	(0.15)	(2.47)	(0.04)	(0.06)	-	-	-	(0.02)	-	(4.96)	(0.07)	(17.49)	(0.26)
Exchange difference	-	-	7.08	(0.14)	0.03	(0.11)	1.08	(0.04)	3.12	(0.05)	0.04	(0.02)	0.01	(0.02)	11.36	(0.38)
As at 31 March 2019	3.12	0.05	288.34	4.18	145.34	2.10	70.28	1.02	118.61	1.72	17.03	0.25	35.23	0.52	677.95	9.84
<b>Depreciation</b>																
As at 01 April 2017	1.79	0.03	266.07	4.14	218.83	3.41	32.82	0.50	52.45	0.80	7.11	0.11	14.54	0.22	593.61	9.21
For the year	0.05	-	27.25	0.43	11.71	0.18	4.68	0.07	15.54	0.25	1.52	0.02	4.13	0.06	64.88	1.01
Disposals	-	-	(80.82)	(1.26)	(178.65)	(2.78)	(0.98)	(0.02)	(3.07)	(0.05)	(0.32)	-	(2.71)	(0.04)	(266.55)	(4.15)
Exchange difference	-	-	1.25	(0.01)	-	0.01	0.51	0.02	1.50	0.02	0.01	0.01	-	-	3.27	0.05
As at 31 March 2018	1.84	0.03	213.75	3.30	51.89	0.82	37.03	0.57	66.42	1.02	8.32	0.14	15.96	0.24	395.21	6.12
For the year	0.06	-	29.07	0.42	23.19	0.34	5.01	0.07	17.19	0.25	1.57	0.02	4.25	0.06	80.34	1.16
Disposals	-	-	(9.95)	(0.14)	(1.16)	(0.02)	(0.03)	-	-	-	(0.01)	-	(3.05)	(0.04)	(14.20)	(0.20)
Exchange difference	(0.01)	-	6.89	(0.09)	0.02	(0.07)	1.28	(0.01)	1.27	(0.04)	(0.01)	(0.02)	0.01	(0.01)	9.45	(0.24)
As at 31 March 2019	1.89	0.03	239.76	3.49	73.94	1.07	43.29	0.63	84.88	1.23	9.87	0.14	17.17	0.25	470.80	6.84
<b>Carrying value</b>																
As at 31 March 2018	1.28	0.02	39.94	0.62	38.69	0.60	28.53	0.44	34.12	0.53	7.89	0.12	18.69	0.29	169.14	2.62
As at 31 March 2019	1.23	0.02	48.58	0.69	71.40	1.03	26.99	0.39	33.73	0.49	7.16	0.11	18.06	0.27	207.15	3.01

## 6. Intangible assets

Particulars	Technology Platform		Product Software		Computer Software		Patents		Total	
	Rs. Min.	USD Min.	Rs. Min.	USD Min.	Rs. Min.	USD Min.	Rs. Min.	USD Min.	Rs. Min.	USD Min.
<b>Gross carrying value</b>										
As at 01 April 2017	1,406.50	21.82	3,627.72	56.29	466.24	7.24	14.23	0.22	5,514.69	85.57
Additions	70.59	1.09	282.03	4.37	15.80	0.24	-	-	368.42	5.70
Deletions	-	-	-	-	(288.56)	(4.47)	-	-	(288.56)	(4.47)
Exchange difference	-	(0.01)	-	(0.03)	1.38	0.02	-	-	1.38	(0.02)
As at 31 March 2018	1,477.09	22.90	3,909.75	60.63	194.86	3.03	14.23	0.22	5,595.93	86.78
Additions	118.00	1.72	300.13	4.36	9.44	0.14	-	-	427.57	6.22
Deletions	-	-	-	-	-	-	-	-	-	-
Exchange difference	-	(1.43)	-	(3.78)	1.23	(0.18)	-	(0.01)	1.23	(5.40)
As at 31 March 2019	1,595.09	23.19	4,209.88	61.21	205.53	2.99	14.23	0.21	6,024.73	87.60
<b>Amortisation</b>										
As at 01 April 2017	766.40	11.89	1,846.03	28.64	391.06	6.07	7.73	0.13	3,011.22	46.73
For the year	108.31	1.69	297.27	4.64	29.12	0.45	1.40	0.02	436.10	6.80
Impairment loss	-	-	-	-	(288.56)	(4.50)	-	-	(288.56)	(4.50)
Exchange difference	-	(0.02)	-	(0.04)	1.37	0.04	-	-	1.37	(0.02)
As at 31 March 2018	874.71	13.56	2,143.30	33.24	132.99	2.06	9.13	0.15	3,160.13	49.01
For the year	104.60	1.51	302.89	4.38	21.61	0.31	1.42	0.02	430.52	6.22
Impairment loss	-	-	-	-	-	-	-	-	-	-
Exchange difference	-	(0.83)	-	(2.05)	1.22	(0.10)	-	(0.02)	1.22	(3.00)
As at 31 March 2019	979.31	14.24	2,446.19	35.57	155.82	2.27	10.55	0.15	3,591.87	52.23
<b>Carrying value</b>										
As at 31 March 2018	602.38	9.34	1,766.45	27.39	61.87	0.97	5.10	0.07	2,435.80	37.77
As at 31 March 2019	615.78	8.95	1,763.69	25.64	49.71	0.72	3.68	0.05	2,432.85	35.37

1. For the details of security to borrowings, refer note no. 17.1.

2. The disposals under property, plant and equipment include gross block Nil (previous year Rs.216.53 Mln. (USD 3.36 Mln.)) and the net block Nil (previous year Nil) and the deletions under intangible assets include gross block Nil (previous year Rs.278.46 Mln. (USD 4.32 Mln.)), and the net block Nil (previous year Nil) as no longer required and accordingly moved to assets held for sale.

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## 7. Investment in an associate / affiliate

RSL Enterprise Solutions Pty Ltd., South Africa (RSSA) is wholly owned subsidiary of Ramco Systems Limited, India the holding company. RSSA holds 30% (previous year 30%) shares in City Works (Pty) Ltd., South Africa, which is involved in the business of Information Technology Solutions. The Group's interest in immaterial associate, accounted for using the equity method in the consolidated financial statements is as below:

Particulars	Year ended 28.02.2019		Year ended 28.02.2018	
	Rs. Mln.	USD Mln.	Rs. Mln.	USD Mln.
Group's share in:				
Profit after tax	0.44	0.01	1.41	0.02
Other comprehensive income	-	-	-	-
Total comprehensive income (TCI)	<u>0.44</u>	<u>0.01</u>	<u>1.41</u>	<u>0.02</u>

Aggregate value of unquoted equity investments in trade, long term, 600 shares (previous year 600) of face value of ZAR 1 each:

	As at 28.02.2019		As at 28.02.2018	
	Rs. Mln.	USD Mln.	Rs. Mln.	USD Mln.
Opening carrying amount	12.49	0.20	11.09	0.17
Group's share of profit in TCI	0.44	0.01	1.41	0.02
Exchange difference	0.01	-	(0.01)	0.01
Closing carrying amount	<u>12.94</u>	<u>0.21</u>	<u>12.49</u>	<u>0.20</u>

Aggregate amount of impairment in the value of investment - - - -

The accounting period of the associate is 01 March to 28 February. The equity adjustment is considered based on the financials prepared by the associate for the said period and no further adjustments considered as they are not material. The Group has opted to use the previous GAAP carrying amount as "Deemed cost" for the investment in associate.

	As at 31.03.2019		As at 31.03.2018	
	Rs. Mln.	USD Mln.	Rs. Mln.	USD Mln.

## 8. Financial assets (non-current)

### 8.1 Loans

Loans receivables considered good, unsecured	40.00	0.58	40.00	0.62
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Loans receivables are non-derivative financial assets carried at amortised cost, carry an interest at the rate of 10% p.a. and are repayable in equated quarterly installments.

### 8.2 Equity investment in other entities at cost, long term, trade, unquoted (designated at FVTOCI)

2,335 Shares in SmartMegh Solutions Pvt. Ltd., India of face value of Rs.10 each (as at 31 March 2018 2,335 Shares @ Rs.10 each)	15.00	0.23	15.00	0.23
Aggregate value of unquoted investment	<u>15.00</u>	<u>0.23</u>	<u>15.00</u>	<u>0.23</u>
Aggregate value of impairment in value of investment	-	-	-	-

	As at 31.03.2019		As at 31.03.2018	
	Rs. Mln.	USD Mln.	Rs. Mln.	USD Mln.
<b>8.3 Trade receivables</b>				
<b>Unsecured, considered good</b>				
Trade receivables	65.13	0.95	63.25	0.98
<b>Unsecured, considered doubtful</b>				
Trade receivables - credit impaired	144.45	2.10	185.57	2.88
	<b>209.58</b>	<b>3.05</b>	<b>248.82</b>	<b>3.86</b>
Less: Impairment loss	144.45	2.10	185.57	2.88
	<b>65.13</b>	<b>0.95</b>	<b>63.25</b>	<b>0.98</b>
<b>8.4 Other financial assets</b>				
<b>Unsecured, considered good</b>				
Unbilled licenses revenue - others *	1,419.29	20.64	1,035.64	16.06
Security deposit	17.19	0.25	21.71	0.33
Employee advances	7.20	0.10	9.75	0.15
<b>Unsecured, considered doubtful</b>				
Unbilled licenses revenue - credit impaired *	85.12	1.24	135.42	2.10
	<b>1,528.80</b>	<b>22.23</b>	<b>1,202.52</b>	<b>18.64</b>
Less: Impairment loss	121.59	1.77	139.54	2.16
	<b>1,407.21</b>	<b>20.46</b>	<b>1,062.98</b>	<b>16.48</b>
<b>Total financial assets (non-current)</b>	<b>1,527.34</b>	<b>22.22</b>	<b>1,181.23</b>	<b>18.31</b>

\* Previous year represents unbilled licenses and services revenue.

**9 Taxes**

Nature of (asset) / liability	Rs. Mln.			
	Balance sheet as at		Statement of profit and loss & OCI	
	31.03.2019	31.03.2018	31.03.2019	31.03.2018
Tax impact on difference between book depreciation/ amortisation and depreciation under the Income Tax Act, 1961	834.84	841.98	(7.14)	(13.72)
Tax impact on unutilised carry forward losses	(681.46)	(910.92)	229.46	204.80
Tax effect of provision for gratuity	(7.78)	(4.87)	(2.91)	(3.72)
Tax effect of provision for compensated absences	(20.60)	(19.31)	(1.29)	0.45
Tax effect of provision for bad and doubtful debts	(54.56)	(47.49)	(7.07)	19.42
Tax impact on foreign exchange differences	0.27	1.20	(0.93)	0.22
Tax impact on all other items	(2.06)	(2.90)	0.84	(7.03)
Tax Impact on remeasurement gains / (losses) on defined benefit obligations (under OCI)	6.21	6.09	0.12	7.19
Impact of foreign exchange on conversion of overseas entities	(0.53)	(0.03)	(0.50)	0.39
<b>Deferred tax (asset) / liability (Net)</b>	<b>74.33</b>	<b>(136.25)</b>	<b>210.58</b>	<b>208.00</b>
<b>Deferred tax (income) / expense (Net)</b>			<b>210.58</b>	<b>208.00</b>

\* To the extent considered by the Group. Deferred tax assets have not been considered by the subsidiaries other than Philippines subsidiary, since it was not probable that sufficient future taxable profits will be available to adjust the accumulated losses.



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(b) Reconciliation of deferred tax (asset) / liability (including MAT credit)	Balance Sheet as at	
	31.03.2019	31.03.2018
<b>Particulars</b>		
<b>Opening balance as at 01 April</b>	<b>(430.48)</b>	(477.41)
Deferred tax (income)/expense during the year recognised in statement of profit and loss	210.39	200.81
Deferred tax (income) / expense during the year recognised in OCI	0.12	7.19
MAT credit for the year / previous year(s)	(156.89)	(160.71)
Impact of foreign exchange on conversion of overseas entities	0.07	(0.36)
<b>Closing balance at at 31 March</b>	<b>(376.79)</b>	(430.48)
<i>In USD Mln.</i>	<i>(5.48)</i>	<i>(6.67)</i>
Balance as at 31 March 2019 comprises of deferred tax liability Rs.74.33 Mln. (USD 1.08 Mln.) and MAT credit asset of Rs.451.12 Mln. (USD 6.56 Mln.) Balance as at 31 March 2018 comprises of deferred tax asset Rs.136.26 Mln. (USD 2.11 Mln.) and MAT credit asset of Rs.294.22 Mln. (USD 4.56 Mln.).		
(c) Components of tax expenses	For the year ended	
	31.03.2019	31.03.2018
<b>Particulars</b>		
<b>(i) Statement of profit and loss</b>		
<b>Current tax</b>		
Current Income Tax charge (including MAT)	201.13	186.87
<b>Deferred tax</b>		
Relating to the origination and reversal of temporary differences	210.39	200.51
Adjustment (Credit taken) for earlier years/forex	-	0.30
MAT credit recognition of current year	(156.91)	(160.71)
<b>Total tax (income)/ expense reported in statement of profit and loss</b>	<b>254.61</b>	226.97
<b>(ii) Other comprehensive income (OCI)</b>		
Deferred tax impact on remeasurement gains/ (losses) of defined benefit obligations	0.12	7.19
<b>Total tax (income) / expense reported in OCI</b>	<b>0.12</b>	7.19
<b>(iii) Total tax (income) / expense reported in total comprehensive income</b>	<b>254.73</b>	234.16
(d) A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the income before taxes is summarised below:		
Accounting profit before tax	432.28	341.25
Less: Adjustment from carry forward losses	963.31	806.71
Profit / (loss) considered for taxation	(531.03)	(465.46)
Corporate Tax Rate %	34.944%	34.608%
<b>Computed tax expense / (income)</b>	<b>(183.78)</b>	(161.09)
<b>Increase/(reduction) in taxes on account of:</b>		
MAT on accounting profit before tax & USA State taxes	166.06	180.99
Tax adjustments of earlier years	2.03	(0.94)
Non-deductible expenses	17.84	6.14
Branch tax for which no credit availed	2.41	-
Tax on non-taxable income for Indian tax purposes / impact due to differential tax rates from India	215.75	187.56
Additional allowances / deductions for tax purposes	(19.18)	(25.79)
	201.13	186.87
Deferred tax (income) / expense recognition during the year	210.39	200.81
MAT credit recognition of current year	(156.91)	(160.71)
<b>Tax (income) / expenses reported in the statement of profit and loss</b>	<b>254.61</b>	226.97
<b>Tax (income) / expenses reported in the other comprehensive income</b>	<b>0.12</b>	7.19
<i>In USD Mln.</i>	<i>3.68</i>	<i>3.54</i>
	<i>P &amp; L</i>	
	<i>OCI</i>	<i>0.11</i>

	As at 31.03.2019		As at 31.03.2018	
	Rs. Mln.	USD Mln.	Rs. Mln.	USD Mln.
<b>10. Other non-current assets</b>				
<b>Unsecured, considered good</b>				
Prepaid expenses	4.56	0.06	1.88	0.03
Unbilled services revenue	12.75	0.19	-	-
<b>Unsecured, considered doubtful</b>				
Unbilled services revenue - credit impaired	80.88	1.18	-	-
	<u>98.19</u>	<u>1.43</u>	<u>1.88</u>	<u>0.03</u>
Less: Impairment loss	80.88	1.18	-	-
	<u>17.31</u>	<u>0.25</u>	<u>1.88</u>	<u>0.03</u>

On account of adoption of Ind AS 115, Unbilled services revenue has been considered as a non financial asset for the year.

## 11. Financial assets (current)

### 11.1 Loans

#### Unsecured, considered good

Loans receivables	12.49	0.18	11.39	0.18
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Loans receivables are non-derivative financial assets carried at amortised cost, carry an interest at the rate of 10% p.a. and are repayable in equated quarterly installments.

### 11.2 Trade receivables

#### Unsecured, considered good

Trade receivables - associate #	7.22	0.10	23.00	0.36
Trade receivables - other related parties #	-	-	0.18	-
Trade receivables - others	1,470.57	21.39	1,170.00	18.15
	<u>1,477.79</u>	<u>21.49</u>	<u>1,193.18</u>	<u>18.51</u>
Less: Impairment loss	15.86	0.23	11.96	0.19
	<u>1,461.93</u>	<u>21.26</u>	<u>1,181.22</u>	<u>18.32</u>

Trade receivables are non-interest bearing and are generally on terms of 30 to 75 days, except the contracts which are entered with deferred credit terms.

For terms and conditions relating to related party receivables, refer note no. 28.

### 11.3 Cash and cash equivalents

Cash on hand	0.31	-	0.18	-
Balances with Banks in current / savings / business accounts	111.28	1.62	138.64	2.15
	<u>111.59</u>	<u>1.62</u>	<u>138.82</u>	<u>2.15</u>

There are no repatriation restrictions with regard to cash and cash equivalents as at the end of the current and previous reporting periods.

# Refer note no. 28.

# Ramco Systems Limited, Consolidated Financials

	As at 31.03.2019		As at 31.03.2018	
	Rs. Mln.	USD Mln.	Rs. Mln.	USD Mln.
<b>11.4 Other financial assets</b>				
<b>Unsecured, considered good</b>				
Unbilled licenses revenue - other related parties *	-	-	48.68	0.75
Unbilled licenses revenue - others *	<b>890.34</b>	<b>12.94</b>	1,492.56	23.15
Security deposit	<b>22.46</b>	<b>0.32</b>	9.46	0.14
Employee advances	<b>28.95</b>	<b>0.42</b>	30.99	0.48
Foreign currency forward contract	<b>1.31</b>	<b>0.02</b>	-	-
Government grant receivable	<b>12.77</b>	<b>0.19</b>	33.65	0.52
Bank deposits held as margin money	<b>3.83</b>	<b>0.06</b>	4.62	0.07
Balance with Banks in Share issue accounts	<b>0.63</b>	<b>0.01</b>	1.24	0.02
	<b>960.29</b>	<b>13.96</b>	1,621.20	25.13
Less: Impairment loss *	-	-	17.66	0.27
	<b>960.29</b>	<b>13.96</b>	1,603.54	24.86
<b>Total financial assets (current)</b>	<b>2,546.30</b>	<b>37.02</b>	2,934.97	45.51
* Previous year represents unbilled licenses and services revenue.				
<b>12. Other current assets</b>				
<b>Unsecured, considered good</b>				
Prepaid expenses	<b>60.98</b>	<b>0.89</b>	59.85	0.93
Advance to suppliers & service providers *	<b>35.82</b>	<b>0.52</b>	33.71	0.52
Unbilled services revenue	<b>884.23</b>	<b>12.86</b>	-	-
Statutory advances	<b>43.64</b>	<b>0.63</b>	50.98	0.79
	<b>1,024.67</b>	<b>14.90</b>	144.54	2.24
Less: Impairment loss	<b>11.72</b>	<b>0.17</b>	-	-
	<b>1,012.95</b>	<b>14.73</b>	144.54	2.24
On account of adoption of Ind AS 115, Unbilled services revenue has been considered as a non financial asset for the year.				
* Includes prepayment to Gratuity fund for the year Rs.0.67 Mln.(USD 0.01 Mln.) (previous year Rs.7.62 Mln. (USD 0.12 Mln.) by the Company.				
<b>13. Equity share capital</b>				
<b>Authorised share capital</b>				
50,000,000 (as at 31 March 2018 50,000,000) Equity Shares of Rs. 10 each	<b>500.00</b>		500.00	
<b>Issued and subscribed capital</b>				
30,942,000 (as at 31 March 2018 30,888,361 ) Equity Shares of Rs.10 each	<b>309.42</b>	<b>6.15</b>	308.88	6.09
<b>Paid-up capital</b>				
30,592,822 (as at 31 March 2018 30,539,183) Equity Shares of Rs.10 each (includes value of forfeited shares of Rs.353,890 ((as at 31 March 2018 Rs.353,890) for 349,178 shares)	<b>306.28</b>	<b>6.05</b>	305.75	6.04
	<b>306.28</b>	<b>6.05</b>	305.75	6.04

	As at 31.03.2019		As at 31.03.2018	
	Rs. Mln.	USD Mln.	Rs. Mln.	USD Mln.
<b>13.1 The reconciliation of share capital for the year:</b>				
At the beginning of the year	305.75	6.04	304.41	6.02
Addition during the year	0.53	0.01	1.34	0.02
At the end of the year	<u>306.28</u>	<u>6.05</u>	<u>305.75</u>	<u>6.04</u>
<b>Movement in number of shares during:</b>			<b>2018-19</b>	<b>2017-18</b>
At the beginning of the year			<b>30,539,183</b>	30,405,339
Addition during the year under employee stock option schemes			<b>53,639</b>	133,844
At the end of the year			<b><u>30,592,822</u></b>	<u>30,539,183</u>

**13.2 Terms / rights attached to class of shares**

The Company has only one class of share referred to as Equity Shares having a par value of Rs.10 each. The holders of Equity Shares are entitled to one vote per share. In the event of liquidation of the company, the equity shareholders will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**14. Other equity**

Securities Premium	6,580.62	119.58	6,557.38	119.25
Currency translation reserve	33.35	(6.51)	(27.44)	(2.08)
Employee stock options outstanding	269.32	4.29	279.30	4.43
Retained earnings	(1,414.43)	(39.43)	(1,578.44)	(41.80)
Share application money pending allotment	0.54	0.01	1.16	0.02
<b>Total equity attributable to the equity holders of the Company</b>	<u>5,469.40</u>	<u>77.94</u>	<u>5,231.96</u>	<u>79.82</u>
Non-controlling interests	13.32	0.21	7.99	0.13
<b>Total other equity</b>	<u>5,482.72</u>	<u>78.15</u>	<u>5,239.95</u>	<u>79.95</u>

Refer consolidated statement of changes in equity for movement.

**Nature and purpose of reserves**

**Securities Premium**

Represents excess of share application money received over par value of shares and includes employee stock compensation costs accrued.

**Currency translation reserve**

Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. Currency Units) are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve. Exchange differences previously accumulated in the foreign currency translation reserve will be reclassified to profit or loss on the disposal of the foreign operation.

**Employee stock options outstanding**

The share options outstanding account is used to recognise the grant date fair value of options issued to employees under various employee stock option schemes of the Company.

**Retained earnings**

Represents the portion of the net income / (loss) of the Group.

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		As at 31.03.2019		As at 31.03.2018	
		Rs. Mln.	USD Mln.	Rs. Mln.	USD Mln.
<b>15.</b>	<b>Provisions (non-current)</b>				
	Provision for gratuity (refer note no.24.1)	21.74	0.32	24.54	0.38
	Provision for leave encashment and other retireals	119.72	1.74	117.77	1.83
		<u>141.46</u>	<u>2.06</u>	<u>142.31</u>	<u>2.21</u>
<b>15.1</b>	The Group provides for expenses towards compensated absences (leave encashment) provided to its employees. The expenses are recognised in the statement of profit and loss account and the liabilities are recognised at the present value of the amount payable determined based on an independent external actuarial valuation made as at each Balance Sheet date, using Projected Unit Credit method.				
<b>16.</b>	<b>Other non-current liabilities</b>				
	Unearned revenue	6.42	0.09	9.70	0.15
<b>17</b>	<b>Financial liabilities (current)</b>				
<b>17.1</b>	<b>Borrowings</b>				
	<b>Loans repayable on demand from Banks, secured</b>				
	Axis Bank Ltd. - Cash credit	17.61	0.26	33.44	0.52
	Mashreq Bank PSC - Overdraft	17.03	0.25	13.58	0.21
	<b>Loans from Banks, secured</b>				
	Axis Bank Ltd. - WCDL-1	50.50	0.73	-	-
	Axis Bank Ltd. - WCDL-2	50.00	0.73	-	-
	Axis Bank Ltd. - WCDL-3	10.00	0.15	-	-
	IDBI Bank Ltd. - WCDL	50.00	0.73	-	-
	IDBI Bank Ltd. - WCDL	-	-	55.00	0.85
	<b>Loans from Banks, unsecured</b>				
	Kotak Mahindra Bank Ltd. - PCFC-1	5.38	0.08	-	-
	Kotak Mahindra Bank Ltd. - PCFC-2	70.00	1.02	-	-
	Kotak Mahindra Bank Ltd. - PCFC-3	45.00	0.64	-	-
	Kotak Mahindra Bank Ltd. - PCFC-4	30.00	0.44	-	-
	Kotak Mahindra Bank Ltd. - PCFC-5	36.00	0.52	-	-
	Kotak Mahindra Bank Ltd. - PCFC-6	70.00	1.02	-	-
	Kotak Mahindra Bank Ltd. - PCFC-7	57.50	0.84	-	-
	Kotak Mahindra Bank Ltd. - PCFC-8	25.00	0.36	-	-
	Kotak Mahindra Bank Ltd. - PCFC-9	20.00	0.29	-	-
	Kotak Mahindra Bank Ltd. - PCFC-10	18.50	0.27	-	-
	HDFC Bank Ltd. - PCFC 1	22.50	0.33	-	-
	HDFC Bank Ltd. - PCFC 2	20.00	0.29	-	-
	HDFC Bank Ltd. - WCDL-1	60.00	0.87	-	-
	HDFC Bank Ltd. - WCDL-2	40.00	0.58	-	-
	HDFC Bank Ltd. - WCDL-3	105.00	1.52	-	-
	Kotak Mahindra Bank Ltd. - WCDL- 1	-	-	22.00	0.34
	Kotak Mahindra Bank Ltd. - WCDL- 2	-	-	75.00	1.16
	Kotak Mahindra Bank Ltd. - WCDL- 3	-	-	36.00	0.56
	Kotak Mahindra Bank Ltd. - WCDL- 4	-	-	55.00	0.85
	Kotak Mahindra Bank Ltd. - WCDL -5	-	-	80.00	1.24
	Kotak Mahindra Bank Ltd. - WCDL -6	-	-	10.00	0.16
		<u>820.02</u>	<u>11.92</u>	<u>380.02</u>	<u>5.89</u>

**17.1 Borrowings (Continued ...)**

**As at 31 March 2019 - Security details**

Axis Bank Ltd. - Cash credit / WCDL - This loan is secured by pari passu first charge on the current assets, both present and future and unencumbered fixed assets (Property, plant and equipment excluding building) of the Company.

Mashreq Bank PSC - Overdraft - This loan is secured by Standby Letter of Credit ( SBLC ) issued by Axis Bank Ltd., from the secured working capital limits of the Company as mentioned above.

IDBI Bank Ltd. - WCDL - This loan is secured by pari passu first charge on the receivables, both present and future, of the Company.

HDFC Bank Ltd. - PCFC / WCDL - This loan is unsecured.

Kotak Mahindra Bank Ltd. - PCFC / WCDL - This loan is unsecured.

Short term borrowings carry interest ranging from 3.35% p.a. to 8.95% p.a.

**As at 31 March 2018 - Security details**

Axis Bank Ltd. - Cash credit - This loan is secured by pari passu first charge on the current assets, both present and future and unencumbered fixed assets (Property, plant and equipment excluding building) of the Company.

Mashreq Bank PSC - Overdraft - This loan is secured by Standby Letter of Credit ( SBLC ) issued by Axis Bank Ltd., from the secured working capital limits of the Company as mentioned above.

IDBI Bank Ltd. - WCDL - This loan is secured by pari passu first charge on the receivables, both present and future, of the Company.

Kotak Mahindra Bank Ltd. - WCDL - This loan is unsecured.

Short term borrowings carry interest ranging from 3.50% p.a. to 9.85% p.a.

	As at 31.03.2019		As at 31.03.2018	
	Rs. Mln.	USD Mln.	Rs. Mln.	USD Mln.
<b>17.2 Trade payables</b>				
Total outstanding dues of micro, small and medium enterprises	8.54	0.12	14.25	0.22
Total outstanding dues of creditors other than micro, small and medium enterprises				
Trade payables - other related parties (refer note no.28)	1.03	0.01	5.92	0.09
Trade payables - others	437.12	6.36	439.01	6.81
	<u>438.15</u>	<u>6.37</u>	<u>444.93</u>	<u>6.90</u>
Trade payables are non-interest bearing and are normally settled on 30 to 60 days.				
<b>17.3 Other financial liabilities</b>				
Capital creditors	15.28	0.22	10.15	0.16
Rental advances	0.40	0.01	0.40	0.01
Employee welfare payables	2.54	0.03	4.83	0.07
	<u>18.22</u>	<u>0.26</u>	<u>15.38</u>	<u>0.24</u>
<b>Total financial liabilities (current)</b>	<u>1,284.93</u>	<u>18.67</u>	<u>854.58</u>	<u>13.25</u>

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	As at 31.03.2019		As at 31.03.2018	
	Rs. Mln.	USD. Mln.	Rs. Mln.	USD. Mln.
<b>17.4 Net debts reconciliation</b>				
Effective April 1, 2017, the Company adopted the amendments to Ind AS 7, which require the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement. Accordingly the following statement is produced for:				
<b>Current borrowings</b>				
Opening debt	380.02	5.52	50.00	0.78
Cash flows	440.00	6.40	330.02	5.11
Finance costs	42.03	0.61	13.09	0.20
Finance costs paid	(42.03)	(0.61)	(13.09)	(0.20)
Closing debt	<u>820.02</u>	<u>11.92</u>	<u>380.02</u>	<u>5.89</u>
<b>18. Provisions (current)</b>				
Provision for gratuity (refer note no. 24.1)	1.20	0.02	2.68	0.04
Provision for leave encashment and other retirals (refer note no.15.1)	9.74	0.14	8.22	0.13
	<u>10.94</u>	<u>0.16</u>	<u>10.90</u>	<u>0.17</u>
<b>19. Other current liabilities</b>				
Unearned revenue	782.20	11.37	648.30	10.05
Statutory dues payable	164.68	2.40	88.49	1.37
Expenses payable	171.85	2.50	150.49	2.34
Advance from customers	2.94	0.04	11.02	0.17
	<u>1,121.67</u>	<u>16.31</u>	<u>898.30</u>	<u>13.93</u>
Advance from customers are received in the normal course of business and adjusted against subsequent supplies / services.				
		<b>Year ended 31.03.2019</b>	<b>Year ended 31.03.2018</b>	
		<b>Rs. Mln.</b>	<b>USD Mln.</b>	<b>Rs. Mln.</b>
				<b>USD Mln.</b>
<b>20. Revenue from operations - disaggregated</b>				
<b>20.1 Product wise revenue</b>				
Revenue from software products	3,181.14	45.97	2,431.71	37.91
Revenue from software services	2,189.82	31.65	2,253.59	35.13
Revenue from resale of software and hardware materials	50.34	0.73	6.89	0.11
	<u>5,421.30</u>	<u>78.35</u>	<u>4,692.19</u>	<u>73.15</u>
<b>20.2 Geography wise revenue</b>				
Americas	1,194.23	17.26	924.74	14.42
Europe	141.62	2.05	135.75	2.12
APAC	2,232.59	32.26	1,581.23	24.64
India	1,111.74	16.07	1,193.12	18.60
Middle East and Africa	741.12	10.71	857.35	13.37
	<u>5,421.30</u>	<u>78.35</u>	<u>4,692.19</u>	<u>73.15</u>

	Year ended 31.03.2019		Year ended 31.03.2018	
	Rs. Mln.	USD Mln.	Rs. Mln.	USD Mln.
<b>20.3 Business unit wise revenue</b>				
ERP	1,945.90	28.12	2,009.29	31.32
HCM	2,124.44	30.70	1,519.08	23.68
Aviation	1,350.95	19.53	1,163.82	18.14
	<u>5,421.30</u>	<u>78.35</u>	<u>4,692.19</u>	<u>73.15</u>

**20.4** Ind AS 115 – Revenue from Contract with Customers

Effective 01 April 2018, the Group adopted Ind AS 115, “Revenue from Contracts with Customers” using the cumulative catch-up transition method applied to contracts that were not completed as at 01 April 2018. In accordance with the cumulative catch-up transition method, the comparatives have not been retrospectively adjusted. The impact of the adoption of Ind AS 115 on the financial statements of the Group is insignificant.

Remaining performance obligations

The remaining performance obligation disclosure provides the aggregate amount of transaction price yet to be recognised as at the end of the reporting period and an explanation as to when the Group expects to recognise these amounts in revenue. Remaining performance obligation estimates are subject to change and are affected by various factors including termination, changes in scope of contracts, adjustments for revenue that are not materialised and adjustments for currency. Applying the practical expedient as given in Ind AS 115, the Group has not disclosed the following:

- a) the remaining performance obligations for contracts where revenue recognised corresponds directly with the value to the customer of the entity’s performance completed to date including time and material, support service and subscription contracts and
- b) the remaining performance obligations in respect of other contracts, since those performance obligations have an original expected duration of one year or less in most of the cases.

Further on account of applying Ind AS 115, the unbilled services revenue of Rs. 885.26 Mln., USD 12.88 Mln. as at 31 March 2019 has been considered as a non-financial asset and reflected under other assets. However the previous year figures have not been regrouped.

During the year ended 31 March 2019, the Group recognised revenue of Rs.677.00 Mln., USD 9.78 Mln. arising from opening unearned revenue of Rs. 658.00 Mln., USD 10.20 Mln. as at 01 April 2018.

	Year ended 31.03.2019		Year ended 31.03.2018	
	Rs. Mln.	USD Mln.	Rs. Mln.	USD Mln.
Reconciliation of revenue recognised with the contracted price for the financial year ended 31 March 2019, is as follows:				
Particulars	Rs. Mln.	USD Mln.		
Contract Price	5,559.13	80.34		
Reduction towards implied financing component	(137.83)	(1.99)		
Revenue recognised	5,421.30	78.35		

**21. Finance income**

Interest income	<u>73.07</u>	<u>1.06</u>	<u>50.26</u>	<u>0.78</u>
	<u>73.07</u>	<u>1.06</u>	<u>50.26</u>	<u>0.78</u>



## Ramco Systems Limited, Consolidated Financials

### 22. Other income

Government grant	22.31	0.32	44.36	0.69
Profit on sale of property, plant and equipments	0.01	0.00	0.26	-
Other income	1.29	0.02	2.32	0.04
	<u>23.61</u>	<u>0.34</u>	<u>46.94</u>	<u>0.73</u>

Government grant represents the grant from Economic Development Board of Singapore for a three-year period from Sep 2015 to Aug 2018, under the Research Incentive Scheme, for the establishment of Ramco Aviation Design & Analytics Research Centre, by way of reimbursement of a portion of employee benefits expense and cost of licensing / technology acquisitions for the project.

This is treated as a "grant related to income" under Ind AS 20. Accordingly, the grant is shown under "other income" and the expenses related to this are shown under respective expense heads.

### 23. Changes in inventories of finished goods, stock-in-process and stock-in-trade

Opening stock	-	-	0.16	-
Closing stock	-	-	-	-
	<u>-</u>	<u>-</u>	<u>0.16</u>	<u>-</u>

### 24. Employee benefits expense

Salaries, wages and bonus	2,109.38	30.49	1,802.90	28.11
Share based payment *	7.95	0.11	14.39	0.22
Provident fund and other contributions	78.73	1.14	68.62	1.07
Gratuity and other retrials	50.02	0.72	60.14	0.94
Staff welfare	80.79	1.17	72.05	1.12
	<u>2,326.87</u>	<u>33.63</u>	<u>2,018.10</u>	<u>31.46</u>

\* Includes costs incurred for KMP's amounting to Nil. (previous year Rs.1.36 Mln., USD 0.02 Mln.).

24.1 The defined benefit plan (Gratuity) details in respect of the Company is provided for in the standalone financials note no.24.1. Obligations in respect of other subsidiaries wherever applicable under the local laws are accrued at actual and they are unfunded. Group has represented these values in the carrying amount as appearing in their Balance Sheet as there is no requirement for actuarial valuation in the respective countries.

### 25. Finance costs

Interest on loans	40.78	0.59	11.76	0.18
Other finance cost	1.25	0.02	1.33	0.02
	<u>42.03</u>	<u>0.61</u>	<u>13.09</u>	<u>0.20</u>

### 26. Depreciation and amortisation expense

Depreciation on property, plant and equipment	80.36	1.16	64.88	1.01
Amortisation of intangible assets	430.52	6.22	436.10	6.80
	<u>510.88</u>	<u>7.38</u>	<u>500.98</u>	<u>7.81</u>

### 27. Other expenses

Advertisement and sales promotion	204.70	2.96	177.77	2.77
Bank charges	8.98	0.13	10.73	0.17
Bad debts/provision for bad debts, net	263.38	3.80	224.69	3.50
Consultancy charges	120.80	1.75	98.15	1.53
Corporate social responsibility expenditure	9.27	0.13	4.14	0.06
Foreign exchange fluctuation, net	40.62	0.59	(18.60)	(0.29)
Insurance	17.23	0.25	15.83	0.25
Loss on sale of property, plant and equipment	1.26	0.02	2.71	0.04
Office maintenance	34.90	0.51	31.81	0.50
Outsourcing costs	278.27	4.02	290.20	4.53
Power & fuel	30.94	0.45	32.28	0.50
Printing & stationery	4.96	0.07	5.30	0.08
Postage, telephone and communication	80.55	1.16	89.25	1.39
Rent	382.59	5.53	364.69	5.69
Repairs - building	18.34	0.27	5.01	0.08
Repairs - plant and machinery	75.38	1.09	24.96	0.39
Repairs - others	11.31	0.16	24.40	0.38
Rates and taxes	75.77	1.10	60.42	0.94
Sales commission and other selling expenses	55.97	0.81	93.81	1.46
Software subscription and maintenance	10.25	0.15	1.66	0.03
Travelling and conveyance	414.04	5.98	348.74	5.44
Unfructified patent expenses	-	-	0.19	-
Miscellaneous expenses	47.07	0.68	20.12	0.31
	<u>2,186.58</u>	<u>31.61</u>	<u>1,908.26</u>	<u>29.75</u>

## 27.1 Movement in provision for bad & doubtful debts

Particulars	As at 31.03.2019		As at 31.03.2018	
	Rs. Mln.	USD Mln.	Rs. Mln.	USD Mln.
Balance at the beginning	354.73	5.50	355.17	5.51
Provisions for the year	263.38	3.80	224.69	3.50
Translation differences	8.53	0.13	11.39	0.18
Provision utilised for write off	(252.14)	(3.64)	(236.52)	(3.69)
Balance at the end	<u>374.50</u>	<u>5.79</u>	<u>354.73</u>	<u>5.50</u>

### Expenses recognised in statement of profit and loss

Particulars	Year ended 31.03.2019		Year ended 31.03.2018	
	Rs. Mln.	USD Mln.	Rs. Mln.	USD Mln.
Provisions for the year	263.38	3.80	224.69	3.50
Provision utilised for write off reversed to P&L	(252.14)	(3.64)	(236.52)	(3.69)
Amounts written off	<u>252.14</u>	<u>3.64</u>	<u>236.52</u>	<u>3.69</u>
Bad debts/provision for bad debts, net	<u>263.38</u>	<u>3.80</u>	<u>224.69</u>	<u>3.50</u>

# Ramco Systems Limited, Consolidated Financials

## 28. Related party transactions

Information on names of related parties and nature of relationship as required by Ind AS24 on related party disclosures are given below:

### a. Key Managerial Personnel including those specified under Companies Act, 2013 (KMP)

1. P R Venketrama Raja, Chairman
2. P V Abinav Ramasubramaniam Raja, Whole Time Director
3. Virender Aggarwal, Chief Executive Officer
4. R Ravi Kula Chandran, Chief Financial Officer
5. P R Karthic, Company Secretary
6. M M Venkatachalam, Independent Director
7. A V Dharmakrishnan, Non-Executive, Non-Independent Director
8. R S Agarwal, Independent Director
9. Soundara Kumar, Independent Director
10. Sankar Krishnan, Independent Director w.e.f. 11 May 2018
11. Justice P P S Janarthana Raja (Retd.), Independent Director w.e.f. 29 August 2018.

### b. Relatives of KMP

1. P R Venketrama Raja, Father of P V Abinav Ramasubramaniam Raja
2. P V Nirmala, Mother of P V Abinav Ramasubramaniam Raja
3. B Srisandhya Raju, Sister of P V Abinav Ramasubramaniam Raja
4. R Sudarsanam, Mother of P R Venketrama Raja
5. S Saradha Deepa, Sister of P R Venketrama Raja
6. R Nalina Ramalakshmi, Sister of P R Venketrama Raja

### c. Employee benefit funds where control exists

1. Ramco Systems Limited employees group gratuity scheme
2. Ramco Systems Limited employees superannuation scheme

### d. Enterprises over which the above persons exercise significant influence

- |  |   |
|--|---|
| 1. Rajapalayam Mills Limited                                 | 17. The Ramco Cements Limited Educational and Charitable Trust  |
| 2. The Ramco Cements Limited                                 | 18. Gowrihouse Metal Works LLP  |
| 3. Ramco Industries Limited                                  | 19. JKR Enterprises Limited   |
| 4. The Ramaraju Surgical Cotton Mills Limited                | 20. Gowrishankar Screws   |
| 5. Sri Vishnu Shankar Mills Limited                          | 21. P A C R Sethurammam Charity Trust   |
| 6. Sandhya Spinning Mill Limited                             | 22. P A C R Sethurammam Charities   |
| 7. Thanjavur Spinning Mill Limited                           | 23. Rajapalayam Spinners Limited  |
| 8. Rajapalayam Spintex (A division of Rajapalayam Mills Ltd) | 24. Ramco Industrial and Technology Services Limited formerly known as Ontime Industrial Services Limited |
| 9. Sri Harini Textiles Limited                               | 25. Madurai Trans Carrier Limited   |
| 10. Swarna Boomi Estate                                      | 26. Ramco Welfare Trust   |
| 11. Thanga Vilas Estate                                      | 27. Lynks Logistics Limited   |
| 12. Rajapalayam Textile Limited                              | 28. Ramco Management Private Limited  |
| 13. Shri Harini Media Limited                                | 29. Raja Charity Trust  |
| 14. Sudarsanam Estate  | 30. P A C Ramasamy Raja Centenary Trust   |
| 15. Shri Abhinava Vidya Theertha Seva Trust                  | 31. P A C Ramasamy Raja Education Charity Trust   |
| 16. Smt. Lingammal Ramaraju Shastra Prathista Trust          |   |

**e. Subsidiary companies**

1. Ramco Systems Corporation, USA
2. Ramco Systems Ltd., Switzerland
3. Ramco Systems Pte. Ltd., Singapore
4. Ramco Systems Sdn. Bhd., Malaysia
5. RSL Enterprise Solutions (Pty) Ltd., South Africa
6. Ramco Systems Canada Inc., Canada (wholly owned subsidiary of Ramco Systems Corporation, USA)
7. Ramco Systems FZ-LLC, Dubai
8. RSL Software Company Ltd., Sudan
9. Ramco Systems Australia Pty Ltd., Australia
10. Ramco System Inc., Philippines
11. Ramco Systems (Shanghai) Co. Ltd., China
12. Ramco System Vietnam Company Limited, Vietnam
13. PT Ramco Systems Indonesia, Indonesia

**f. Associate**

1. City Works (Pty.) Ltd., South Africa

The Group's transactions with the above related parties are given below:

Particulars	Transaction during the year 2018-19		Outstanding as at 31.03.2019		Transaction during the year 2017-18		Outstanding as at 31.03.2018	
	Rs.Mln.	USD. Mln.	Rs.Mln.	USD. Mln.	Rs.Mln.	USD. Mln.	Rs.Mln.	USD. Mln.
<b>Income from Sale of goods &amp; services</b>								
The Ramco Cements Limited #	123.33	1.78	-	-	205.01	3.20	-	-
Ramco Industries Limited	47.39	0.68	-	-	29.25	0.46	-	-
Rajapalayam Mills Limited	2.84	0.04	-	-	2.22	0.03	0.04	-
Rajapalayam Textile Limited	0.33	0.00	-	-	0.61	0.01	0.03	-
Sri Vishnu Shankar Mills Ltd.	1.30	0.02	-	-	1.13	0.02	0.09	-
Sandhya Spinning Mill Ltd.	1.11	0.02	-	-	1.06	0.02	-	-
Thanjavur Spinning Mill Limited	-	-	-	-	0.21	-	-	-
Sri Harini Textiles Limited	0.11	-	-	-	0.14	-	-	-
The Ramaraju Surgical Cotton Mills Limited	1.47	0.02	-	-	1.51	0.02	-	-
Sudarsanam Estate	0.30	-	-	-	0.10	-	-	-
Swarna Boomi Estate	0.20	-	-	-	0.07	-	-	-
Thanga Vilas Estate	0.22	-	-	-	0.07	-	-	-
Ramco Welfare Trust	0.07	-	-	-	0.07	-	-	-
Smt. Lingammal Ramaraju Shastra Prathista Trust	0.07	-	-	-	0.07	-	0.01	-
The Ramco Cements Limited Educational and Charitable Trust	0.29	-	-	-	0.29	-	-	-
Gowrihouse Metal Works LLP	0.67	0.01	-	-	0.09	-	-	-
Gowrishankar Screws	-	-	-	-	0.22	-	-	-
P.A.C.R Sethurammam Charity Trust	0.36	0.01	-	-	0.36	0.01	-	-
P.A.C.R. Sethurammam Charities	0.07	-	-	-	0.07	-	0.02	-
JKR Enterprises Limited	0.14	-	-	-	0.07	-	-	-
Madurai Trans Carrier Limited	1.23	0.02	-	-	1.34	0.02	-	-
City Works (Pty.) Ltd., South Africa	147.72	2.14	7.22	0.10	135.42	2.11	23.00	0.36
<b>Cost of services availed</b>								
Ramco Industrial and Technology Services Limited	17.03	0.25	1.03	0.01	6.47	0.10	5.92	0.09

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Particulars	Transaction during the year 2018-19		Outstanding as at 31.03.2019		Transaction during the year 2017-18		Outstanding as at 31.03.2018	
	Rs.Mln.	USD. Mln.	Rs.Mln.	USD. Mln.	Rs.Mln.	USD. Mln.	Rs.Mln.	USD. Mln.
<b>Bank Guarantee issued to:</b>								
i) a banker to Ramco Systems FZ-LLC	-	-	61.48	0.89	-	-	57.02	0.88
ii) a banker to Ramco System Inc	-	-	21.78	0.32	-	-	20.72	0.32
iii) a banker of Dubai Branch of the Company	-	-	-	-	3.03	0.05	3.03	0.05
iv) a banker to Ramco Systems Australia Pty Ltd	6.22	0.09	12.43	0.18	-	-	6.44	0.10
v) a banker to Ramco Systems Sdn. Bhd	23.18	0.34	23.18	0.34	-	-	-	-
<b>Corporate Guarantee issued in favour of customer(s) of:</b>								
i) Ramco Systems Sdn. Bhd.	-	-	-	-	-	-	32.25	0.50
ii) Ramco Systems Australia Pty Ltd.	599.52	8.66	724.42	10.53	-	-	123.75	1.92
iii) Ramco System Inc.	33.07	0.48	33.07	0.48	-	-	-	-
<b>Rent - Expense</b>								
The Ramco Cements Limited	85.13	1.23	-	-	83.16	1.30	-	-
Rajapalayam Mills Limited	0.08	-	-	-	0.08	-	-	-
<b>Sitting fees</b>								
P R Venketrama Raja	0.12	-	-	-	0.08	-	-	-
P V Abinav Ramasubramaniam Raja	0.12	-	-	-	0.06	-	-	-
M M Venkatachalam	0.15	-	-	-	0.14	-	-	-
V Jagadisan	-	-	-	-	0.17	-	-	-
A V Dharmakrishnan	0.23	-	-	-	0.15	-	-	-
R S Agarwal	0.24	-	-	-	0.09	-	-	-
Soundara Kumar	0.19	-	-	-	0.14	-	-	-
Sankar Krishnan	0.17	-	-	-	-	-	-	-
P P S Janarthana Raja	0.15	-	-	-	-	-	-	-
<b>CSR Contribution</b>								
Shri Abhinava Vidya Theertha Seva Trust	9.27	0.13	-	-	4.14	0.06	-	-
<b>Remuneration</b>								
P R Venketrama Raja	-	-	-	-	0.20	-	-	-
P V Abinav Ramasubramaniam Raja	1.31	0.02	-	-	1.08	0.02	-	-
Virender Aggarwal	66.49	0.96	-	-	67.51	1.05	-	-
R Ravi Kula Chandran	6.20	0.09	-	-	8.84	0.14	-	-
Karthic P R	0.85	0.01	-	-	0.57	0.01	-	-
<b>Application money received for exercise of stock options</b>								
R Ravi Kula Chandran	-	-	-	-	1.84	0.03	-	-
A V Dharmakrishnan	-	-	-	-	5.70	0.09	-	-
<b>Contributions made</b>								
Ramco Systems Limited employees group gratuity scheme	9.59	0.14	-	-	9.03	0.14	-	-
Ramco Systems Limited employees superannuation scheme	14.34	0.21	-	-	12.37	0.19	-	-

## Notes:

- Ramco Systems FZ-LLC, Dubai, Ramco System Inc., Philippines, Ramco Systems Sdn. Bhd., Malaysia and Ramco Systems Australia Pty. Ltd., Australia have assumed obligations in terms of Bank Guarantees issued by their banks to their customers / vendors. However, the said bank guarantees are basis the counter guarantee issued by the banker of Ramco Systems Limited, India and hence no separate disclosures for these subsidiaries are made.
- The above figures include Service Tax / VAT / CST / GST as applicable.
- The transactions with related parties are at arm's length basis. The outstanding balances are unsecured and interest free. The Group has not recorded any impairment of receivables owed by related parties. Payment terms for related party transactions are 30 to 75 days.

# Unbilled outstanding balance as at 31 March 2019 Nil. Previous year Rs. 48.68 Mln. (USD 0.75 Mln.).

d) Disclosure of Key Management Personnel compensation in total and for each of the following categories:

Particulars	2018-19		2017-18	
	Rs. Mln.	USD Mln.	Rs. Mln.	USD Mln.
Short – Term Benefits *	74.75	1.08	83.97	1.31
Defined Contribution Plan **	1.46	0.02	1.59	0.02
Defined Benefit Plan / Other Long-term benefits ***	-	-	-	-
<b>Total</b>	<b>76.22</b>	<b>1.10</b>	<b>85.56</b>	<b>1.33</b>

\* It includes bonus, sitting fees, and value of perquisites.

\*\* It includes contribution to Provident fund, Superannuation, NPS and accrual of Gratuity.

\*\*\* Based on actual payment if any.

29. The fair values of financial assets and liabilities are determined at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Fair value of cash and short-term deposits, trade and other short term receivables, trade payables, other current liabilities, short term loans from banks and other financial instruments approximate their carrying amounts largely due to the short term maturities of these instruments.

### 30. Capital management

For the purpose of the Group's capital management, capital means the Total Equity as per the Consolidated Balance Sheet. The primary objective of the Group's capital management is to maximise the shareholder's wealth.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The Group monitors capital using a gearing ratio, which is Net Debt divided by the Total Equity.

Particulars	As at 31.03.2019		As at 31.03.2018	
	Rs. Mln.	USD Mln.	Rs. Mln.	USD Mln.
Borrowings	820.02	11.92	380.02	5.89
Less: Cash and cash equivalents	111.59	1.62	138.82	2.15
<b>Net Debt (A)</b>	<b>708.43</b>	<b>10.30</b>	241.20	3.74
Equity Share Capital	306.28	6.05	305.75	6.04
Other Equity	5,469.40	77.94	5,231.96	79.82
<b>Total Equity (B)</b>	<b>5,775.68</b>	<b>83.99</b>	5,537.71	85.86
<b>Debt / Equity (A/B)</b>	<b>12.26%</b>		4.36%	

In order to achieve the overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants if any, attached to the interest-bearing loans and borrowings that define capital structure requirements. There have been no breaches in the financial covenants of any interest bearing loans / borrowings. There are no significant changes in the objectives, policies or processes for managing capital during the year ended 31 March 2019 and 31 March 2018.

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As at 31.03.2019                      As at 31.03.2018  
Rs. Mln.      USD Mln.              Rs. Mln.      USD Mln.

## 31. Contingent liabilities and commitments

<b>Contingent liabilities</b>					
1	Bank guarantees issued by the bankers to the Company in favour of:				
	i) Bankers to the subsidiaries and overseas branch (refer note no. 28)	<b>118.87</b>	<b>1.73</b>	87.21	1.35
	ii) Others	<b>41.77</b>	<b>0.61</b>	21.61	1.69
2	Corporate guarantee issued in favour of customers of subsidiaries (refer note no. 28)	<b>757.49</b>	<b>11.01</b>	156.00	2.42
3	Claims against the Group not acknowledged as debts				
a)	Disputed Tamil Nadu VAT demand				
	i) Relating to 2009-10 to 2013-14 and pending before Honorable High Court of Madras	<b>75.86</b>	<b>1.10</b>	75.86	1.18
	ii) Relating to 2014-15 to 2017-18 in respect of which no demand notice has been received	<b>26.73</b>	<b>0.39</b>	26.73	0.41
b)	Disputed Sales tax demand – pending before the first appellate authority, Mumbai – Year 2012-13	<b>0.09</b>	-	0.09	-
c)	Disputed Service tax demand – pending before the first appellate authority – Years 2015-16 to 2017-18	<b>1.21</b>	<b>0.02</b>	1.21	0.02
d)	Income Tax – pending before the assessing authority AY:2010-11	-	-	0.004	-
e)	Income Tax – pending before the assessing authority AY:2018-19	-	-	0.14	-
f)	Other litigations	<b>23.53</b>	<b>0.34</b>	29.03	0.45
g)	Disputed VAT demand – pending before the first appellate authority in Sudan	<b>0.04</b>	-	0.10	-
<b>Commitments</b>					
	Estimated amount of contracts remaining to be executed on capital account and not provided for	<b>17.59</b>	<b>0.25</b>	16.84	0.26

Note: The Company is engaged in development of software products, which are marketed by the Company and its overseas subsidiaries. The intellectual property rights are held by the Company. There are in-built warranties for performance and support. Claims which may arise out of these are not quantifiable and hence not provided for.

## 32. Financial risk management objectives and policies

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework and thus established a risk management policy to identify and analyse the risks faced by the Group. The risk management systems are reviewed periodically. The Audit Committee of the Board, oversees the compliance with the policy. The Internal Audit reviews the risk management controls and procedures and reports to the Audit Committee.

The Group's financial risks comprise of market risk, credit risk and liquidity risk.

### A. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of two types of risk: interest rate risk and foreign currency risk.

### A.1 Interest rate risk

The Group has borrowed debt at variable rates to finance its operations, which exposes it to interest rate risk. The Group's interest rate risk management planning includes achieving the lowest possible cost of debt financing, while managing volatility of interest rates, applying a prudent mix of fixed and floating debt, either directly or through the use of derivative financial instruments affecting a shift in interest rate exposures between fixed and floating.

Interest rate risk exposure on the average borrowing for the year:

Particulars	2018-19		2017-18	
	Rs. Mln.	USD Mln.	Rs. Mln.	USD Mln.
Fixed rate borrowing	531.48	7.73	304.06	4.71
Variable rate borrowing	109.76	1.60	12.20	0.19

1% change in interest rate on variable rate borrowing would impact the interest cost for 2018-19 by Rs.1.00 Mln., USD 0.01 Mln. (2017-18 by Rs.0.12 Mln. USD Nil)

### A.2 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's transactions denominated in a foreign currency including trade receivables, unbilled revenues, trade payables and bank balances.

The Group's exposure to foreign currency risk with respect to material currencies (un-hedged) as detailed below:

Foreign currency	Trade receivables	Unbilled revenues	Trade payables	Bank balances	Total
<b>USD Mln. *</b>					
As at 31 March 2019	11.77	15.97	(0.44)	0.55	27.85
As at 31 March 2018	11.81	11.69	(0.18)	0.41	23.73
<b>HKD Mln.</b>					
As at 31 March 2019	2.53	5.56	-	-	8.08
As at 31 March 2018	-	-	-	-	-

\* This includes an amount of USD 14.44 Mln. (Previous year USD 14.72 Mln.) held in Dubai where the exchange risk to USD is limited.

Sensitivity analysis between Indian Rupee and the foreign currencies specified above for an increase of / decrease by Re.1. :

Foreign currency	As at 31.03.2019				As at 31.03.2018			
	Rs. Mln.		USD Mln.		Rs. Mln.		USD Mln.	
	Increase	Decrease	Increase	Decrease	Increase	Decrease	Increase	Decrease
USD	27.85	(27.85)	0.40	(0.40)	23.73	(23.73)	0.37	(0.37)
HKD	8.08	(8.08)	0.12	(0.12)	-	-	-	-

The Company follows the following strategy to mitigate the risk of changes in exchange rates on foreign currency exposures

- Availment of packing credit in foreign currency (PCFC), including entering into cross currency forward contracts in equivalent USD where the exposures are in other currencies. The exposure as on 31 March 2019 is USD 5.96 Mln. (Previous year Nil).



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b. Entering into forward contracts which are not covered by PCFC, for such quantum as considered appropriate. The outstanding exposure for the year ended 31st Mar 2019 (Previous year Nil) in this regard is as follows:

Currency	In Mln.	Rs. Mln.	USD Mln.
AED	0.87	16.85	0.24
AUD	0.31	16.06	0.23
SGD	0.40	21.34	0.31
USD	1.00	69.39	1.00

The accounting treatment followed for foreign exchange forward contracts is Mark to Market based on the MTM calculations provided by the bankers.

### B. Credit risk

Credit risk is the risk of financial loss to the Group, if the customer or counter party to the financial instruments fail to meet its contractual obligations and arises principally from the Group's receivables and treasury operations.

Customer credit risk is managed by Group's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables and unbilled revenues are regularly monitored and the Group creates a provision based on expected credit loss model.

#### B.1 Trade receivables and unbilled revenues

##### Trade receivables

Trade receivable of the Group represents the dues from its customers which are exposed to credit risk. The number of customers and percentage they owed exceeding USD 0.50 Mln. individually, out of the outstanding as at 31 March 2019, were 3 and 19% respectively, 3 and 24% as at 31 March 2018.

Number of customers owing more than 10% of the accounts receivable is one as at 31 March 2019 and as at 31 March 2018.

##### Unbilled revenues

Unbilled Revenues (Unbilled licenses revenue grouped under financial asset and Unbilled services revenue grouped under non-financial assets i.e., other assets) of the Group are also exposed to risk in the event of the inability to bill the customer.

No single customer constituting more than 10% of the unbilled revenues as at 31 March 2019 and as at 31 March 2018.

##### Credit risk exposure

The movement in provision for doubtful debts is as below:

Particulars	As at 31.03.2019		As at 31.03.2018	
	Rs. Mln.	USD Mln.	Rs. Mln.	USD Mln.
Balance at the beginning	354.73	5.50	355.17	5.51
Provisions for the year	263.37	3.81	224.69	3.50
Translation differences	8.54	0.12	11.39	0.18
Provision utilised for write off	(252.14)	(3.64)	(236.52)	(3.69)
Balance at the end	374.50	5.79	354.73	5.50

### Credit exposure

Nature of dues	As at 31.03.2019		As at 31.03.2018	
	Rs. Mln.	USD Mln.	Rs. Mln.	USD Mln.
Trade receivables	1,527.06	22.21	1,244.47	19.30
Unbilled licenses revenue	2,273.16	33.05	2,555.10	39.63
Unbilled services revenue	885.26	12.88		

### B.2 Financial instruments and cash deposits

Investments of surplus funds are made only with approved counterparties. The Group is exposed to counter party risk relating to deposits with banks and investments in mutual funds. The Group places its cash equivalents based on the creditworthiness of the financial institutions.

### C. Liquidity risk

Liquidity Risks are those risk that the Group will not be able to settle or meet its obligations on time or at reasonable price. In the management of liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. Due to the dynamic nature of the underlying business, the Group aims at maintaining flexibility in funding by keeping both committed and uncommitted credit lines available.

### Financial arrangements

The Group has access to the following undrawn borrowing facilities:

Particulars	As at 31.03.2019		As at 31.03.2018	
	Rs. Mln.	USD Mln.	Rs. Mln.	USD Mln.
Expiring within one year				
Bank cash credit / overdraft / packing credit / WCDL	398.34	5.79	637.20	9.88
Expiring beyond one year		Nil		

### Maturities of financial liabilities

Particulars	< 1 Year		> 1 Year		Total	
	Rs. Mln.	USD Mln.	Rs. Mln.	USD Mln.	Rs. Mln.	USD Mln.
As at 31.03.2019						
Borrowings	820.02	11.92	-	-	820.02	11.92
Trade and other payables	464.91	6.75	36.16	0.53	501.07	7.28
Total	1,284.93	18.67	36.16	0.53	1,321.09	19.20
As at 31.03.2018						
Borrowings	380.02	5.89	-	-	380.02	5.89
Trade and other payables	474.56	7.36	31.45	0.48	506.01	7.84
Total	854.58	13.25	31.45	0.48	886.03	13.73

# Ramco Systems Limited, Consolidated Financials

33 The Group has only one operating segment viz., Software Solutions and Services and hence the segment reporting required under Ind AS 108 does not apply. However the following information is provided as required under paragraph 31 of Ind AS 108.

### 33.1 Information regarding revenue from products and services and geographical areas

Please refer note nos. 20.1 & 20.2.

### 33.2 Information regarding specified non-current assets

Particulars	As at 31.03.2019		As at 31.03.2018	
	Rs. Mln.	USD Mln.	Rs. Mln.	USD Mln.
<b>Property, plant and equipment</b>				
India including overseas branches	167.91	2.44	133.16	2.06
Other countries	39.24	0.57	35.98	0.56
<b>Intangible assets</b>				
India including overseas branches	2,432.85	35.37	2,435.78	37.77
Other countries	-	-	0.02	-
<b>Others</b>				
India including overseas branches	5.23	0.08	1.87	0.03
Other countries	12.08	0.17	0.01	-

### 33.3 Information regarding major customers

No Single customer represents 10% or more of the Group's total revenue for the year ended 31 March 2019 and 31 March 2018 respectively.

## 34. Statutory Group Information

Name of the entity in the group	Net Assets, i.e., total assets minus total liabilities		Share in profit and loss		Share in other comprehensive income		Share in total comprehensive income	
	As a % to consolidated net assets	Rs. Mln.	As a % to consolidated profit and loss	Rs. Mln.	As a % to consolidated other comprehensive income	Rs. Mln.	As a % to of total comprehensive income	Rs. Mln.
<b>Parent, Indian:</b>								
<b>Ramco Systems Limited</b>								
Balance as at 31 March 2019	139.32%	8,065.46	316.80%	518.86	(26.06%)	(15.90)	223.73%	502.96
Balance as at 31 March 2018	136.13%	7,549.33	583.41%	658.36	(57.67%)	6.25	651.53%	664.61
<b>Subsidiaries, Foreign:</b>								
<b>1 Ramco Systems Corporation, USA</b>								
Balance as at 31 March 2019	9.72%	562.59	128.64%	210.69	39.34%	24.00	104.40%	234.69
Balance as at 31 March 2018	5.91%	327.90	98.50%	111.16	(3.08%)	0.33	109.30%	111.49
<b>2 Ramco Systems Limited, Switzerland</b>								
Balance as at 31 March 2019	2.84%	164.53	2.81%	4.59	3.73%	2.28	3.06%	6.87
Balance as at 31 March 2018	2.84%	157.65	10.54%	11.90	(78.59%)	8.52	20.01%	20.42
<b>3 Ramco Systems Pte. Limited, Singapore</b>								
Balance as at 31 March 2019	(4.73%)	(274.02)	(157.64%)	(258.19)	0.32%	0.19	(114.76%)	(257.99)
Balance as at 31 March 2018	(0.29%)	(16.02)	(312.07%)	(352.16)	287.94%	(31.21)	(357.82%)	(383.36)

Name of the entity in the group	Net Assets, i.e., total assets minus total liabilities		Share in profit and loss		Share in other comprehensive income		Share in total comprehensive income		
	As a % to consolidated net assets	Rs. Mln.	As a % to consolidated profit and loss	Rs. Mln.	As a % to consolidated other comprehensive income	Rs. Mln.	As a % to of total comprehensive income	Rs. Mln.	
<b>4</b>	<b>Ramco Systems Sdn. Bhd., Malaysia</b>								
	Balance as at 31 March 2019	(0.91%)	(52.63)	(55.44%)	(90.80)	(0.81%)	(0.49)	(40.61%)	(91.29)
	Balance as at 31 March 2018	0.70%	38.67	(60.16%)	(67.89)	(100.16%)	10.86	(55.91%)	(57.03)
<b>5</b>	<b>RSL Enterprise Solutions (Pty) Limited, South Africa</b>								
	Balance as at 31 March 2019	0.60%	34.89	(3.25%)	(5.33)	(11.91%)	(7.26)	(5.60%)	(12.59)
	Balance as at 31 March 2018	0.86%	47.48	(46.39%)	(52.34)	0.13%	(0.01)	(51.33%)	(52.36)
<b>6</b>	<b>Ramco Systems Canada Inc., Canada</b>								
	Balance as at 31 March 2019	0.37%	21.62	4.27%	6.99	(0.08%)	(0.05)	3.09%	6.94
	Balance as at 31 March 2018	0.26%	14.68	4.25%	4.79	(3.10%)	0.34	5.03%	5.13
<b>7</b>	<b>Ramco Systems FZ-LLC, Dubai</b>								
	Balance as at 31 March 2019	7.86%	455.26	14.08%	23.05	47.08%	28.73	23.03%	51.78
	Balance as at 31 March 2018	7.28%	403.48	59.38%	67.01	(11.41%)	1.24	66.90%	68.25
<b>8</b>	<b>RSL Software Company Ltd., Sudan</b>								
	Balance as at 31 March 2019	(0.15%)	(8.58)	(6.86%)	(11.24)	15.90%	9.70	(0.68%)	(1.54)
	Balance as at 31 March 2018	(0.13%)	(7.04)	(11.54%)	(13.02)	(101.51%)	11.00	(1.98%)	(2.02)
<b>9</b>	<b>Ramco Systems Australia Pty Ltd., Australia</b>								
	Balance as at 31 March 2019	(6.57%)	(380.10)	(178.86%)	(292.95)	19.44%	11.86	(125.03%)	(281.08)
	Balance as at 31 March 2018	(1.79%)	(99.02)	(268.17%)	(302.62)	108.43%	(11.75)	(308.18%)	(314.37)
<b>10</b>	<b>Ramco Systems Inc., Philippines</b>								
	Balance as at 31 March 2019	2.84%	164.59	39.24%	64.28	12.26%	7.48	31.92%	71.76
	Balance as at 31 March 2018	1.67%	92.83	52.83%	59.62	49.14%	(5.33)	53.22%	54.29
<b>11</b>	<b>Ramco Systems (Shanghai) Co. Limited, China</b>								
	Balance as at 31 March 2019	0.20%	11.37	4.22%	6.90	(0.47%)	(0.29)	2.94%	6.62
	Balance as at 31 March 2018	0.09%	4.76	(4.61%)	(5.21)	4.13%	(0.45)	(5.54%)	(5.65)
<b>12</b>	<b>Ramco System Vietnam Company Limited, Vietnam</b>								
	Balance as at 31 March 2019	0.25%	14.48	0.12%	0.20	0.41%	0.25	0.20%	0.45
	Balance as at 31 March 2018	0.25%	14.03	(1.96%)	(2.22)	1.71%	(0.18)	(2.35%)	(2.40)
<b>13</b>	<b>PT. Ramco Systems Indonesia, Indonesia</b>								
	Balance as at 31 March 2019	0.08%	4.85	(5.13%)	(8.40)	0.84%	0.51	(3.51%)	(7.89)
	Balance as at 31 March 2018	0.23%	12.74	(2.75%)	(3.10)	4.05%	(0.44)	(3.47%)	(3.54)
<b>Non-controlling interests</b>									
	Balance as at 31 March 2019	(0.23%)	(13.32)	(3.25%)	(5.33)	-	-	(2.37%)	(5.33)
	Balance as at 31 March 2018	(0.14%)	(7.99)	(2.51%)	(2.84)	-	-	(2.78%)	(2.84)

## Ramco Systems Limited, Consolidated Financials

Name of the entity in the group	Net Assets, i.e., total assets minus total liabilities		Share in profit and loss		Share in other comprehensive income		Share in total comprehensive income		
	As a % to consolidated net assets	Rs. Mln.	As a % to consolidated profit and loss	Rs. Mln.	As a % to consolidated other comprehensive income	Rs. Mln.	As a % to of total comprehensive income	Rs. Mln.	
<b>Associate, Foreign</b>									
<b>City Works (Pty) Ltd., South Africa</b>									
	Balance as at 31 March 2019	0.22%	12.93	0.27%	0.44	-	-	0.20%	0.44
	Balance as at 31 March 2018	0.23%	12.49	1.25%	1.41	-	-	1.38%	1.41
<b>Effect of inter company eliminations / adjustments</b>									
	As at 31 March 2019	(51.73%)	(2,994.94)						
	As at 31 March 2018	(54.10%)	(3,000.26)						
<b>Total</b>	Balance as at 31 March 2019	100%	5,789.00	100%	163.78	100%	61.02	100%	224.81
	Balance as at 31 March 2018	100%	5,545.70	100%	112.85	100%	(10.84)	100%	102.01

35. Figures for the previous year have been regrouped / restated wherever necessary to make them comparable with the figures for the current year.

36. The figures in Rupees and USD have been rounded off to the million in current and previous year.

As per our report annexed  
For **M S JAGANNATHAN & N KRISHNASWAMI**  
Chartered Accountants  
Firm Registration No. 001208S

**K SRINIVASAN**  
Partner  
Membership No.:021510

**P R VENKETRAMA RAJA**  
Chairman  
**P V ABINAV RAMASUBRAMANIAM RAJA**  
Whole Time Director  
**VIRENDER AGGARWAL**  
Chief Executive Officer  
**R RAVI KULA CHANDRAN**  
Chief Financial Officer

**SOUNDARA KUMAR**  
Director

**P R KARTHIC**  
Company Secretary

Place : Chennai  
Date : 22 May 2019

**INFORMATION WITH REGARD TO SUBSIDIARY COMPANIES / ASSOCIATES**  
**FORM AOC-1** [Pursuant to section 129(3) of the Companies Act, 2013 read with Rule 5 of Companies (Accounts) Rules, 2014]  
Statement containing salient features of the financial statements of Subsidiaries and Associate Company

**Part A - Subsidiaries:**

Rs. Mln.

Name of the Subsidiary	Year	Reporting currency	Share Capital	Reserves and surplus	Total Assets	Total Liabilities (excluding Share Capital and Reserves and surplus)	Investments	Turnover	Profit/(Loss) Before Tax	Provision for Tax	Profit After Tax	Other Comprehensive Income	Total Comprehensive Income	Proposed dividend	% of shareholding	Exchange Rate used (Rs. per unit of foreign currency)	
																BS	P&L
Ramco Systems Corporation, USA	2018-19	USD	105.74	456.86	1,239.76	677.17	0.43	1,189.66	218.28	7.59	210.69	24.00	234.69	-	98%	68.78	69.19
	2017-18		105.74	222.16	804.28	476.38	0.43	904.36	111.16	-	111.16	0.33	111.49	-	-	64.49	64.15
Ramco Systems Ltd., Switzerland	2018-19	CHF	29.33	135.20	177.85	13.33	-	26.04	4.59	-	4.59	2.28	6.87	-	100%	68.61	69.70
	2017-18		29.33	128.33	171.37	13.71	-	20.22	11.90	-	11.90	8.52	20.42	-	-	67.88	65.73
Ramco Systems Sdn. Bhd, Malaysia	2018-19	MYR	18.22	(70.84)	394.68	447.31	-	338.96	(90.80)	-	(90.80)	(0.49)	(91.29)	-	100%	17.17	17.28
	2017-18		18.22	20.45	346.44	307.77	-	294.06	(67.89)	-	(67.89)	10.86	(57.03)	-	-	17.11	15.65
Ramco Systems Pte. Ltd., Singapore	2018-19	SGD	1,116.08	(1,390.09)	787.15	1,061.17	-	653.14	(257.64)	0.55	(258.19)	0.19	(257.99)	-	100%	50.48	50.80
	2017-18		1,116.08	(1,132.10)	569.02	585.05	-	423.74	(352.49)	(0.33)	(352.16)	(31.21)	(383.36)	-	-	49.14	47.05
RSL Enterprise Solutions (Pty) Ltd., South Africa	2018-19	ZAR	99.02	(64.13)	85.44	50.55	-	92.45	(5.33)	-	(5.33)	(7.26)	(12.59)	-	100%	4.62	5.02
	2017-18		99.02	(51.54)	167.48	120.00	-	146.02	(41.55)	10.79	(52.34)	(0.01)	(52.36)	-	-	5.43	4.84
Ramco Systems Canada Inc., Canada*	2018-19	CAD	0.43	21.19	37.64	16.02	-	16.56	7.83	0.84	6.99	(0.05)	6.94	-	100%	50.85	52.50
	2017-18		0.43	14.25	23.86	9.18	-	20.38	6.91	2.12	4.79	0.34	5.13	-	-	49.99	49.77
Ramco Systems FZ-LLC, Dubai	2018-19	AED	0.62	454.64	1,071.42	616.16	-	530.05	23.05	-	23.05	28.73	51.78	-	100%	18.36	18.47
	2017-18		0.62	402.86	1,007.81	604.33	-	652.34	67.01	-	67.01	1.24	68.25	-	-	17.21	17.12
RSL Software Company Ltd., Sudan	2018-19	SDG	2.08	(10.66)	4.18	12.76	-	-	(11.24)	-	(11.24)	9.70	(1.54)	-	100%	1.45	2.84
	2017-18		2.08	(9.12)	9.26	16.30	-	-	(13.02)	11.00	(2.02)	-	-	-	-	3.59	9.04
Ramco Systems Australia Pty Ltd., Australia	2018-19	AUD	526.13	(906.23)	562.70	942.80	-	450.82	(292.95)	-	(292.95)	11.86	(281.08)	-	100%	48.32	50.31
	2017-18		526.13	(625.15)	488.58	587.61	-	493.38	(302.62)	-	(302.62)	(11.75)	(314.37)	-	-	49.50	49.37
Ramco System Inc., Philippines	2018-19	PHP	17.44	147.15	620.22	465.63	-	531.58	92.99	28.71	64.28	7.48	71.76	-	100%	1.31	1.32
	2017-18		17.44	75.39	317.38	224.55	-	327.58	84.30	24.69	59.62	(5.33)	54.29	-	-	1.24	1.27
Ramco Systems (Shanghai) Co. Limited, Shanghai	2018-19	CNY	10.41	0.95	35.83	24.47	-	35.35	7.30	0.40	6.90	(0.30)	6.61	-	100%	10.18	10.28
	2017-18		10.41	(5.65)	14.34	9.58	-	5.15	(5.21)	-	(5.21)	(0.45)	(5.65)	-	-	10.22	9.61
Ramco System Vietnam Company Limited, Vietnam	2018-19	VND	16.44	(1.95)	19.38	4.90	-	4.22	0.20	-	0.20	0.25	0.45	-	100%	0.0030	0.0031
	2017-18		16.44	(2.40)	16.61	2.57	-	-	(2.22)	-	(2.22)	(0.18)	(2.40)	-	-	0.0029	0.0028
PT. Ramco Systems Indonesia, Indonesia	2018-19	IDR	16.28	(11.43)	19.74	14.89	-	13.82	(8.40)	-	(8.40)	0.51	(7.89)	-	100%	0.0049	0.0049
	2017-18		16.28	(3.54)	19.23	6.49	-	-	(3.10)	-	(3.10)	(0.44)	(3.54)	-	-	0.0047	0.0048

\* 100% subsidiary of Ramco Systems Corporation, USA

**Part B - Associate Company:**

Name of the Associate	Latest audited Balance Sheet Date	Shares of Associate held by the Group on the year end		Description on how there is significant influence	Reason why the associate is not consolidated	As per the latest unaudited Balance Sheet as at Feb 28, 2019		Considered in consolidation	Not considered in consolidation
		No. of Shares	Amount of investment			Extent of Holding %	Profit / Loss for the year		
City Works (Pty.) Ltd., South Africa	Feb 28, 2018	600	0.003	30%	By virtue of Share Holding	Not Applicable	12.94	0.44	1.04

As per our report annexed  
**For M S JAGANNATHAN & N KRISHNASWAMI**  
Chartered Accountants  
Firm Registration No. 001208S  
**K SRINIVASAN**  
Partner  
Membership No.:021510

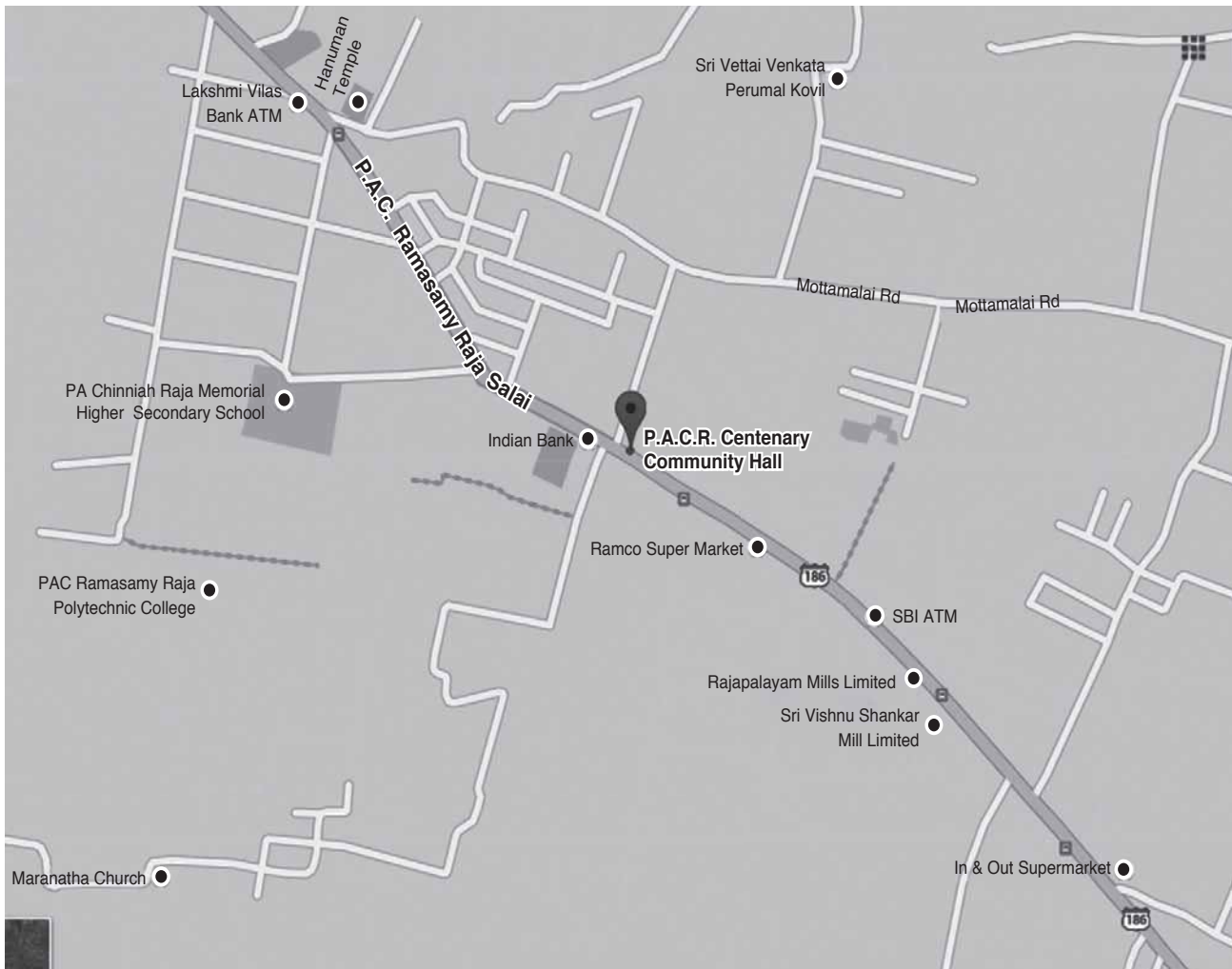
**P R VENKETRAMA RAJA**  
Chairman  
**P V ABINAV RAMASUBRAMANIAM RAJA**  
Whole Time Director  
**VIRENDER AGGARWAL**  
Chief Executive Officer  
**R RAVI KULA CHANDRAN**  
Chief Financial Officer

**SOUNDARA KUMAR**  
Director  
**P R KARTHIC**  
Company Secretary  
Place : Chennai  
Date : 22 May 2019

# Ramco Systems Limited, INDIA

## Map Showing location of venue of 22<sup>nd</sup> Annual General Meeting

Venue Address : P.A.C.R. Centenary Community Hall, Sudarsan Gardens, P.A.C. Ramasamy Raja Salai, Rajapalayam - 626 108, TN



Land Mark: Near Indian Bank

Distance from Rajapalayam Bus Stand : 3.5 KM

Distance from Rajapalayam Railway Station : 3.9 KM

## RAMCO SYSTEMS LIMITED

REGISTERED OFFICE: 47, P S K NAGAR, RAJAPALAYAM - 626 108.

CORPORATE OFFICE: 64, SARDAR PATEL ROAD, TARAMANI, CHENNAI - 600 113.

CIN: L72300TN1997PLC037550, E-MAIL : investorcomplaints@ramco.com

WEBSITE: www.ramco.com

PHONE: +91 44 2235 4510 / 6653 4000, Fax : +91 44 2235 2884

ramco

### NOTICE TO THE MEMBERS

**NOTICE** is hereby given that the Twenty Second Annual General Meeting of the Members of Ramco Systems Limited, will be held on Thursday, the 8<sup>th</sup> August 2019 at 11.45 A.M. at P.A.C.R. Centenary Community Hall, Sudarsan Gardens, P.A.C. Ramasamy Raja Salai, Rajapalayam - 626 108 to transact the following business:

#### ORDINARY BUSINESS:

1. To consider and pass the following Resolution, as an **ORDINARY RESOLUTION**:

“**RESOLVED THAT** the Board’s Report and the Company’s Separate (Standalone) and Consolidated Audited Financial Statements for the year ended 31<sup>st</sup> March 2019, and the Auditors’ Reports thereon be and are hereby considered and adopted”.

2. To consider and pass the following Resolution, as an **ORDINARY RESOLUTION**:

“**RESOLVED THAT** Shri P R Venketrana Raja (DIN:00331406), who retires by rotation be and is hereby reappointed as a Director of the Company”.

#### SPECIAL BUSINESS:

3. To consider and pass the following resolution as an **ORDINARY RESOLUTION**:

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152, Schedule IV and other applicable provisions of the Companies Act, 2013 (the Act) read with the Companies (Appointment and Qualification of Directors) Rules, 2014, Justice Shri P P S Janarthana Raja (Retd.) (DIN:06702871), appointed by the Board of Directors in the category of Independent Director as an Additional Director on 29<sup>th</sup> August 2018 pursuant to the provisions of Section 161 of the Companies Act, 2013 and the Articles of Association of the Company and who holds office up to the date of the Twenty Second Annual General Meeting, in respect of whom the Company has received a notice in writing under Section 160(1) of the Act from a Member proposing his candidature for the office of Director and who is eligible for appointment, be and is hereby appointed as a Director of the Company, under Independent Director category for a period of five (5) consecutive years from the date of his appointment, viz., 29<sup>th</sup> August 2018 ”.

4. To consider and pass the following resolution as an **ORDINARY RESOLUTION**:

“**RESOLVED THAT** pursuant to the provisions of Section 152, 161 and other applicable provisions of the Companies Act, 2013 (the Act) and the Rules made thereunder, Shri Sankar Krishnan (DIN:01597033), who was co-opted by the Board of Directors as an Additional Director in the category of Non-Executive Non-Independent Director with effect from 22<sup>nd</sup> May 2019, and who holds such office upto the date of the Twenty Second Annual General Meeting, in respect of whom the Company has received a notice in writing under Section 160(1) of the Act from a Member proposing his candidature for the office of Director and who is eligible for appointment, be and is hereby appointed as a Non-Executive Non-Independent Director, liable to retire by rotation.”

5. To consider and pass the following resolution as a **SPECIAL RESOLUTION**:

“**RESOLVED THAT** pursuant to Section 149, 152 read with Schedule IV and such other provisions as applicable, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014, Smt. Soundara Kumar (DIN:01974515), Independent Director of the Company, whose term ends on 26<sup>th</sup> March 2020 be reappointed as Independent Director for another term of five (5) consecutive years starting from 27<sup>th</sup> March 2020 to 26<sup>th</sup> March 2025”.

By Order of the Board,  
**For RAMCO SYSTEMS LIMITED**

Place : Chennai  
Date : 22<sup>nd</sup> May 2019

**P R VENKETRAMA RAJA**  
CHAIRMAN



# Ramco Systems Limited, INDIA

## NOTES:

1. Statement pursuant to Section 102 of the Companies Act, 2013, setting out the material facts concerning each item of Special Business is annexed hereto. Information in respect of the Director seeking re-election as required to be disclosed under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is included in the statement.
2. **A Member entitled to attend at the meeting is entitled to appoint a Proxy to attend instead of himself and the Proxy need not be a Member of the Company. A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. Proxy Form is enclosed. Proxies in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting. Proxies submitted on behalf of the Companies, societies, etc., must be supported by an appropriate resolution/authority, as applicable.**
3. The requirement to place the matter relating to appointment of Auditors for ratification by members at every Annual General Meeting has been done away with vide notification dated 7<sup>th</sup> May 2018 issued by the Ministry of Corporate Affairs, New Delhi. Accordingly, no resolution is proposed for ratification of appointment of M/s.M.S.Jagannathan & N.Krishnaswami, Chartered Accountants, who were appointed as Auditors for a period of five (5) years in the 20<sup>th</sup> Annual General Meeting held on 4<sup>th</sup> August 2017.
4. Electronic copy of the Notice for the Annual General Meeting and the Annual Report for 2018-19 are being sent to all the Members whose e-mail ids are registered with the Company / Depository Participant(s). Physical copy of the Notice together with the Annual Report are being sent in permitted mode, to Members for whom the e-mail ids are not available and who have requested for physical copies. The Notice and the Annual Report are also available on the Company's website – [www.ramco.com](http://www.ramco.com) for their download.
5. Under Rule 18 of Companies (Management and Administration) Rules, 2014 Members holding shares in electronic mode who have not got their e-mail addresses updated with the Depository Participants are requested to update their e-mail address and any changes therein. Members holding shares in physical mode are requested to update their e-mail address, quoting their Folio Number, to our Registrar and Share Transfer Agent, viz., Cameo Corporate Services Limited, (Unit: Ramco Systems Limited), by writing to them at 'Subramanian Building', No.1, Club House Road, Chennai 600 002, or by e-mail to [investor@cameoindia.com](mailto:investor@cameoindia.com).
6. Members who are holding shares in identical order of names in more than one account are requested to intimate to the Company, the ledger folio of such accounts together with the share certificate(s) to enable the Company to consolidate all the holdings into one account. The share certificate(s) will be returned to the members after necessary endorsements.
7. A route map with prominent landmark for easy location of the venue of the meeting is given in Page No.192 as per the requirement of Clause No: 1.2.4 of the Secretarial Standard-2 on "General Meetings".
8. Voting through electronic means
  - I. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, the Company is providing remote e-voting facility through the e-voting platform provided by Central Depository Services (India) Limited (CDSL) to enable members to exercise to their right to vote at the 22<sup>nd</sup> Annual General Meeting by electronic means and the business may be transacted through such voting.
  - II. The facility for voting, either through electronic voting system or ballot or polling paper shall also be made available at the meeting and members attending the meeting who have not already cast their vote by remote e-voting shall be able to exercise their right at the meeting.
  - III. The members who have cast their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.

The instructions for e-voting are as under:

    - (i) The remote e-voting period begins at 9.00 a.m. on Monday, the 5<sup>th</sup> August 2019 and ends at 5.00 p.m. on Wednesday, the 7<sup>th</sup> August 2019. During this period, Members of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date viz., Thursday, 1<sup>st</sup> August 2019, may cast their vote electronically. The remote e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution cast by the shareholder, the shareholder shall not be allowed to change it subsequently.

- (ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
- (iii) Click on Shareholders
- (iv) Now enter your User ID
  - a. For CDSL: 16 digits beneficiary ID
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login
- (vi) If you are holding shares in Demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any Company, then your existing password is to be used. If you are a first time user follow the steps given in points (vii) and (viii).
- (vii) Fill up the following details in the appropriate boxes:

<b>For Members holding shares in Demat Form and Physical Form</b>	
PAN	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)-</p> <ul style="list-style-type: none"> <li>• Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</li> <li>• In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li> </ul>
Dividend Bank Details <b>OR</b> Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> <li>• If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).</li> </ul>

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for Ramco Systems Limited.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolutions.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

## Ramco Systems Limited, INDIA

- (xvii) If Demat account holder has forgotten the changed password then Enter the User ID and Captcha Code click on Forgot Password & enter the details as prompted by the system.
- (xviii) Shareholders can also cast their vote using CDSL's mobile app m-voting available for android based mobiles. The m-voting app can be downloaded from Google Play Store. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xix) Additional instructions for non-individual shareholders and custodians  
Non-individual shareholders (i.e. other than individuals, HUF, NRI etc.) and custodians voting for the first time are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as corporates. Corporates and custodians already registered with CDSL should use their existing login details.
  - a) After registering online, scanned copy of the registration form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - b) The admin login details will be sent by CDSL. After receiving these details, create a compliance user. The compliance user would be able to link the account(s) for which they wish to vote on.  
The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - c) A scanned copy of the Board Resolution and Power of Attorney which they have issued in favour of the custodian/ authorized person, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

- IV. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- V. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on 1<sup>st</sup> August 2019.
  - I. Shri K Srinivasan, Chartered Accountant (Membership No:21510), Partner, M/s. M.S.Jagannathan & N.Krishnaswami, Chartered Accountants has been appointed as the Scrutiniser to scrutinise the remote e-voting process and ballot process at the AGM, in a fair and transparent manner.
  - II. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting, with the assistance of scrutiniser, by use of ballot or polling paper or by using an electronic voting system for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
  - III. The scrutiniser shall, immediately after the conclusion of voting at the AGM, first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and make, not later than forty eight hours of the conclusion of the meeting, a consolidated scrutiniser's report of the total votes cast in favour or against, if any, to the Chairman or any Director or Chief Executive Officer or Chief Financial Officer or Company Secretary who shall countersign the same and shall declare the consolidated result of the remote e-voting and ballot process at the AGM.
- VI. The Results declared along with the report of the scrutiniser shall be placed on the website of the Company [www.ramco.com](http://www.ramco.com) and on the website of CDSL immediately after the declaration of result by the Chairman or a person authorised by him in writing. The results shall also be displayed on the notice-board at the registered office and immediately forwarded to the stock exchanges where the Company's shares are listed.

By Order of the Board,  
**For RAMCO SYSTEMS LIMITED**

**P R VENKETRAMA RAJA**  
CHAIRMAN

Place : Chennai  
Date : 22<sup>nd</sup> May 2019

## STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

The following Statement sets out all material facts relating to the Special Business mentioned in the accompanying Notice:

### Item No. 3

The Board of Directors, based on the recommendation of Nomination and Remuneration Committee had appointed Justice Shri P P S Janarthana Raja (Retd.) (DIN:06702871) as an Additional Director on 29<sup>th</sup> August 2018, under Non-Executive Independent Director category.

Justice Shri P P S Janarthana Raja (Retd.), a graduate in Law from the Madras Law College, had been in active practice mainly on the Taxation matters for the past four decades from 1977. He was appointed as an Additional Judge of High Court of Madras during December, 2005 and had become a Permanent Judge of the High Court from April, 2007. After a term of seven (7) years as High Court Judge, he retired on 21<sup>st</sup> January 2013.

In terms of Section 161(1) of the Companies Act, 2013, Justice Shri P P S Janarthana Raja (Retd.) holds office as Additional Director up to the date of this Annual General Meeting.

Justice Shri P P S Janarthana Raja (Retd.), 68 years is proposed to be appointed as an Independent Director for five (5) consecutive years from the date of his appointment i.e., 29<sup>th</sup> August 2018. He has furnished a declaration pursuant to section 149(6) of the Companies Act, 2013 that he meets the criteria of independence and is hence eligible for appointment as an Independent Director. In the opinion of the Board, Justice Shri P P S Janarthana Raja (Retd.) fulfils the conditions specified in the Act and the Rules made thereunder and he is independent of the Management.

The Board of Directors is of the opinion that his vast knowledge and experience will be of great value to the Company and hence recommends the Resolution for your approval.

He is also the Member of Audit Committee, Stakeholders' Relationship Committee and Nomination and Remuneration Committee of the Company.

He is also a Director in the following other Companies:-

Sl. No.	Names of the Entities	Nature of Interest	Sl. No.	Names of the Entities	Nature of Interest
1.	Muthialpet Higher Secondary School	Director	3.	The Ramaraju Surgical Cotton Mills Limited	Director
2.	Rajapalayam Mills Limited	Director			

He is also a Member in the following Committees of other Companies:-

Sl. No	Name of the Company	Name of the Committee	Position Held
1.	Rajapalayam Mills Limited	Audit Committee	Chairperson
		Nomination & Remuneration Committee	Chairperson
		Corporate Social Responsibility Committee	Member
		Stakeholders Relationship Committee	Member
2.	The Ramaraju Surgical Cotton Mills Limited	Audit Committee	Chairperson

He does not hold any shares in the Company.

A copy of the letter of appointment issued to Justice Shri P P S Janarthana Raja (Retd.) would be available for inspection without any fee by the Members at the Registered Office of the Company during normal business hours on any working day.

### Disclosure of Interest:

Except Justice Shri P P S Janarthana Raja (Retd.), being the appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested financially or otherwise in the Resolution. The Notice together with this statement may be regarded as a disclosure under Regulation 36(3) of LODR.

# Ramco Systems Limited, INDIA

## Item No.4

The members, at the Twenty First Annual General Meeting held on 3<sup>rd</sup> August 2018, approved the appointment of Shri Sankar Krishnan (DIN:01597033) as an Independent Director for a tenure of five (5) consecutive years from 11<sup>th</sup> May 2018.

The Company had received a letter dated 22<sup>nd</sup> May 2019 from Shri Sankar Krishnan informing that he had been engaged by The Ramco Cements Limited (TRCL) as an Advisor in his professional capacity and that the fees payable by TRCL to him for the financial year 2019-20 may exceed 10% of his total income for the said financial year.

The Company is an associate of TRCL, which holds 17.71% of shares and which is part of the Promoter Group.

Thus, as per Section 149(6) of the Companies Act, 2013 read with Regulation 16(1)(b) of SEBI (LODR) Regulations, 2015, on account of his above specified pecuniary relationship with TRCL, his status as an Independent Director was affected. Hence, he ceased to be an Independent Director with effect from 22<sup>nd</sup> May 2019.

Considering his expertise and contribution to the Company and his possession of skill sets that would be required for the Board of Directors, the Nomination and Remuneration Committee and the Board of Directors felt that his continuity in the Board would be in the best interests of the Company. Hence, he was re-categorised and appointed as an Additional Director, in the category of Non-Executive Non-Independent Director with effect from 22<sup>nd</sup> May 2019. Since, as an Additional Director he will be holding office only till the Twenty Second Annual General Meeting, he is being recommended for appointment as a Non-Executive Non-Independent Director, liable to retire by rotation.

Shri Sankar Krishnan, 51 years, is a B.Tech, Computer Science and Engineering from the College of Engineering, Trivandrum and an MBA from the Indian Institute of Management – Ahmedabad. He is an ex-partner of McKinsey & Company, who led McKinsey's healthcare practice, initially in India, and then in Greater China. During his 14 years at McKinsey, he focused on healthcare, serving a variety of multinational and local pharmaceutical companies, government and quasi-government bodies, hospital chains and health insurance companies across India, China, Israel and West Asia and South East Asia. His primary areas of expertise include organisational and leadership development, sales and marketing and operations. He left McKinsey in July 2006, to set up as an independent consultant in the not-for-profit sector in Asia. He was also the Pro Vice Chancellor of Ashoka University, Sonapat.

He is also a Director in the following other Companies:-

Sl. No.	Names of the Entities	Nature of Interest	Sl. No.	Names of the Entities	Nature of Interest
1.	Shri Harini Media Limited	Director	2.	Simprints Technology Limited, United Kingdom	Director

He is the Member of Audit Committee and Nomination and Remuneration Committee of the Company.

He is also a Member in the following Committees of other Companies:-

Sl. No.	Name of the Company	Name of the Committee	Position Held
1.	Shri Harini Media Limited	Audit Committee	Member
		Nomination & Remuneration Committee	Member
		Compensation Committee	Member

He does not hold any shares in the Company.

## Disclosure of Interest:

Except Shri Sankar Krishnan, being the appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested financially or otherwise in the Resolution. The Notice together with this statement may be regarded as a disclosure under Regulation 36(3) of LODR.

## Item No.5

Smt. Soundara Kumar (DIN:01974515) is a Non-Executive Independent Director of the Company.

At the Annual General Meeting held on 6<sup>th</sup> August 2015, Smt. Soundara Kumar was appointed as Independent Director of the Company, for a period of five (5) consecutive years from 27<sup>th</sup> March 2015 to 26<sup>th</sup> March 2020. In accordance with Section 149(10) of the Companies Act, 2013, she is eligible for reappointment upon passing of a Special Resolution at the General Meeting of the Company.

In accordance with Regulation 17(10) of LODR and Schedule IV of the Companies Act, 2013, the Board of Directors have evaluated the performance of Smt. Soundara Kumar, as an Independent Director and found the same to be satisfactory and her contributions to the deliberations were beneficial in Board / Committee Meetings.

In accordance with Part D(A)(5) of Schedule II, read with Regulation 19(4) of LODR and on the basis of Performance Evaluation of Independent Directors, the Nomination and Remuneration Committee at its meeting held on 22<sup>nd</sup> May 2019 had recommended to extend the term of office of Smt. Soundara Kumar by reappointing her for another period of five (5) years from 27<sup>th</sup> March 2020 to 26<sup>th</sup> March 2025.

In accordance with Proviso to Section 152(5) of the Companies Act, 2013, the Board of Directors have also formed an opinion that Smt. Soundara Kumar fulfils the conditions specified in the Companies Act, 2013 for such reappointment.

Smt. Soundara Kumar is eligible for sitting fee for attending Board / Committee Meetings and Meeting of Independent Directors as applicable to the Directors from time to time. Her reappointment and remuneration is in accordance with Nomination and Remuneration Policy of the Company.

Her reappointment has been included as Special Resolution and the Board of Directors recommend her reappointment.

Her Profile in brief is given below:-

Smt. Soundara Kumar, 64 years, holds a bachelor's degree in science and is a Certified Associate of the Indian Institute of Banking and Finance (CAIIB), she joined the State Bank of India as a Direct Recruit Officer and had worked for 39 years as officer in State Bank of India from 1975 to 2014 with various responsibilities including managing Bank's business while ensuring smooth merger with State Bank of India. She served as the Managing Director of State Bank of Indore from 2008 to 2010 and also served as Deputy Managing Director and Group Executive of Stressed Assets Management of State Bank of India. She headed Wholesale Banking Credit Committee at Corporate Centre, for over three years, evaluating high-value commercial credit proposals including project finance for infrastructure. She also headed Credit Committees at State Bank of Indore, SBI Bangalore Circle served on the Boards of SIDBI Ventures, SBICI (State Bank of India Commercial and International Bank Ltd.) and CERSAI (Central Registry of Securitization Asset Reconstruction and Securities Interest). She was a permanent member of Corporate Centre Investment Committee and Credit Policies and Procedures Committee.

She has been on the Board of Ramco Systems Limited since 27<sup>th</sup> March 2015.

She is also the Chairperson of Audit Committee of the Company.

She is also a Director in the following other Companies:-

Sl. No.	Names of the Entities	Nature of Interest	Sl. No.	Names of the Entities	Nature of Interest
1.	Rajapalayam Mills Limited	Director	5.	Sundaram Trustee Company Limited	Director
2.	Tamilnadu Newsprint & Papers Limited	Director	6.	Orchid Pharma Limited	Nominee Director
3.	Bank of Baroda	Shareholder Director	7.	Sundaram BNP Paribas Fund Services Limited	Director
4.	Shanthi Gears Limited	Director			

She is also a Member in the following Committees of other Companies:-

Sl. No.	Name of the Company	Name of the Committee	Position Held
1.	Shanthi Gears Limited	Audit Committee	Chairperson
2.	Sundaram Trustee Company Limited	Audit Committee	Member
3.	Sundaram BNP Paribas Fund Services Limited	Audit Committee	Member
		Nomination & Remuneration Committee	Chairperson
4.	Tamilnadu Newsprint & Papers Limited	Audit Committee	Member
		Nomination & Remuneration Committee	Member

She does not hold any shares in the Company.

## Ramco Systems Limited, INDIA

The draft letter of reappointment for Smt. Soundara Kumar as an Independent Director, setting out the terms and conditions is available for inspection without any fee by the Members at the Registered Office of the Company during normal business hours on any working day upto the date of the Annual General Meeting.

### Disclosure of Interest:

Except Smt. Soundara Kumar, being the appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested financially or otherwise in the Resolution. The Notice together with this statement may be regarded as a disclosure under Regulation 36(3) of LODR.

### ADDITIONAL INFORMATION ON DIRECTOR SEEKING RE-ELECTION AT THE ANNUAL GENERAL MEETING:

As per the provisions of Section 152 of the Companies Act, 2013, Shri P R Venketrama Raja, Director (DIN:00331406), Director, retires by rotation and is seeking re-election at the ensuing Annual General Meeting.

Shri P R Venketrama Raja, 60 years, has a Bachelor's Degree in Chemical Engineering from University of Madras and Masters in Business Administration from University of Michigan, USA in 1983. He has been on the Board of Ramco Systems Limited since 1997. He has more than 3 decades of Industrial Experience with specific knowledge in sectors like Information Technology, Cement and Textiles. His line of experience has been in the overall managerial area. He is a Member on the Board of several companies of well diversified Ramco Group including The Ramco Cements Limited. Shri P R Venketrama Raja holds 33,53,366 shares in the Company.

He is also a Director in the following other Companies:-

Sl. No.	Names of the Entities	Nature of Interest	Sl. No.	Names of the Entities	Nature of Interest
1.	The Ramco Cements Limited	Chairman & Managing Director	14.	Ramamandiram Management Consultancy Private Limited	Director
2.	Ramco Industries Limited	Chairman	15.	Ramco Management Private Limited	Director
3.	Rajapalayam Mills Limited	Chairman	16.	Rajapalayam Chamber of Commerce and Industry	Director
4.	The Ramaraju Surgical Cotton Mills Limited	Director	17.	Sri Ramco Lanka (Private) Limited, Sri Lanka	Director
5.	Sri Vishnu Shankar Mills Limited	Director	18.	Sri Ramco Roofings Lanka Private Limited, Sri Lanka	Director
6.	Sandhya Spinning Mill Limited	Director	19.	Ramco Systems Corporation, USA	Director
7.	Sri Sandhya Farms (India) Pvt. Limited	Director	20.	Ramco Systems Ltd., Switzerland	Director
8.	Ramamandiram Agricultural Estate Private Ltd.	Director	21.	Ramco Systems Sdn Bhd., Malaysia	Director
9.	Lynks Logistics Limited	Director	22.	Ramco Systems Pte. Ltd., Singapore	Director
10.	RCDC Securities and Investments Private Limited	Director	23.	RSL Enterprise Solutions (Pty) Limited, South Africa	Director
11.	Ram Sandhya Farms Private Limited	Director	24.	Ramco Systems Canada Inc., Canada	Director
12.	Rajapalayam Textile Limited	Director	25.	Ramco Systems FZ-LLC, Dubai	Director
13.	Nirmala Shankar Farms & Estates Private Limited	Director	26.	Ramco Systems Australia Pty Limited, Australia	Director

Shri P R Venketrama Raja is a Member in the following Committees of the Board.

SI. No.	Name of the Company	Name of the Committee	Position
1.	The Ramco Cements Limited	Audit Committee	Member
		Stakeholders Relationship Committee	Member
		Corporate Social Responsibility Committee	Member
		Risk Management Committee	Member
		Nomination and Remuneration Committee	Member
2.	Ramco Industries Limited	Audit Committee	Member
		Stakeholders Relationship Committee	Chairperson
		Corporate Social Responsibility Committee	Chairperson
		Risk Management Committee	Chairperson
3.	Ramco Systems Limited	Stakeholders' Relationship Committee	Chairperson
		Corporate Social Responsibility Committee	Chairperson
		Allotment Committee	Member
		Fund Raising Committee	Member
4.	Rajapalayam Mills Limited	Stakeholders Relationship Committee	Chairperson
		Corporate Social Responsibility Committee	Chairperson
5.	The Ramaraju Surgical Cotton Mills Limited	Stakeholders Relationship Committee	Chairperson
		Corporate Social Responsibility Committee	Chairperson
6.	Sandhya Spinning Mill Limited	Corporate Social Responsibility Committee	Chairperson
7.	Sri Vishnu Shankar Mills Limited	Corporate Social Responsibility Committee	Chairperson
		Share Transfer Committee	Chairperson

**Disclosure of Interest:**

Except Shri P R Venketrama Raja as an appointee and Shri P V Abinav Ramasubramaniam Raja as his relative, none of the other Directors and Key Managerial Personnel of the Company are concerned or interested financially or otherwise in the Resolution. The Notice together with this statement may be regarded as a disclosure under Regulation 36(3) of LODR.

By Order of the Board,  
For **RAMCO SYSTEMS LIMITED**

Place : Chennai  
Date : 22<sup>nd</sup> May 2019

**P R VENKETRAMA RAJA**  
CHAIRMAN



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**RAMCO SYSTEMS LIMITED**

REGISTERED OFFICE: 47, P.S.K NAGAR, RAJAPALAYAM - 626 108.  
CORPORATE OFFICE: 64, SARDAR PATEL ROAD, TARAMANI, CHENNAI - 600 113.  
CIN: L72300TN1997PLC037550, E-MAIL: investorcomplaints@ramco.com  
WEBSITE: www.ramco.com  
PHONE: +91 44 2235 4510 / 6653 4000, Fax: +91 44 2235 2884



**ATTENDANCE SLIP**

(To be handed over at the entrance of the Meeting Hall)

DP ID : Folio No. :  
Client ID : No. of shares :  
Name and address of the Member/Proxy\*:

I/We hereby record my/our presence at the 22<sup>nd</sup> Annual General Meeting of the Company held on Thursday, the 8<sup>th</sup> August 2019 at 11.45 A.M at P.A.C.R. Centenary Community Hall, Sudarsan Gardens, P.A.C. Ramasamy Raja Salai, Rajapalayam – 626 108.

.....  
Signature of Member / Proxy Attending

\*(To be filled in, if the proxy attends instead of the Member)

Note: Members and their proxies would be allowed to attend the meeting on production of this slip duly completed and signed. Duplicate attendance slips will not be issued at the venue of the meeting.

**PROXY FORM**

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member(s) : .....  
Registered address : .....  
E-mail ID : .....  
Folio No/DP ID - Client ID : .....

I/We, being the Member(s) holding ..... shares of the above named Company, hereby appoint

- 1. Name : ..... Address : .....  
E-mail Id : ..... Signature: ....., or failing him
- 2. Name : ..... Address : .....  
E-mail Id : ..... Signature: ....., or failing him
- 3. Name : ..... Address : .....  
E-mail Id : ..... Signature: .....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 22<sup>nd</sup> Annual General Meeting of the Company, to be held on Thursday, the 8<sup>th</sup> August 2019 at 11.45 A.M. at P.A.C.R. Centenary Community Hall, Sudarsan Gardens, P.A.C. Ramasamy Raja Salai, Rajapalayam - 626 108, Tamil Nadu and at any adjournment thereof in respect of such resolutions as are indicated overleaf:

Signed this ..... day of .....2019.  
Signature of Shareholder .....  
Signature of Proxy holder(s) .....  
Member's Signature .....



**Note: A Member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote instead of himself and the Proxy need not be a Member of the Company. The instrument appointing a Proxy must be received at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting.**

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<b>Resolution No</b>	<b>Resolutions</b>
<b>Ordinary Business</b>	
1.	Adoption of Audited Financial Statements for the year ended 31 <sup>st</sup> March 2019.
2.	Appointment of Shri P R Venketrama Raja (DIN:00331406), a Director retiring by rotation.
<b>Special Business</b>	
3.	Appointment of Justice Shri P P S Janarthana Raja (Retd.) (DIN:06702871), as an Independent Director of the Company.
4.	Appointment of Shri Sankar Krishnan (DIN:01597033), as Non-Executive Non-Independent Director of the Company.
5.	Reappointment of Smt. Soundara Kumar (DIN:01974515), as an Independent Director of the Company.



## Notes

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## Overseas Locations

### North America

#### USA

Ramco Systems Corporation  
136, Main Street (Forrestal Village)  
Suite 305  
Princeton, NJ 08540  
Tel: +1 609 620 4800  
Fax: +1 609 620 4860  
Toll Free: +1 800 472 6261

#### Canada

Ramco Systems Canada Inc.  
25<sup>th</sup> Floor, 666 Burrard Street  
Vancouver, BC V6C 2X8

#### Europe

##### Switzerland

Ramco Systems Limited  
Dorfplatz 3  
CH - 4418 Reigoldswil  
Tel: +41 (0)61 205 25 25  
Fax: +41 (0)61 205 25 90

##### United Kingdom

Ramco Systems Limited  
120 Dorset House  
Regent Park  
297-299 Kingston Road  
Leatherhead  
Surrey KT227PL  
Tel: +44-01372824774

##### Germany

Ramco Systems Limited  
Lyoner Strasse 14 60528  
Frankfurt am Main  
Tel: +49 069 6655 4485  
Fax : +49 069 6655 4100

### ANZ

#### Australia

Ramco Systems Australia Pty Ltd  
Suite 7, Level 8, 99 York Street  
Sydney NSW 2000  
Tel: +61 2 90898933

Ramco Systems Australia Pty Ltd  
Level 17, 60 City Road  
Southbank, Melbourne VIC 3006  
Tel: +61 42 8816170

#### New Zealand

Ramco Systems Australia Pty Ltd  
92 Albert Street, Level 13  
Auckland Central, Auckland 1010

### Middle East

#### Dubai

Ramco Systems Limited  
Suite 205, 2nd Floor, BT Building  
EIB-4, Dubai Internet City  
PO Box 500235  
Dubai - U.A.E  
Tel : +971 4 3636784  
Fax : +971 4 3636785

### Dubai

Ramco Systems FZ-LLC  
Suite No.210, 2<sup>nd</sup> Floor, BT Building  
EIB 04, Dubai Internet City  
P O Box : 500189  
Dubai – U.A.E  
Tel : + 971 4 3636784  
Fax : + 971 4 3636785

### Africa

#### South Africa

RSL Enterprise Solutions (Pty) Limited  
No 5, Walnut Road  
2<sup>nd</sup> Floor, SmartXchange Building  
PO No.1228, Durban-4000  
Tel: +27 31 304 0911, 0918, 0928  
Fax: +27 31 304 3499

#### North Africa

RSL Software Company Limited  
House number 306, Second Floor  
Block 21, Riyadh, Khartoum, Sudan

### ASEAN

#### Malaysia

Ramco Systems Sdn. Bhd.  
3B-5-3 Block 3B Level 5  
Plaza Sentral  
Jalan Stesen Sentral 5  
Kuala Lumpur - 50470  
Tel : +603 2260 3978  
Fax : +603 2260 1978

#### Singapore

Ramco Systems Pte Ltd.  
79 Anson Road, #15-04/05  
Singapore - 079906  
Tel : +65 6743 1513  
Fax : +65 6743 1514

#### Hong Kong

Ramco Systems Pte Ltd.  
#761, 7/F, 181 Queen's Road Central  
Tel +852 3511 6000

#### Philippines

Ramco System Inc  
17<sup>th</sup> Floor, BDO Equitable Tower  
8751 Paseo de Roxas  
Makati, 1227 Metro Manila  
Tel : +63 2 310 1716

### China

Ramco Systems (Shanghai) Co. Ltd.  
Unit No.336, Suite B, Floor 3  
No.99, Gongping Road  
Hongkou District  
Shanghai

### Indonesia

PT Ramco Systems Indonesia  
The Executive Center  
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