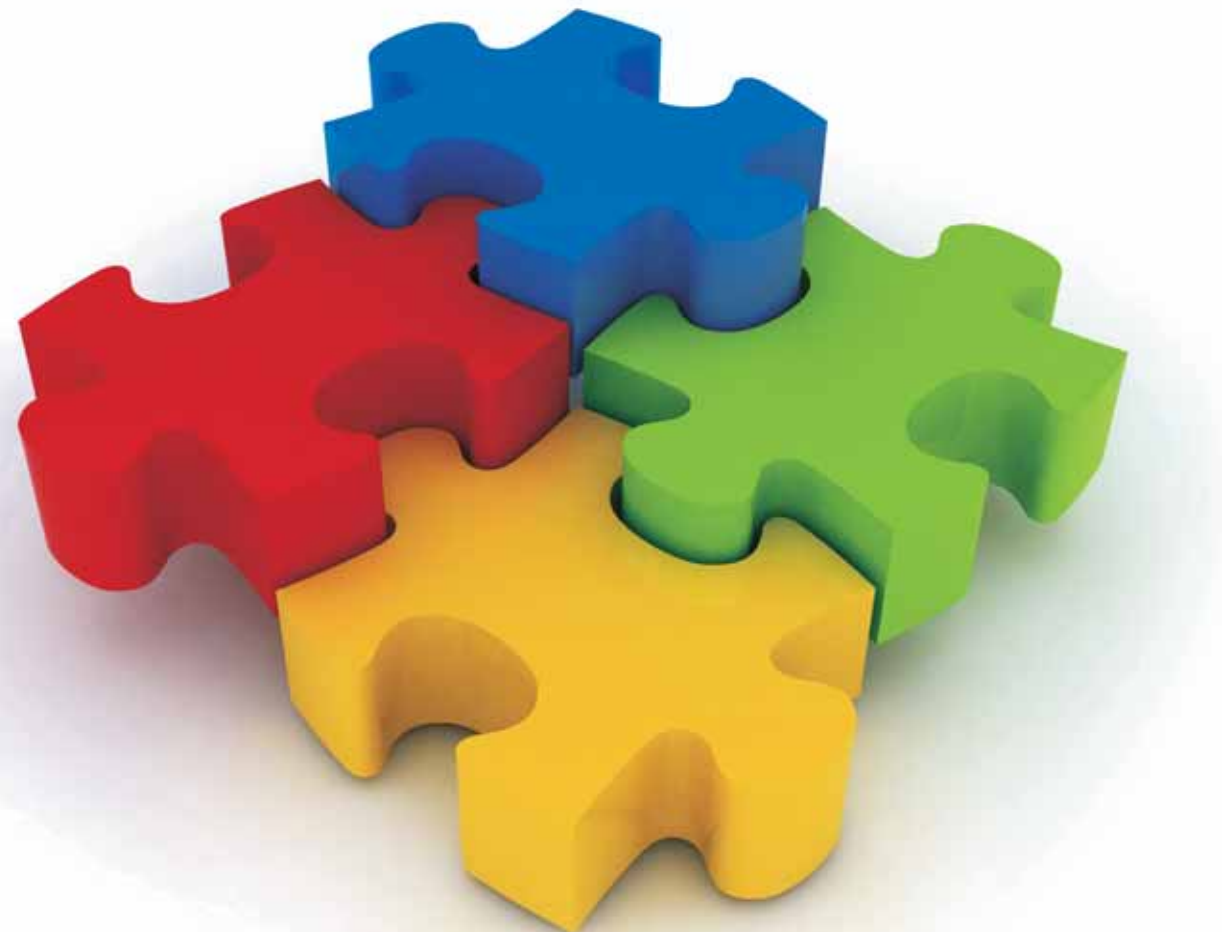


Co-creating Value



annual report
2008-09

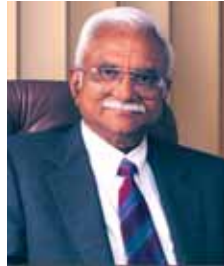
Contents

Ramco Systems Limited, India

Letter to Shareholders	2
Corporate Theme	4
Director's Report	7
Report on Corporate Governance	16
General Shareholder Information	26
Management Discussion and Analysis	31
Auditor's Report	33
Accounts	36
GLOBAL CONSOLIDATED FINANCIAL STATEMENTS UNDER AS-21.....	58



Letter to Shareholders



P.R. Ramasubrahmaneya Rajha
Chairman



P.R. Venketrama Raja
Vice Chairman, Managing Director and CEO

Dear Shareholders,

The year 2008-2009 was quite eventful for Ramco Systems. Your company saw opportunities in the adversity and has been able to show impressive performance in many quarters. This was made possible because we were able to aptly capitalize on our technology and products' maturity level, and thus increase productivity and rationalize costs. It is to be noted that the policies and measures undertaken during the year are not only going to help us in the near-term, but also pave way for a bright future.

We are more committed than ever to create enduring value for our customers. In fact the transformation exercise undertaken by your company will further help us deliver the most advanced products and services to our customers 'on demand'.

Ramco has the advantage of being one of the few companies globally who can provide large, complex solutions and yet offer standard, basic packages, all delivered on the most appropriate models, as best suited for customers. Our years of efforts on VirtualWorks have helped us achieve this break through, and be a pioneer in delivering software through multiple delivery models. Today many global clients and industry influencers have commended the success of our business models and recognized our delivery capabilities. This is testimony to our technology, flexibility of our business models and our disciplined execution.

Our Ramco OnDemand ERP, launched last year, has achieved several milestones. In a short period of time, we have acquired 2000 users, and the rate of acquisition is expected to exponentially accelerate in the coming years. Our investment in this model is paying off well in terms of business and financial metrics, and we are confident that it's going to make a definite mark in the global arena as never before. Capitalizing on the early-mover advantage, we are going to intensify our marketing and promotional activities, and enhance visibility across verticals and regions in the coming years.

Your company's continued investments in the existing portfolio of products and services are enabling us to move up the value chain and improve revenue productivity on a sustainable basis. Specifically, our focus on the 'Business Intelligence' solutions, and partnership with a global player- HP in co-creating Banking Analytics, are certainly going to propel us into a great future in this spectrum.

Your company
saw opportunities
in the adversity
and has been able
to show
impressive
performance in
many quarters.

Letter to shareholders

During the year, our reputation as a leading software vendor in the Aviation MRO/MRE industry got a shot in the arm by the addition of marquee names like Yemen Airways, Evergreen Airlines, FlyLAL Technics, Vueling, EnerJet, Aero Mexico Connect in the growing customers' list. With the release of Aviation 5.1 software series, our next focus is on the commercial airlines sector; thus today, we can position ourselves as an end-to-end solution provider to the entire Aviation sector.

During the year, your company continued to win many strategic orders in Manufacturing, HCM, Banking, Insurance, Defence, e-Governance and Logistics verticals, and is concentrating more into emerging markets such as India, Africa and the Middle East region. Your company has achieved a significant breakthrough in the BPO services portfolio, and is already serving some prestigious companies including TSR Darashaw, Avaya, Bharti Airtel, Bharti foundataion, Bharti Airtel Services, Bharti Learning Systems, Sun Life and Damac Holdings, UAE.

Ramco has continued strengthening its partnerships with Sabre Airline solutions, IBM and Microsoft, and has also entered into strategic partnership with HP.

During the year 2008-2009, the company has achieved USD 41.54 million in global revenues across all its business lines and international subsidiaries.

Your company's competitive edge draws upon the skills and confidence of our bright and dedicated people. Powered by the talent of our people and the resilience of our business models, we look forward to overcoming any challenges that may lie ahead of us.

Your company takes pride in being an ethical organization, and has maintained zero-tolerance policy towards compromises in any of its endeavours.

We thank our customers, employees, partners and other stakeholders as we enter a new phase of our journey with determination and optimism.



P.R. Ramasubrahmaneya Rajha
Chairman



P.R. Venketrama Raja
Vice Chairman, Managing Director and CEO





Value Creation

A way of life

Ramco believes that the best way for a company to differentiate itself from the others is to adopt 'value creation' as a way of life rather than treating it as a yet another management program.

At Ramco, co-creating value for all the stakeholders has become part of our culture and not just a one-off initiative. In an environment of accelerating change, in which long-term partnerships and joint ventures must be built on mutual trust, in which employees must be committed to provide superior services and drive ongoing innovation, in which customers have access to more and more information, value creation is no more a necessity, it is a must. Our management is pursuing strategies that aggressively promote such a value-creation for all.

Customers

Today, we can proudly say that we are moving away from the traditional assumption that the company and customers have distinct roles, and the latter play a passive role while evaluating software products & services. At Ramco, a customer is actively engaged and is welcomed with qualified expertise, insights, answers and solutions that are right for his business. Our software products and services are built after years of R&D so that our customers find them evergreen. This is possible because of our collaborative solution innovation platform, Ramco VirtualWorks, which enables us to undertake product and process innovation, and address unique customer needs with ever-increasing speed and precision. We are trying to deliver value by offering solutions that inspire our customer's ideas and extend their capabilities to compete and win in their markets.

Employees

Ramco is constantly trying to ensure that everyone in the organization understands his or her role in creating value for the organization. This begins at the top and has been cascaded down the entire organization so each individual understands the big question, "How does our company create value?" -- and the even more relevant question, "How does my role and the daily decisions that I make impact value?". To reach this level, Ramco is devoting a significant amount of resources to provide the necessary learning, tools and feedback required, so that all individuals can understand their role in value creation.

Partners

We value the importance of partners and associates in today's globalized business environment. Ramco's ecosystem of partners bring together diverse relationships, resources and communities to help us develop and deliver the next-gen solutions. Fostering collaboration around this need ensures ongoing innovation and value for everyone. Our successful partnerships and engagements with well known names like Sabre Airline Solutions, IBM, HP and other regional business channel partners & agencies are proving to be mutually beneficial.

RAMCO SYSTEMS LIMITED

BOARD OF DIRECTORS

Shri P R RAMASUBRAHMANEYA RAJHA
Chairman

Shri P R VENKETRAMA RAJA
Vice Chairman, Managing Director & CEO

Shri S S RAMACHANDRA RAJA
Shri N K SHRIKANTAN RAJA
Shri M M VENKATACHALAM
Shri V JAGADISAN
Shri A V DHARMAKRISHNAN
Shri R S AGARWAL

AUDITORS

Messrs CNGSN & ASSOCIATES
Chartered Accountants, Chennai

BANKERS

AXIS Bank Limited
IDBI Bank Limited

REGISTERED OFFICE

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 Australia Pty Ltd., Australia

REGISTRAR AND SHARE TRANSFER AGENT

Messrs. Cameo Corporate Services Limited
Subramanian Building, No.1, Club House Road, Mount Road, Chennai - 600 002

THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

DIRECTORS' REPORT

Your Directors have pleasure in presenting the Twelfth Annual Report together with the Audited Accounts of the Company for the year ended 31st March 2009.

FINANCIAL RESULTS

(In Rs. Million)

Description	For the year ended 31st March, 2009	For the year ended 31st March, 2008
Sales	923.54	965.54
Other Income	45.48	54.21
Total Income	969.02	1019.75
Expenditure		
- Cost of Resale Material	30.45	49.70
- Employee Compensation and Benefits	563.16	649.99
- Sales & Marketing Expenses	82.01	34.88
- Administration & Other Expenses	289.35	237.97
Total Expenditure	964.97	972.54
Profit/(Loss) Before Interest, Depreciation, Exceptional Items & Tax	4.05	47.21
Interest & Finance Charges	181.44	180.96
Depreciation	254.91	234.42
Profit/(Loss) Before Exceptional Items and Tax	(432.30)	(368.17)
Exceptional Income/(Expenditure)	421.78	603.34
Profit/(Loss) Before tax	(10.52)	235.17
Tax	5.09	5.88
Net Profit/(Loss) After Tax	(15.61)	229.29

BUSINESS OPERATIONS

The year 2008-09 saw several marquee customer acquisitions, key partnerships and business re-alignments; all aimed to shore up revenues, accomplish operations breakeven and accelerate overall growth.

During the year, Ramco's collaborative solution innovation platform, Ramco VirtualWorks, has successfully moved forward to make a definite mark in the market. This is the only platform today that provides complete and continuous alignment between business processes and applications along with the ability to change those applications on demand as business requirements shift.

The Company enhanced its focus on its core business of providing innovative business solutions that leverage Ramco VirtualWorks. This focused initiative coupled with tighter cost management has enabled the Company to increase productivity levels. With the relevant expertise and experience, we are now well positioned to leverage global opportunities and grow significantly.

Our focused approach on the key market sectors with matured and proven technologies, coupled with significant cost rationalization, has ensured that Ramco is on the path of a sustainable growth. Our strategy to expand our engagements and offer business value consulting and outsourcing services is helping the Company move up the value chain, resulting in good growth with improved profitability.

The strategic initiatives conceived and nurtured during the earlier fiscal (07-08) enabled a great takeoff for Ramco OnDemand ERP - India's first comprehensive ERP delivered as a service (Software as a Service). This powerful ERP addresses the needs of growing businesses across multiple verticals and is sold and served through an ecosystem of sales and implementation partners. During the year it has successfully reached the milestone of Software as a Service (SaaS) customers with 2000+ users in India. Efforts are underway to offer this service to the international markets.

Along with the successful launch of Ramco OnDemand ERP, the Company's venture into the platform based business process outsourcing and managed services in the areas of Human Capital Management and Payroll business is on an all time high with notable order wins from TSR Darashaw, Avaya, Bharti Airtel, Bharti Foundation, Bharti Airtel Services, Bharti Learning Systems, Sun Life and Damac Holdings, UAE. Currently BPO business processes close to 100,000 payslips every month and this is expected to rise exponentially in the coming months. Also, our HCM & Payroll applications are used by companies like Caterpillar, E&Y etc., as shared services to manage their employees and service their customers better.

Ramco Systems Limited, INDIA

Though the general market slowdown also impacted Ramco's business, we have significantly acquired new customers worldwide in key verticals including Manufacturing, e-Governance, Banking, Insurance and Service sectors. Aviation, which has been our front runner last few years, had a relatively quiet year. However, the last quarter had witnessed good traction for this sector, and is expected to fructify into good business in the current fiscal.

During the year, Ramco Systems has successfully ventured into emerging verticals such as Infrastructure Development - Engineering & Construction, Real estate & property management, Retail, Education and 3rd party Logistics with notable order wins.

As far as partnerships are concerned, during the year, the Company entered into several partnerships. Collaborating and networking with partners has not only enhanced our growth, but also helped us in providing excellent value to our Customers.

Ramco signed a Memorandum of Understanding (MOU) with Hindustan University (Chennai), one of the most sought after institutes in India for aeronautical engineering, to form an alliance for providing industrial input to the students of Hindustan Institute of Technology and Science (HITS) for mutual benefit. The collaboration mainly focuses on Ramco's Aviation-MRO-Software Training Program. The MOU is to build industry-academia relationship and empower students for the corporate world.

Commendable efforts of our partner CEM Business Solutions in the Middle East Region is something to cherish on. CEM has been associated with Ramco for over 3 years now. With a dedicated team, CEM has been securing several orders for Ramco in the Middle East Region apart from providing implementation services. Following are some of the noteworthy orders that Ramco acquired in association with CEM - Hidayath Group, The Al Bahja Group, Gulf Steel Strands, Metito, Jebel Ali Cement Factory and National Bond Corporation.

Our focus on the 'Business Intelligence' solutions and partnership with a global player- HP in co-creating Banking Analytics are certainly going to propel us into a great future in this spectrum.

GLOBAL OPERATIONS

Market conditions are challenging, leading to delays in signing contracts, especially in the global manufacturing sector. Nevertheless, our focus on the domestic market is yielding positive results. We see substantial growth opportunity in the domestic arena, and are well poised with our OnDemand products to capitalize on the emerging opportunities. Also, our R & D efforts have been optimized to the extent of leading us to substantial cost reduction, hence enabling us to increase our focus on the market.

The Indian operations of Ramco have further strengthened and witnessed healthy growth in select verticals including Discrete & Process Manufacturing and Logistics & Service industries. We have further strengthened our HCM & Payroll solutions, which have increased our market share with notable order wins from the domestic and MNC companies. Apart from the conventional offerings, Ramco OnDemand has been gaining traction. The Company has been aggressively marketing this offering across India and the brand has gained impressive footing. In a short span of time, the Company has managed to build a robust ecosystem of sales & implementation partners who are actively penetrating the market. The brand has already reached the milestone of over 2000 users and is expected to grow in the coming fiscal. Some of the key order wins for the product are Synthesis Winding Technologies, GR Corporation, Coimbatore Compressors, Saraplast, TVS Part Smart, Triveni Bialetti, Sri City, Sujana, Forace Polymers, Sujana, KVK Energy, TV 9, Detroit Motors, Kunnath Pharma, Associated Broadcasting Company and Sungov Engineering.

Ramco's solution for engineering process optimization (Ramco Optima) and simulation witnessed excellent market success with several new orders and repeat businesses. The team has recently acquired some significant orders including orders from Madras Cements, Shree Jayajothi Cement, Birla Copper, Birla White Cement, Deccan Cement, Malabar Cement, ENEXCO Technology India Ltd. and National Institute Of Ocean Technology. Few of the go-lives include projects at Madras Cement (Andhra Pradesh and Tamil Nadu), Birla Corporation, Shree Cements and CMCL.

During the year, other core project Go-lives have also been quiet commendable in the region with projects like Adani Logistics, TVS Logistics, DLF(all operations), KPMG, Bharat Gears, Landmark, India Telecom Infra Limited, Elcomponics ITIL, Metso Minerals, Caterpillar, Avaya and GE going live on schedule.

Overall, Ramco India recorded excellent growth both in terms of new order wins and repeat businesses.

Ramco Systems' Global Aviation Solutions Group has developed Aviation M&E / MRO Enterprise Product - 5.X Series on Ramco VirtualWorks 2.0 platform. The 5.X Series, warranted by requirements, current customers and forward-looking market conditions, brings significant technological and functional advantages to the industry. The release of 5.1 version provides us greater capabilities to efficiently and cost effectively implement the software, and scale for additional customers and users requirements. Aviation remains on track and on target in terms of performance. Key accounts earned as new businesses are from Yemen Airways, Evergreen Airlines, FlyLAL Technics, EnerJet and Aero Mexico Connect. Additional order wins from the existing customers include TACA Regional, Gulf Helicopters, Era Helicopters, Pinnacle Airways, Vueling and a few more. Customers who went 'Live' during this year include TACA Regional with 5 sister airlines in Central America, KD Avia in Moscow, Vueling in Barcelona (Spain) and Pinnacle are amongst others. Global Aviation is progressing with numerous implementations in US, Canada, Central America, Europe, Africa, India and Middle East.

The aviation solutions group has continued its partnerships and engagements with Sabre Airline Solutions and IBM.

In the American market, Ramco has impressed the need for flexible business processes and focused analytics for businesses to be competitive and continue adding value to their customers. Ramco's unique co-creation approach and cost optimization with increased operational efficiency has helped the Company stand unshaken in these challenging times. The key order wins of the region include MBCI and Safe Horizon.

The Middle East region continues to be on course, leveraging on its early movers advantage and outstanding base of referenceable customers in the region for securing business. Recent additions to its customer base include Lupp Middle East L.L.C in Oman, MAM Roads & Constructions in Sudan, Mulk Holdings, UNEECO, Dana Gas, Sharjah Teaching Hospital, Al Dhabi Scaffoldings, Yemen Airways and Emirates Driving College to mention a few. Ramco has also got into prestigious alliances & partnerships with Al-Kalima at Bahrain, SSL in Oman, IFBC in Sudan, Satco International in Qatar, Invalco in Mozambique and Anthara Solutions at Dubai. On the whole, the region saw an action packed year with a high level of profitability.

The APAC operations continued its success in winning HCM and payroll orders from leading corporations. Key order wins include Osotspa and IBM Singapore. The year has been profitable and the company inked several key partnerships that are expected to bring in significant business in the coming years. These wins are strategic in nature with a high potential of securing repeat orders. The region has seen continued success in partnership and engagement with Convergys, and been successful in roping prestigious new orders for Payroll applications for Banking and Healthcare majors.

Highlights for the European Operations during the year include COSMOS and other key order wins for Aviation MRO.

In South Africa, through its partnership with CityWorks, Ramco is co-creating Logosoft (an integrated suite of applications for local government) for a major metropolitan municipality. This deep engagement has resulted in greater awareness of Logosoft within South Africa. Many of them need modern, integrated business systems delivering consistent and timely information to comply with Government and Audit norms. With our expertise over the past few years, we are positioning ourselves as a major player addressing this segment.

We at Ramco are well poised to capitalize on new opportunities that are emerging out of the current market conditions. We are well equipped to employ our substantial IT competency gained over our decades of experience in the domestic and global market, and will make all efforts to seize these opportunities and position ourselves ahead.

GLOBAL CONSOLIDATED FINANCIAL STATEMENT UNDER AS 21

The Global consolidated financial statements as prescribed by ICAI under Accounting Standard 21 together with the Auditors Report thereon is enclosed.

Government of India, Ministry of Company Affairs, vide their letter No. 47/195/2009-CL-III dated 13th April, 2009, have granted their approval under Section 212 (8) of the Companies Act, 1956, exempting from attaching the full text of the financial statements of the Company's subsidiaries viz., Ramco Systems Corporation, USA, Ramco Systems Limited, Switzerland, Ramco Systems Pte. Ltd., Singapore, Ramco Systems Sdn.Bhd., Malaysia, RSL Enterprise Solutions (Pty) Ltd., South Africa and Ramco Systems Limited Australia (Pty) Limited, Australia, along with the Company's accounts for the year ended 31st March 2009.

Pursuant to the said approval, necessary disclosures have been made in respect of the said subsidiaries in this Annual Report apart from the Statement pursuant to Section 212 of the Companies Act, 1956.

The Annual Accounts of the said subsidiaries and the related detailed information will be made available to the Investors of the Company/Subsidiaries seeking such information at any point of time. The Annual Accounts of the Subsidiary Companies will also be kept for inspection by any Investor at the Corporate Office of the Company.

Ramco Systems Limited, INDIA

INCREASE IN THE AUTHORISED SHARE CAPITAL

During the year under review, the Company has increased the Authorised Share Capital from Rs.300,000,000/- (Rupees Thirty Crores Only) divided into 3,00,00,000 equity shares of Rs. 10/- each to Rs. 500,000,000/- (Rupees fifty crores Only) divided into 5,00,00,000 equity shares of Rs.10/- each, considering the then proposed issue of equity shares on a rights basis to the shareholders and other issue requirements. The said increase in the Authorised Share capital and the consequent amendments to the Memorandum and Articles of Association of the Company were approved by the shareholders in their Extra-ordinary General Meeting held on 18th September, 2008.

STATUS OF RIGHTS ISSUE 2008

The Board of Directors of the Company had proposed to raise equity funds by means of issue of shares on a rights basis to the existing shareholders in the ratio of one right share for every share held (1:1) at a price of Rs.85/- per share, aggregating to Rs.130.54 Crores. The Company had also proposed an issue of one detachable warrant for every two rights shares allotted (1:2) exercisable at a price of Rs. 85/- per share aggregating to Rs. 65.27 Crores.

The Company had submitted the Draft Letter of Offer in connection with the above, with the Securities Exchange Board of India (SEBI) in conformity with the provisions of the SEBI (Disclosure of Investor Protection) Guidelines, 2000. Considering the current recession factors and the unfavourable market conditions, the Board of Directors of the Company, has decided not to proceed further with the issue formalities.

SALE OF LAND

The Company had earlier proposed a state-of-the-art R&D facility on the land owned by the Company at Chennai. Considering the necessity to unlock the value of the land, the Company had sold the same to M/s. Madras Cements Limited, one of the Group Companies, for a consideration of Rs.75 Crores. The Company would continue to operate out of the current facility at the Corporate Office at Chennai.

EQUITY STOCK OPTIONS

In order to attract, motivate and retain best talents, the Compensation Committee of the Board of Directors of the Company, based on the recommendation of the management, has been making grant of equity stock options to the employees of the Company and its subsidiaries from time to time, under the schemes approved by the members, in accordance with the provisions of the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

Considering the requirement to make the stock options incentivising to the employees, the Compensation Committee of Board of Directors, had granted fresh stock options under Employees Stock Option Scheme, 2008, on 11th April, 2009, to the employees of the Company and its subsidiaries as against cancellation by the employees of the unexercised stock options granted under the other schemes.

In order to cover further categories of employees, it is proposed to formulate fresh stock option schemes with varied conditions of vesting and exercise which are beneficial to the employees. Accordingly, it is proposed to formulate Employee Stock Option Scheme 2009 - Plan A (ESOS 2009 - Plan A) with the shares underlying the stock option scheme as 5,00,000 equity shares of Rs.10/- each and Employee Stock Option Scheme 2009 - Plan B (ESOS 2009 - Plan B) with the shares underlying the stock option scheme as 7,50,000 equity shares of Rs.10/- each. The resolutions in relation to the formulation of the Stock Option Schemes and extension of the benefits of the stock option schemes to the employees of the subsidiaries are placed before the members for approval as required under the provisions of the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. The Board of Directors, recommends the formulation of the stock option schemes and extension of the benefits of the schemes to the employees of the subsidiaries of the Company, for the approval of the members by means of special resolutions.

RESEARCH AND DEVELOPMENT

Ramco Systems has successfully developed and delivered several products as part of the ongoing R&D activities. R&D efforts have been primarily focused on initiatives to proactively enhance products such as Ramco OnDemand ERP, Ramco Enterprise Series, Ramco VirtualWorks, and Ramco DecisionWorks.

Ramco OnDemand ERP

Ramco OnDemand ERP is the first full fledged ERP offered on Software as a service Model. The product is delivered through the internet and the customer can subscribe to the Product based on his needs. The Product is offered on a 'pick and choose' model providing very high level of flexibility for the customer to adopt the business functions he requires. The Product, which was launched in Feb 2008, is now adopted by over 150 organizations across the country belonging to various Industry segments like Automotive Ancillaries, OEMs, Textiles, Trading, Engineering, Power etc.

Currently the market leader in India, Ramco OnDemand ERP is developed using the Ramco VirtualWorks Platform and works on a pure Multi-Tenant Architecture. The technology architecture of the Product helps customers scale up their operations without having to increase the investment in hardware or Software. The Product works on a version-less mode and customers get automatic upgrades whenever new Business functions are developed.

Ramco Enterprise Series

Ramco Enterprise Series is a pre-packaged solution suite catering to various industry segments such as Power, Engineering Product Manufacturing, Storage Solutions, Armed forces / Defence, Food and Beverages, Process Production, Real Estate, Telecom infrastructure, Transportation management, Fleet operators and MRO service providers, etc. The solutions are an assembly of pre-built components addressing all necessary business and regulatory requirements. R&D efforts have been spent to enhance the breadth and depth of the business processes addressed by these components. Additional functionality has been provided in the areas of transportation management, Infrastructure management etc.

Ramco Aviation Solution is a complete end-to-end suite of Maintenance & Engineering (M&E) / Maintenance Repair & Overhaul (MRO) software solutions for Airlines, Regional Carriers, Low Cost/New Entry Carriers, Specialty Operators and Third Party maintenance providers in commercial and military sectors of Aviation.

During this financial year, major R&D efforts were invested in migrating to the VirtualWorks Platform version 2.0 and launching Series 5 of Aviation Solutions suite. In addition to this, crucial functional improvements aimed at simplifying the solution for greater user acceptance, faster implementation and enhanced customer experience were also taken up. Series 5 incorporates market differentiating functionality such as MSG-3 compliant maintenance program and compliance control, graphically interactive planning function, stock control for hazardous parts and multi-operator costing & accounting. The Aviation Solutions Center transitioned to agile development methodologies with all development being planned and executed on Agile Scrum/XP principles. Specialized functions for Architecture and User Centric Design were established during the year to ensure that the solution met the needs of enhanced usability and mission critical performance requirements of the industry. Interfaces to OEM (Airbus) and Partner (Sabre) software applications have been developed.

Ramco VirtualWorks

Ramco VirtualWorks enables enterprises build their next generation enterprise solution with a powerful infrastructure which provides the enterprise control over its software assets, enables reduced time for transformation / development, exceptional quality, and supports multiple technology platforms. Ramco VirtualWorks is a platform for creating composite applications which are compliant to SOA principles. Ramco VirtualWorks is based on the following technology themes - Model-Driven Development, Component Based Development , Layered Technical Architecture.

Ramco VirtualWorks has been enhanced to support an Asset based Delivery Model wherein, applications can be assembled using different kinds of assets such as Business Components , Process Assets, User interfaces, Web Services, Technical Components and Database Assets.

Model driven development Platform : Ramco VirtualWorks enables organizations to assemble global-class applications rather than engineer them. Ramco VirtualWorks delivers model-driven applications that are composed, not coded, using existing or newly created business assets that adapt and scale with IT infrastructure. The platform enables process model blueprinting, User Interface modeling, Web Services development, BPEL support, legacy modernization Coding automation and test automation. Capabilities have been built for business process modeling and business process execution. This has been done with an emphasis on interoperability to ensure that Ramco Applications can integrate and enhance existing IT assets in the organization.

Implementation and Configuration Tools : Implementation and Configuration tools (ITK) in Ramco VirtualWorks and Extension tools (EDK) provide extensive flexibility and extensibility during the deployment and usage of Enterprise solutions on-site by the business users. Extension development kit allows rapid creation of extensions to the Enterprise solution. Standard infrastructure components such as Workflow, Audit trail, Security and Directory Services are part of the toolset that enable swift and flexible implementation of the solution.

Multiple Technology Support and Portal frameworks : The Platform has the capability to deliver applications on multiple technologies. The platform has been enhanced in order to ensure support for all popular open source technologies. Projects have also been executed during this year using this capability.

Extensive work has been carried out on support for portal technologies and for creating a portal development framework.

Ramco DecisionWorks

There has never been a more urgent need for business analytics than right now. As customers and markets rapidly change requirements and drive the need for agility and responsiveness, organizations must rely on their business systems to provide insights into dynamic environments.

Ramco Systems Limited, INDIA

Ramco DecisionWorks (RDW) is a comprehensive web architected solution for Performance Management, Conformance Management and Information Management.

Ramco DecisionWorks can deliver critical insights that can mean the difference between success and failure. Spanning from Business Intelligence to Alerts and Workflow to Data Warehousing and ETL, the Enterprise Information Management Platform can provide a window into customers and markets that can drive good business decisions.

The latest release of Ramco DecisionWorks viz., 7.0, architected, designed and developed this year, comes with the several key enhancements through an improved user interface and significant improvements in usability. This release also leverages several open source technologies. Extensive work has also been carried out in building Analytics solutions using Ramco Decision Works.

FIXED DEPOSITS

Your Company has not accepted any deposits from the public during the year.

DIRECTORS

Shri R S Agarwal, aged 66 years, was co-opted as an additional director of the Company by the Board in its meeting held on 29th May, 2009, pursuant to provisions of Section 260 of the Companies Act, 1956. In terms of the provisions of the said section, Shri R S Agarwal holds office of director until the date of the ensuing Annual General Meeting. The Company has received a notice from a member pursuant to provisions of Section 257 of the Companies Act, 1956, along with the requisite deposit proposing the appointment of Shri R S Agarwal, as a director of the Company.

Shri A V Dharmakrishnan was appointed as a director of the Company by the Shareholders at the 11th Annual General Meeting held on 11th August, 2008.

Shri S S Ramachandra Raja and Shri V Jagadisan, directors, retire by rotation at the ensuing Annual General Meeting of the Company and being eligible offer themselves for re-appointment. The Board of Directors recommends the above appointments for approval of the members.

AUDITORS

M/s. CNGSN & Associates, Chartered Accountants, Chennai, retire at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

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

The Particulars as prescribed under Sub Section (1) (e) of Section 217 of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are given in the Annexure A to this Report.

EMPLOYEE PARTICULARS

The particulars of Employees as required to be disclosed in accordance with the provisions of Section 217 (2A) of the Companies Act, 1956, and the Companies (Particulars of Employees) Rules, 1975, as amended, are annexed to the Directors' Report. However, as per the provisions of Section 219 (1) (b) (iv) of the Companies Act, 1956, the Report and the Accounts are being sent to all shareholders of the Company excluding the aforesaid information. Any shareholder interested in obtaining such particulars may write to the Corporate Office of the Company.

CORPORATE GOVERNANCE REPORTS AND MANAGEMENT DISCUSSION AND ANALYSIS

The Company is committed to maintaining high standards of Corporate Governance and protecting Customers' and Shareholders' interest. Towards this, the Company has adopted high standards of governance principles, practices and disclosure levels. A detailed note on the Company's philosophy on Corporate Governance and the Management Discussion and Analysis report and such other disclosures as are required to be made under the Listing Agreement with the Stock Exchanges, are annexed and form part of this report.

COMPLIANCE CERTIFICATE

A Certificate from the auditors of the Company regarding the compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is attached to this report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed;

- that the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;
- that the selected accounting policies were applied consistently and judgments and estimates that are reasonable and prudent were made so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- that the annual accounts were prepared for the financial year ended 31st March, 2009, on a going concern basis.

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, other Stakeholders, 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.

For and on Behalf of the Board

Place : Chennai
Date : 29th May, 2009

P R RAMASUBRAHMANEYA RAJHA
CHAIRMAN

ANNEXURE TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2009

In terms of Section 217(1)(e) of the Companies Act, 1956, (as amended) and the disclosure of particulars in the report of the Board of Directors Rules, 1988, the following information is furnished for the year ended 31st March, 2009:

- | | | |
|---|---|--|
| (A) Conservation of Energy | : | The operations of the Company are not energy intensive |
| (B) Technology Absorption | : | Particulars given in Form B |
| (C) Foreign Exchange Earnings and Outgo | : | |
| i) Activities Relating to Export | : | Export of the Computer Software to Middle East, Philippines, Thailand, South Africa |
| ii) Initiatives taken to increase exports | : | Marketing efforts are being made in the subsidiaries abroad to increase sales and corresponding exports. |
| iii) Development of new export market for products and services | : | Marketing efforts are being made in countries like South Africa and UAE. |
| iv) Total foreign exchange used (Rs. Lacs) | : | 847 |
| v) Total Foreign Exchange Earnings (Rs. Lacs) | : | 3,498 |

FORM B

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION SPECIAL AREAS IN WHICH THE COMPANY CARRIES OUT R&D

Ramco VirtualWorks, Ramco DecisionWorks, Ramco Enterprise Series, Ramco OnDemand ERP.

The current version of Ramco VirtualWorks is:

- A Scalable delivery platform for custom built applications and for implementing next generation global scale business solutions that provides change on demand to ensure that the information system changes in step with the business change.
- Built on business process based approach that is radically different from the traditional approach.
- Supports Model based development and Componentized solutions development to deliver Service Oriented Business applications.
- Geared for the emerging asset based delivery model that is standards compliant and support the business process platform strategy of an enterprise.

The platform has Code generators that create the application using the various models created as part of the delivery process. It provides modeling capabilities to specify the applications at different levels of granularity starting from a business process level to specifications of a data access artifact. It also possesses an application preview facility to visualize applications and get user acceptance before they are assembled. Impact analysis support on the models helps to clearly identify the artifacts that need to be changed / created / removed for a change request.

During the year R&D investments have been in the following areas:

1. Development of ezeView, An infrastructure component to enable rich visualization of transaction data giving the solution implementer the maximum flexibility and capability to provide tailor made visual representation of data to the end user. The visualization can consist of a mix and match of various graphical controls. A wide range of charts including Composite Charts are also supported.
2. Development of sophisticated Rich User interfaces : With the growing need for rich user interfaces for web based solutions, we have evolved a new user interface offering based purely on JavaScript and is browser neutral.
3. Enhancements in Ramco VirtualWorks to improve Application Development Productivity.
4. Enhancements in the Implementation Toolkit and Extension Development Kit in Ramco VirtualWorks to ensure rapid implementation for customers.
5. Several enhancements in Ramco DecisionWorks including the support for Multiple technology platforms.
6. Consolidating the experience gained from delivering solutions into various industrial segments, such as Power, Engineering Product Manufacturing, Storage Solutions, Armed forces / Defence, Food and Beverages, Process Production, Real Estate, Telecom infrastructure, Transportation management, Fleet operators and MRO service providers, etc. and addressing all necessary business, regulatory, Payroll and HR related requirements has resulted in a repository of pre-built solutions that can address wider set of organizations in the listed segments.
7. Using Ramco DecisionWorks framework, Pre-built Analytics solutions have been developed for Enterprise Analytics and Aviation Analytics. A Comprehensive Loan Analytics Solution has been created that can be used in conjunction with any industry standard Banking solution.

Benefits derived as a result of the above R&D:

- Expansion of Ramco offerings into more domains and verticals.
- Expansion of Ramco offerings into all technology segments. This enhances the technology market addressability immensely.
- Productivity increase due to the platform process streamlining leading to better delivery schedule and cost predictability
- Availability of standard functionalities to address more industry segments thus enhancing order wins and profitability

- Ability to engage suitable business partners in delivering and implementing solutions to the end customer organizations
- Ability to address critical requirements of the Customers in the areas of Analytics, Master Data Management and Governance Risk and Compliance.

Future Plan of Action

The Company continues to undertake research and development activities with the following objectives:

- To develop a Database Logic Modeller as an additional capability in VirtualWorks Modeling capability to add the modelling and storage of Application Rules right to the most granular level that can be directly translated into code.
- To add pre-built solution functionalities to cover more vertical segments.
- Support for Mobile devices and to address emerging technology trends to keep in step with the market needs.
- To continually enhance the platform processes towards achieving improved productivity during all stages of solution delivery like modeling logic for code generation, web services standards support etc.
- Enhanced support for usage based billing and monitoring.

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION

Expenditure on R&D (Refer Schedule 5 to R&D Accounts)	(Rs. In lacs)
i) Capital	145.05
ii) Recurring	3,138.53
Total	<u>3,283.58</u>
Total R&D expenditure as a percentage of total turnover	36%

REPORT ON CORPORATE GOVERNANCE

COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Ramco is committed to maintaining high standards of Corporate Governance and protecting Customers' and Shareholders' interest. In line with this philosophy, Ramco Systems Limited endeavors to maintain transparency at all levels through adoption of best Corporate Governance Practices. The following is a report on the status and progress on major aspects of corporate governance.

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. Shri P R Venketrama Raja, Vice Chairman, Managing Director & CEO, manages the day-to-day affairs of the Company and is assisted by senior executives of the Company. The Company's business is conducted by its employees under the direction of the Vice Chairman, Managing Director & CEO and the overall supervision of the Board, to enhance the long-term value of the Company for its stakeholders.

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 the date of the report, the composition of the Company's Board of Directors is in conformity with the prescribed code of Corporate Governance by the Stock Exchanges.

In terms of the revised provisions of the Clause 49 of the Listing Agreement amended vide SEBI Circular SEBI/CFD/DIL/CG/1/2008/08/04 dated 8th April, 2008, the Board of Directors of the Company is required to comprise of four Independent Directors. With co-option of Shri R S Agarwal as an additional director on the Board, effective 29th May, 2009, the Company has complied with the provisions regarding the Independent Directors composition in terms of the above provision.

As a part of good corporate governance practice, it is ensured that timely and relevant information are made available to the directors in order to contribute to the meetings and discussions effectively. The structure of the Board is as under:

Composition and Category of Directors:

Sno.	Name of the Director	Category
1	Shri P R Ramasubrahmaneya Rajha	Non Executive Promoter Director
2	Shri P R Venketrama Raja	Executive Director
3	Shri S S Ramachandra Raja	Non Executive Promoter Director
4	Shri N K Shrikantan Raja	Non Executive Independent Director
5	Shri M M Venkatachalam	Non Executive Independent Director
6	Shri V Jagadisan	Non Executive Independent Director
7	Shri A V Dharmakrishnan	Non Executive Director
8	Shri R S Agarwal*	Non Executive Independent Director

*co-opted as an additional director at the Board Meeting held on 29th May 2009.

The Board met 6 times during the year on 23rd June, 2008, 23rd July, 2008, 30th July, 2008, 11th September, 2008, 24th October, 2008 and 29th January, 2009. Details of attendance of each director at the Board Meetings held during the year and at the last Annual General Meeting of the Company, are as follows:

Attendance of each Director at the Board Meetings and at the last Annual General Meeting (AGM):

Sno.	Name of the Director	Designation	Attendance	
			Board Meetings	Last AGM
1	Shri P R Ramasubrahmaneya Rajha	Chairman	5	Yes
2	Shri P R Venketrama Raja	Vice Chairman, Managing Director & CEO	6	Yes
3	Shri S S Ramachandra Raja	Director	5	Yes
4	Shri N K Shrikantan Raja	Director	3	Yes
5	Shri M M Venkatachalam	Director	4	Yes
6	Shri V Jagadisan	Director	6	No
7	Shri A V Dharmakrishnan	Director	6	Yes
8	Shri R S Agarwal *	Director	Not Applicable	Not Applicable

*co-opted as an additional director at the Board Meeting held on 29th May 2009.

In terms of the provisions of the Clause 49 of the Listing Agreement with the Stock Exchanges, no director of the Company is a member in more than ten committees nor acts as a Chairman in more than five committees of Public Limited Companies, of which he is a director.

BOARD PROCEDURE

The Board plays a pivotal role in enhancing the best Corporate Governance culture in the Company and towards this, all relevant information are placed before the Board. The Board has a formal schedule of matters reserved for its consideration and decision. The main agenda for the meetings are informed to the directors along with the notice of the meeting. This is followed by the detailed agenda papers, which are sent to each director in advance of the Board and Committee Meetings with the relevant information for the business to be transacted. The Board of Directors meets at regular intervals and decisions are taken at the meetings after detailed discussions and evaluations of the subject. After the Board Meetings, the Company has a formal system for follow up, review and reporting. The actions taken on the Board/Committee Meetings decisions are reported at its next meeting for being reviewed by the Board/Committee(s). Amongst other things, the Board considers the following matters:

- Strategy and Business Plans;
- Annual Operating and Expenditure Budgets;
- Statutory Compliances;
- Adoption of Quarterly/Half Yearly/Annual results;
- Minutes of the Meetings of the Board/Committees; and
- Minutes of the Board Meetings of the Subsidiaries.

In accordance with the code of corporate governance and based on the requirements to focus on special areas, the Board has constituted several Committees to deal with specific matters and delegated powers for different functional areas.

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 Chairman of the Committee is an Independent Director.

a) Composition and Brief description in terms of reference:

The Audit Committee comprises of three Non Executive directors with any two (subject to presence of minimum two Independent Directors) forming the quorum. Shri M M Venkatachalam, Shri V Jagadisan and Shri S S Ramachandra Raja are the members of the Committee, with Shri M M Venkatachalam being the Chairman. The Senior Management team of the Company comprising of the Chief Operating Officer and the Head of the Finance Department, the Statutory Auditors and the Internal Auditors are invited to attend the meetings of the Committee. The Company Secretary is the Secretary to the Committee.

The primary objective of the Committee is to monitor and provide effective supervision of the financial control and reporting system. The Audit Committee reviews its business at regular intervals and makes appropriate recommendations to the Board. The terms of reference of the Committee, which are in line with the requirements of Clause 49 of the Listing Agreement and the provisions of Section 292A of the Companies Act, 1956, inter-alia comprises of the following:

- Oversight of the Company's financial reporting and disclosure of its financial information;
- Reviewing with the Management, the annual financial statements before submission to the Board for its approval;
- Reviewing of the adequacy of the internal control systems;
- Discussion with the Internal Auditors on significant findings and follow up thereon;
- Reviewing of the Capital Expenditure Plans and the status relating thereto;
- Monitoring the Company's Cost Control Measures.; and
- Reviewing of compliance with Accounting Standards.

b) Meetings and attendance:

During the year the Committee met four times on 12th June, 2008, 28th July, 2008, 20th October, 2008 and 27th January, 2009. The attendance of the members at the meetings of the Audit Committee is as follows:

Sno.	Name of Director	Meetings Attended
1	Shri M M Venkatachalam	4
2	Shri S S Ramachandra Raja	2
3	Shri V Jagadisan	4

Ramco Systems Limited, INDIA

REMUNERATION COMMITTEE

a) Composition and brief description in terms of reference:

The Remuneration Committee of the Board comprises of the following Non Executive Directors:

Shri M M Venkatachalam	- Chairman
Shri V Jagadisan	- Member
Shri N K Shrikantan Raja	- Member

The scope of the Committee inter-alia includes the following:

- determination of remuneration package of all the directors of the Company;
- determination of the service contracts, notice period and severances fees;.
- determination of the eligibility of the stock options, if any to the directors and other modalities relating thereto.

The quorum for the meeting is presence of two members. The Company Secretary is the Secretary of the Committee. There was no meeting of the Committee held during the year.

b) Remuneration Policy:

The Remuneration policy of the Company has been structured to match the market trends of the industry and to attract the best talents of the Sector. The scales of remuneration are determined based on the levels of responsibility and scales prevailing in the industry. The Board of Directors of the Company had authorised the Remuneration Committee to fix the remuneration package of the Executive Director. Accordingly, the Remuneration package of the Executive Director including its break up into fixed component and performance linked incentive along with the performance criteria are determined by the Remuneration Committee.

c) Remuneration to the Directors:

No Remuneration is payable to the Non Executive Directors except sitting fees. No sitting fee is paid to the Executive Director for attending the meetings of the Board and/or the Committees thereof. The Sitting fees payable to the directors have been approved by the members of the Company at the Annual General Meeting held on 9th December, 2005. Further, the members of the Company have authorised the Board of Directors of the Company to vary the amount of sitting fees payable to the Directors for attending the Meetings of the Board and any of the Committees constituted, within such maximum permissible limit as may be prescribed under the Companies Act, 1956, Rules made and Notifications issued thereunder from time to time. As at present, the Sitting Fees payable to the each of the director per meeting is as follows:

	(Amount in Rs.)
Board	5000/-
Audit Committee	5000/-
Shareholders Committee	2500/-

The details of remuneration paid to Shri P R Venketrama Raja, Vice Chairman, Managing Director & CEO during the year ended 31st March, 2009, have been provided under Note No. 6 to the Notes on Accounts.

No stock options are granted to the directors of the Company and there are no convertible instruments issued by the Company. The details of the shares held by the Directors of the Company as at 31st March, 2009, are as follows:

Name of the Director	No. of Shares Held	Percentage to Capital
Shri P R Ramasubrahmaneya Rajha	362469	2.36
Shri P R Venketrama Raja	1289182	8.39
Shri S S Ramachandra Raja	30158	0.20
Shri N K Shrikantan Raja	6702	0.04
Shri M M Venkatachalam	Nil	Nil
Shri V Jagadisan	Nil	Nil
Shri A V Dharmakrishnan	2484	0.02
Shri R S Agarwal	Nil	Nil
Total	1690995	11.01

SHAREHOLDERS COMMITTEE

a) Composition and Brief description in terms of reference:

The Shareholders Committee of the Board comprises of the following directors:

Shri P R Ramasubrahmaneya Rajha	-	Chairman
Shri P R Venketrama Raja	-	Member
Shri N K Shrikantan Raja	-	Member

The Company attaches highest importance to the Investor relations. The Board of Directors of the Company has constituted a Shareholders Committee of the Board to focus on the prompt and effective redressal of the shareholders grievances and strengthening of the investor relations. The details of the Investor Grievances are placed before the Board periodically and are noted by it. 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, Dematerialization/ 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.

b) Meetings and attendance:

During the year the Committee met 7 times, viz., 25th April, 2008, 23rd July, 2008, 11th August, 2008, 30th September, 2008, 24th October, 2008, 4th December, 2008 and 20th December, 2008. The attendance of members at the Committee meetings of the Shareholders Committee is as follows:

Sno	Name of Director	Meetings Attended
1	Shri P R Ramasubrahmaneya Rajha	7
2	Shri P R Venketrama Raja	6
3	Shri N K Shrikantan Raja	4

c) Status of the Shareholders' Complaints:

The Shareholders Committee and the Board reviews the status of the Shareholders Grievances' received by the Company together with the status of their redressal at every meeting.

The Company has received one Investor complaint during the year ended 31st March, 2009, in relation to non receipt of demat credit which has been since redressed. There were no Investor Complaints pending as at 31st March, 2009.

d) Name and designation of Compliance Officer:

The Board of Directors of the Company have appointed Shri Subramanian Narayan, Company Secretary, as the Compliance Officer as per Clause 47 (a) and (f) of the Listing Agreement entered with the Stock Exchanges.

COMPENSATION COMMITTEE

The Board of Directors of the Company has in Compliance with the SEBI (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, constituted a Compensation Committee with three non executive directors as its members. Shri M M Venkatachalam (as Chairman), Shri P R Ramasubrahmaneya Rajha and Shri V Jagadisan are the members of the Committee.

The primary objective of the Committee is to review the compensation levels across various positions in the Company, in order to ensure that the Company offers attractive compensation in line with the industry standards, to retain and develop best talent. It also administers the grant of stock option under various schemes of the Company. During the year the Committee met on 7th August, 2008, wherein Shri M M Venkatachalam and Shri V Jagadisan were present.

(A) Employee Share Purchase Plan (ESPP 1999)

During the year 1999-2000, the Company had established Employee Share Purchase Plan (ESPP) which provided for the issuance of 1,100,000 shares to eligible employees (including certain employees of the subsidiaries). The shares were issued to an employee welfare trust called the RSL Employee Trust ("Trust") at Rs. 10/- each and Re. 1/- was paid up by the Trust as application money. Subsequently, the Trust expressed its inability to pay the remaining money due on all the 1,100,000 shares and offered to pay the balance amount (i.e., Rs. 9/- per share) only in respect of 250,000 shares.

Ramco Systems Limited, INDIA

Accordingly, 850,000 shares were forfeited. The balance 250,000 shares have been allotted to the RSL Employee Trust. The RSL Employee Trust allotted equity shares to the employees at par (i.e., Rs. 10/- each) as per their grade and number of years of services under an agreement of sale, whereby the employees would need to be in the employment of the Company over a four year period to get the shares on a progressive basis. As at the date of the report 84,125, equity shares remained with the trust and these represent shares, which have not been vested due to non fulfillment of the conditions of the scheme.

(B) Employee Stock Option Plan 2000 (ESOP 2000)

(i) Shareholders Approval for ESOP 2000

At the Extra Ordinary General Meeting held on 28th August 2000, the Shareholders have approved an issue of 160,000 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 have approved the following amendments to the ESOP 2000:

(a) Amendments approved at the Extra-Ordinary General Meeting held on 29th 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 the one year.
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 27th 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.

(ii) Details of the options granted:

At the meeting of the Compensation Committee held on 12th April, 2001, the Company had granted 126,150 stock options to the employees under the Employee Stock Option Plan 2000 at a price of Rs.254/- per stock option, with a vesting period of 2 to 3 years. After the expiry of the vesting period, upon the exercise of stock options, 11,750 equity shares were converted into equity shares during the financial year 2003-04.

At the meeting of the Compensation Committee held on 14th December, 2003, 67,700, options were granted to the eligible employees of the Company with a vesting period of three years, at a price of Rs.254/- per stock option. This price was adjusted to Rs.227/- per stock option for the Rights 2003 exercise and further adjusted to Rs.223/- per stock option for the Rights 2005 exercise as per SEBI guidelines. As at the date of the report, 19,950 stock options have been converted into equity shares, being 18,900 stock options converted at the rate of Rs.227/- per stock option and 1,050 stock options converted at the rate of Rs.223/- per option. As at 31st March, 2009, 24,550 stock options are yet to be exercised which are fully vested. In terms of the scheme, the option holders can exercise the options till 31st December 2016.

At the meeting of the Compensation Committee held on 4th October 2006, 87,500 further stock options were granted to the eligible employees of the Company at a Price of Rs. 177/- per share as per SEBI guidelines with a vesting period of 3 years and an 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 the one year from the date of grant. As at 31st March, 2009, 24,800, stock options were vested and the options holders can exercise these options till 3rd October, 2019.

(C) Employee Stock Option Scheme 2003 (ESOS 2003)

(i) Shareholders Approval for ESOS 2003

At the Extra-ordinary General Meeting held on 9th April, 2003 the Shareholders had approved an issue of 500,000 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 have approved the following amendments to ESOS 2003:

(a) Amendments approved at the Extra-Ordinary General Meeting held on 29th 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 the one year.
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 27th July, 2007:

In case of severance of employment as a part of 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.

(ii) Details of the options granted:

At the meeting of the Compensation Committee held on 14th December, 2003, 464,500 stock options were granted to eligible employees of the Company with a vesting period of 3 years at an adjusted price of Rs.284/- per stock option. The price was further adjusted to Rs.266/- per stock option for the Rights 2005 exercise as per SEBI guidelines. As at the date of the report, the total options which has been converted into equity are 37,975 equity shares of Rs.10/- each, being 36,350 stock options converted at the rate of Rs.284/- per stock option and 1625 stock option converted at the rate of Rs.266/- per option. As at 31st March, 2009, 97,475 stock options are yet to be exercised which are fully vested. In terms of the scheme, the options holders can exercise these stock options till 31st December 2016.

At the meeting of the Compensation Committee held on 1st December 2005, 9,200 stock options were granted at an exercise price of Rs.266/- per option as per SEBI guidelines with a vesting period of 3 years. As at March 31, 2009, 3,800 stock options are yet to exercised which are fully vested. In terms of the scheme, the options holders can exercise the options till 30th November, 2018.

At the meeting of the Compensation Committee held on 4th October 2006, 2,19,800 stock options were granted to the eligible employees of the Company at a Price of Rs. 177/- per share as per the SEBI guidelines with a vesting period of 3 years and an 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 the one year from the date of grant. As at 31st March, 2009, 87,188, stock options are vested which are yet to be exercised. In terms of the scheme, the option holders can exercise the options till 3rd October, 2019.

At the meeting of the Compensation Committee held on 14th July, 2007, 101,100 stock options were granted to the eligible employees of the Company at a Price of Rs.163/- per share with a vesting period of 3 years and an 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. As at 31st March, 2009, 39,765, stock options are vested which are yet to be exercised. In terms of the scheme, the option holders can exercise the options till 13th July, 2020.

(D) Employee Stock Option Scheme 2004 (ESOS 2004)

(i) Shareholders Approval for ESOS 2004:

The Shareholders of the Company in the Extra-Ordinary General Meeting held on 24th December, 2004 have approved an issue of 9,00,000 stock options, convertible into equity shares of Rs.10/- each, under the scheme, to Key Managerial Personnel including, Independent Directors, President, CEO and other Senior Key Management Personnel of the Company as well as of the Subsidiaries.

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

(a) Amendments approved at the Extra-Ordinary General Meeting held on 29th 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 27th 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.

Ramco Systems Limited, INDIA

(ii) Details of Options granted:

At the meeting of the Compensation Committee held on 1st December 2005, 100,000 stock options were granted at an exercise price of Rs.315/- per option (adjusted market price as at 30th November, 2005) to a Senior Managerial Personnel of the Subsidiary of the Company. The options granted would vest over a period of four years at quarterly rests (except for the options vesting during the first year, which would vest at the end of one year from the date of grant). The options granted have lapsed due to separation of the employee.

At the meeting of the Compensation Committee held on 4th October 2006, 747,350 stock options were granted to the eligible employees of the Company at a Price of Rs. 177/- per share with a vesting period of 4 years and an 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 the one year from the date of grant. As at 31st March, 2009, 268,055, stock options are vested, which are to be exercised by the employees. In terms of the scheme, the options holders can exercise these options till 3rd October 2020.

At the meeting of the Compensation Committee held on 14th July, 2007, 300,500 stock options were granted to the eligible employees at a price of Rs.163/- per share with a vesting period of 4 years and an 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 the one year from the date of grant. As at 31st March, 2009, 74,925 stock options are vested, which are to be exercised by the employees. In terms of the scheme, the options holders can exercise these options till 13th July, 2020.

At the meeting of the Compensation Committee held on 31st October, 2007, 162,000, stock options were granted to the eligible employees of the Company at a price of Rs.156/- per share with a vesting period of 4 years and an 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 the one year from the date of grant. As at 31st March, 2009, 28,125 stock options are vested, which are to be exercised by the employees. In terms of the scheme, the options holders can exercise these options till 30th October, 2020.

At the meeting of the Compensation Committee held on 6th February, 2008, 20,000 stock options were granted to an eligible employee of the company at a price of Rs. 165/- 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. 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 the one year from the date of grant. As at 31st March, 2009, 6,000 stock options are vested, which are to be exercised by the employees. In terms of the scheme, the options holders can exercise these options till 5th February, 2012.

At the meeting of the Compensation Committee held on 7th August, 2008, 20,750 stock options were granted to the eligible employees at a price of Rs. 100/- 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. i.e. till 6th August, 2022. 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 the one year from the date of grant. None of the options are vested as at 31st March, 2009.

(E) Employee Stock Purchase Scheme 2004 (ESPS 2004):

The Shareholders at their Extra-Ordinary General Meeting held on 24th December, 2004 have approved issue of 100,000 equity shares of Rs.10/- each under the scheme to Senior Key Managerial Personnel including Independent Directors, President, CEO and other Senior Key Management Personnel of the Company as well as of the Subsidiaries. As at the date of this report, no equity shares have so far been allotted, under this Scheme.

(F) Employee Stock Option Scheme, 2008:

The shareholders at their Extra Ordinary General Meeting held on 18th September, 2008, have 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.

At the meeting of the Compensation Committee held on 11th April, 2009, 11,28,875 stock 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. i.e. till 10th April, 2023. 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 the one year from the date of grant.

(G) The details of the stock options granted under the above said schemes (B to D) as at 31st March 2009, are as follows:

Sno.	Particulars	ESOP 2000	ESOS 2003	ESOS 2004
1	Total Options	160,000	500,000	1200,000
2	Options Granted (Net of Employee separations)	90,600	324,050	676,950
3	Exercise Price - Pricing Formulae	Refer (B) above	Refer (C) above	Refer (D) above
4	Options Vested	57,600	243,703	378,605
5	Options Exercised during the year	-	-	-
6	Options Lapsed	2,350	-	-
7	Total Number of Shares arising as a result of Options	-	-	-
8	Unvested Options	7,200	57,847	298,345
9	Money realized by exercise of Options during the year	-	-	-
10	Employee category-wise details of Options granted			
	(i) Senior Managerial Personnel	-	-	-
	(ii) Any other employee, who receives a grant in one year of option amounting to 5% or more of option granted during that year.	-	-	20,000
	(iii) Identified employees who were granted option, during one year equal to or exceeding 1% of the Issued Capital (Excluding Outstanding Warrants and Conversions) of the Company at the time of grant.	-	-	-

(H) Merchant Bankers to ESOP 2000, ESOS 2003, ESOS 2004 and ESOS 2004 Schemes:

In accordance with the SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999, the Company has appointed M/s. Indbank Merchant Banking Services Limited, (I Floor, Khivraj Complex I, No.480, Anna Salai, Nandanam, Chennai - 600 035; Telephone No. 044- 24313094 - 97; Fax No. 044- 24313093) as the Merchant Bankers for the implementation of the said schemes.

OTHER BOARD COMMITTEES

ALLOTMENT COMMITTEE

The Board of Directors have constituted an Allotment Committee with Shri M M Venkatachalam, Shri V Jagadisan and Shri P R Venketrama Raja as its members. 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. There was no meeting of the Allotment Committee held during the year.

RIGHTS ISSUE 2008 COMMITTEE

The Board of Directors of the Company in its meeting held on 23rd July, 2008, constituted a Rights Issue 2008 Committee in connection with the administration of the matters relating to the then proposed Rights Issue 2008 of the Company. The members of the Committee are Shri M M Venkatachalam, Shri V Jagadisan, Shri A V Dharmakrishnan and Shri P R Venketrama Raja. The Committee met on 18th September, 2008, to discuss the matters in relation to the Rights Issue 2008, wherein Shri V Jagadisan and Shri A V Dharmakrishnan were present. The Committee has been since dissolved pursuant to the withdrawal of the Rights Issue 2008 by the Company.

Ramco Systems Limited, INDIA

GENERAL BODY MEETINGS

The following are the details of Date, Location and Time of the General Meetings held during last three financial years.

Meeting	Date	Location	Time
A G M	27th July, 2006	Shri PACR Centenary Community Hall, Sudharsan Gardens, PAC Ramasamy Raja Salai, Rajapalayam-626 108	12.00 Noon
E G M	29th September, 2006	47, PSK Nagar, Rajapalayam - 626 108	02.30 P.M.
A G M	27th July, 2007	Shri PACR Centenary Community Hall, Sudharsan Gardens, PAC Ramasamy Raja Salai, Rajapalayam-626 108	12.00 Noon
AGM	11th August, 2008	-do-	11.45 A.M.
EGM	18th September, 2008	47, PSK Nagar, Rajapalayam - 626 108	11.30 A.M.

There were no special resolutions passed at the Annual General Meetings held on 27th July, 2006 and 11th August, 2008. At the Annual General Meeting held on 27th July, 2007, six special resolutions in relation to certain amendments to the Stock Option Schemes were unanimously passed by the members of the Company.

POSTAL BALLOT

There were no resolutions that were required to be passed by means of a postal ballot by the members of the Company during the year ended 31st March, 2009. None of the ordinary and special resolutions placed at the ensuing Annual General Meeting are required to be passed by the members through Postal Ballot.

CODE OF CONDUCT

The Board of Directors of the Company has laid down the following code of conduct for all the Board Members and the Senior Management of the Company and the same has been posted on the website of the Company; www.ramco.com, in the compliance with the provisions of Listing Agreement with the Stock Exchanges.

"This Code of Conduct shall apply to the Directors and Senior Management personnel of Ramco Systems Limited, who shall affirm compliance with this Code on an annual basis as at the end of each financial year.

CODE OF CONDUCT FOR DIRECTORS

A Director being a Trustee of the Shareholders shall -

- i. Act always in the best interest of the shareholders.
- ii. Maintain a high standard of probity in his relations with the Company, its subsidiaries, employees, contractors, suppliers and customers.
- iii. Maintain confidentiality of the Company on matters that come to his knowledge as Director, both during his Directorship and thereafter as well.
- iv. Always conduct himself in a manner that befits his position.
- v. Assist the company to observe the provisions of the company law and other laws applicable to the company, both in letter and in its spirits.
- vi. Not use this position in any manner to his personal advantage or that of his family or friends.

CODE OF CONDUCT FOR SENIOR MANAGEMENT PERSONNEL

A Senior Manager person is one who occupies the rank of General Manager or above and notified from time to time as a Senior Management person.

A Senior Management personnel shall -

- i. By his personal behavior and conduct, set an example to his fellow employees.
- ii. Conduct himself in a manner that upholds his integrity, rectitude and fair name of the Company and give no occasion to the Management to explain his actions or behaviors.
- iii. Refrain his position for personal benefit from the employees, contractors, suppliers and customers of the Company.
- iv. Maintain the confidentiality of the Company's information that has come to his notice, except where disclosure is authorized in writing by the Management.
- v. Observe all prescribed safety and environmental related norms.
- vi. Not divulge to any member of the press or media any matter concerning the company unless authorized by the Management.

vii. Not engage himself in any business relationship or commercial activity with or without remuneration, without the prior written permission of the Management”.

All the Board Members and Senior Management Personnel of the Company have affirmed compliance with the applicable code of conduct for the year ended 31st March, 2009. The declaration from Shri P R Venketrama Raja, Vice Chairman, Managing Director & CEO, regarding the affirmation of the compliance for the year ended 31st March, 2009, is enclosed and forms part of this report.

The Company has also framed a code of conduct for prevention of Insider Trading in compliance with the SEBI(Prohibition of Insider Trading) Regulations, 1992.This code is applicable to all the Directors / Officers and Designated Employees. The Code regulates dealing in shares by the persons having access to the unpublished price sensitive information.

DISCLOSURES

There were no related party transactions i.e., transactions of the Company of material nature, entered with its promoters, directors or the management, their subsidiaries or relatives etc., that may have potential conflict with the interest of Company at large. The details of the related party transactions are disclosed under the notes on accounts, as required under the Accounting Standard 18 issued by the Institute of Chartered Accountants of India.

The Company has complied with the requirements of the SEBI and the Stock Exchanges on the matters relating to the capital markets as applicable from time to time. There has been no instance of non-compliance by the Company or penalty or strictures imposed on the Company by the stock exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

The Company has complied with the all the mandatory requirements of the code of Corporate Governance prescribed by the Stock Exchanges. As regards the non mandatory requirement, the Company has a Remuneration Committee as detailed in the earlier paragraphs.

MEANS OF COMMUNICATION

The Board of Directors of the company takes on record the Un-audited Financial Results in the prescribed form within one month of the close of every quarter and announces the results to the stock exchanges where the Company's shares are listed. The same are also published within 48 hours in the newspapers viz., Financial Express, Business Standard (English) and Makkal Kural (Tamil).

Press briefings are held after important occasions viz., announcement of quarterly results, new tie up etc. The press releases issued from time to time are informed to the respective Stock Exchanges where the equity shares of the Company are listed and the same is also hosted on the Company's website for information of the investors.

The Company's official website; www.ramco.com has in it a separate page for investors relations, wherein the quarterly financial results, shareholding patterns, important announcements to the Stock Exchanges, are hosted for the knowledge of the Investors. In addition to the above, the Company also regularly provides information to the stock exchanges as per the requirements of the Listing Agreement and updates the same on Company's website periodically to include information on new developments and business opportunities of the Company. The Company is also uploading the quarterly results and shareholding patterns on the Electronic Data Information Filing and Retrieval (EDIFAR) website (www.sebiedifar.nic.in).

SEBI had vide Circular No. SEBI/CFD/DIL/LA/4/2007/27/12 dated December 27, 2007, has amended the listing agreement by introducing Clause 52, which provides for filing of documents through Corporate Filing and Dissemination System (CFDS) which has been put in place jointly by the Bombay Stock Exchange Limited and the National Stock Exchange of India limited. CFDS is expected to offer a XBRL enabled common platform for listed companies to file their returns with stock exchanges and also a common place for investors to view information related to listed companies. In terms of the circular, initially the Clause 52 of the Listing Agreement is applicable to the Companies whose names are specified by the participating Stock Exchanges. The Company would file the information through the CFDS once specified by the Stock Exchanges. Accordingly, the investors are also requested to view the information at www.corpfilings.co.in.

Shareholders are being provided with timely information on all Company related matters. For effective and better communication to the Shareholders, the Company has appointed M/s.Ogilvy as PR Agency.

As a further efforts towards effective Investor Grievance redressal measure and in compliance with the provisions of Clause 47(f) of the Listing Agreement with the Stock Exchanges, the Company has designated an exclusive e-mail id, investorcomplaints@rsi.ramco.com to enable the investors to lodge their complaints. The investors are requested to kindly make use of the same.

As required under sub clause IV(F) of Clause 49 of the Listing Agreement, the Management Discussion and Analysis Report detailing the overview of the Industry, Company's business and its financials etc., is provided separately as a part of the Directors' Report.

Ramco Systems Limited, INDIA

GENERAL SHAREHOLDER INFORMATION

Details of the forthcoming Twelfth Annual General Meeting:

1. Date 5th August, 2009
2. Day Wednesday
3. Time 11.45 a.m.
4. Venue Shri P A C Ramasamy Raja Centenary Community Hall, Sudharsan Gardens, PAC Ramasamy Raja Salai, Rajapalayam - 626 108

Financial Calendar for 2009-10 (tentative)

The Financial year of the Company is April- March of every year and the tentative details of the financial calendar for the year 2009-10 are as under:

Financial Results for the Quarter ending 30th June, 2009	Between 15th July & 31st July, 2009
Financial Results for the Quarter ending 30th September, 2009	Between 15th October & 31st October, 2009
Financial Results for the Quarter ending 31st December, 2009	Between 15th January & 31st January, 2010
Financial Results for the year ending 31st March, 2010	Between 15th May & 31st May, 2010
Thirteenth Annual General Meeting of the Company, for the year ending 31st March, 2010	July / August, 2010

Book Closure

In order to comply with the provisions of Clause 16 of the Listing Agreement, the Register of Members of the Company and the Share Transfer Books would remain closed on Wednesday, the 5th August, 2009.

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
Madras Stock Exchange Limited	No.11, Second Line Beach, Chennai - 600 001	RSST
Bombay Stock Exchange Limited	Phiroze Jheejeebhoy Towers, Dalal Street , Mumbai - 400 001	532370
The National Stock Exchange of India Limited	C1-Block G, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051.	RAMCOSYS

In line with the provisions of the Listing Agreement with the Stock Exchanges, the listing fees for the financial year 2009-10 have been paid to the Stock Exchanges, where the Company's Shares are listed.

Depositories

The Equity Shares of the company are admitted in the following depositories of the country under the International Securities Identification Number (ISIN) INE246B 01019. This number is required to be quoted in each transaction relating to the dematerialized equity shares of the Company.

Name of the Depository	Address
National Securities Depository Limited	4th Floor, Kamala Mills Compound, Senapathi Bapat Marg, Lower Parel, Mumbai - 400 013
Central Depository Services (India) Limited	28th Floor, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001

The Company has paid the custodial charges to the respective depository participant for the financial year 2009-10.

Corporate Identity Number

The Corporate Identity Number (CIN), allotted by the Ministry of Company Affairs, Government of India is L72300TN1997PLC037550 and the Company's registration number is 37550.

With the MCA 21 initiative of the Ministry of Company Affairs going live, the Company's Master Data information and details of the compliance filings made by the Company with the Ministry of Company Affairs, Government of India, may be viewed by the members and other stake holders at www.mca.gov.in using the abovementioned CIN.

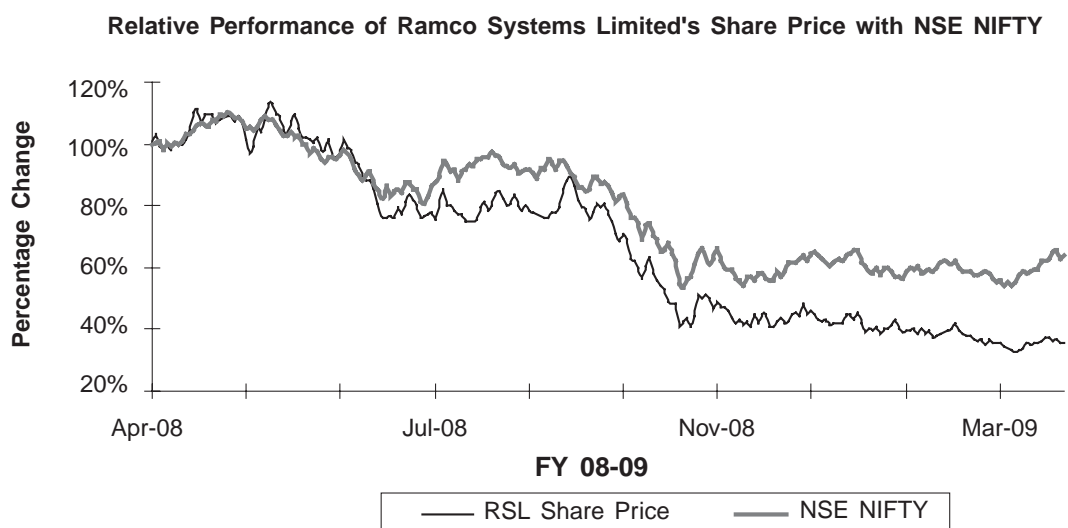
Credit Ratings

The Ratings given by ICRA for the Company's Credit Facilities\Debt Instruments are as follows:

Programme	Credit Rating	Rating Degree
Short Term Non Convertible Debentures/ Short Term Loan Facilities/Non Fund Based Facilities	A1+(SO)	Highest -Credit -Quality
Short Term Loan Facility	A2+(SO)	Above-Average-Credit-Quality
Cash Credit Facilities	LA+(SO)	Adequate-Credit-Quality
	LA-(SO)	Adequate-Credit-Quality
Term Loan Facility	LA+(SO)	Adequate-Credit-Quality

Details of the Share Price Movements

Sl. No.	Month	NSE Volume	BSE Volume	NSE Prices (In Rs.)			BSE Prices (In Rs.)		
				High	Low	Close	High	Low	Close
1	Apr-08	91,292	66,823	146.95	119.00	135.10	142.20	118.00	136.20
2	May-08	27,964	199,667	155.90	119.00	130.25	154.90	120.00	130.45
3	Jun-08	77,490	86,085	132.00	99.50	100.60	132.75	99.50	99.90
4	Jul-08	99,695	83,942	113.00	92.00	93.05	112.45	91.25	93.95
5	Aug-08	138,271	218,448	109.40	92.00	95.00	109.25	90.10	95.75
6	Sep-08	299,363	218,442	117.50	84.00	85.20	117.00	84.50	85.50
7	Oct-08	59,535	56,557	89.25	48.50	55.35	90.55	49.15	55.25
8	Nov-08	32,102	36,250	67.00	48.50	56.05	66.50	47.00	56.10
9	Dec-08	25,664	28,568	60.35	48.00	52.00	60.00	49.00	52.15
10	Jan-09	34,922	49,556	57.40	46.00	47.80	57.00	45.05	48.20
11	Feb-09	33,032	51,125	53.00	43.00	45.55	53.00	42.50	45.75
12	Mar-09	88,639	43,070	48.00	40.15	44.50	50.00	40.00	43.90
	Total	1,257,969	1,138,533						



Ramco Systems Limited, INDIA

Registrar and Transfer Agent

M/s. Cameo Corporate Services Limited, Chennai, is the Registrar and Share Transfer Agents (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, Mount Road, Chennai - 600 002,

Tel: 044-28460390 Fax: 044-28460129

Share Transfer System

The requests for physical share Transfers, Transmissions, Transposition etc. are received by the Company or by the Registrar's and Share Transfer Agents. In respect of the Company's Shares, which are traded in the dematerialisation form, the transfers are processed and approved in electronic form by NSDL/CDSL through their Depository Participants.

The physical Share Transfers, Transmissions 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 listing agreement, 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 listing agreement. Shares requested for dematerialisation are confirmed within 10 days.

To ensure swift processing of the shares transfers, Transmissions, Transposition etc. the Board of Directors have delegated powers to approve the process to the Shareholder Committee. During the year the Shareholders Committee has met 7 times and approved transmission requests for 25,364 equity shares, Transposition requests for 947 equity shares and Dematerialization requests for 31065 equity shares. There is no specific complaint outstanding on the subject till date.

Shareholding Pattern and the Distribution of Shareholding as at 31st March, 2009:

Description	Number of Share holders	Shares held in demat	Total Shares Held	%age to Capital	Graphical Representation
Promoters					
Core Promoters	2	1,651,651	1,651,651	10.75	
Others	18	7,702,157	7,807,598	50.84	
Sub Total	20	9,353,808	9,459,249	61.59	
Institutional Investors					
Mutual Fund & UTI	2	-	300	0.00	
Insurance Companies	1	351,493	351,493	2.29	
FIs/ Banks	5	26,000	26,150	0.17	
FII's	3	672,445	672,445	4.38	
Sub -Total	11	1,049,938	1,050,388	6.84	
Public					
Bodies Corporate	353	869,948	870,507	5.67	
Indian Public	8,600	3,308,153	3,682,135	23.98	
Sub Total	8,953	4,178,101	4,552,642	29.64	
Others					
NRI's / Foreign Nationals / Trusts / Clearing Member Etc.	122	276,790	295,707	1.93	
Sub Total	122	276,790	295,707	1.93	
Grand Total	9,106	14,858,637	15,357,986	100.00	

The Distribution of the Shareholding of the Company as at 31st March, 2009, is as follows:

Share holding Rs. (Nominal Value)	Share Holders		Share Capital	
	Number	% to total	Rs.	% to total
Upto 5000	8,109	89.05%	8,676,620	5.65%
5001-10000	432	4.74%	3,315,380	2.16%
10001-20000	255	2.80%	3,748,220	2.44%
20001-30000	82	0.90%	2,052,890	1.34%
30001-40000	55	0.60%	1,926,550	1.25%
40001-50000	27	0.30%	1,225,760	0.80%
50001-100000	67	0.74%	4,859,360	3.16%
100001 and above	79	0.87%	127,775,080	83.20%
Total	9,106	100.00%	153,579,860	100.00%

Dematerialization of Shares and Liquidity

The Company has entered into agreements with both National Securities Depository Limited and Central Depository Services (India) Ltd to facilitate the shareholders to demat their equity shares with any one of the depositories. The custodial charges for the year 2009-10 have been paid to NSDL and CDSL as per the Listing Agreement. As at 31st March 2009, 14,858,637 equity shares representing 96.75% of the Company's total numbers of shares have been dematerialised.

In view of SEBI's direction that the settlement of trades in the listed securities should take place only in the demat mode and 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.

Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, conversion date and likely impact on Equity : The Company has not issued any ADR/GDR or any convertible warrants during the year.

Plant Location

R&D Center : No.64, Sardar Patel Road, Taramani, Chennai - 600 113.

Address for Correspondence & Shareholders queries : The Company Secretary
No:64, Sardar Patel Road, Taramani, Chennai - 600 113.

Phone: 044-22355558 Fax : 044-22355078
(or)

M/s. Cameo Corporate Services Limited
Unit: Ramco Systems Limited
Subramanian Building, No.1, Club House Road,
Chennai - 600 002,
Phone:044-28460390: Fax:044-28460129.

Email id for registering investor complaints:

As required under sub clause 47(f) of the Listing Agreement, a separate email id; investorcomplaints@rsi.ramco.com, has been created by the Company for the purpose of registering the complaints by the investors. Shri Subramanian Narayan, Company Secretary, has been appointed as the Compliance Officer of the Company for redressal of investor grievances. The Company has also displayed the email id on the website; www.ramco.com.

Other Information:

Secretarial Audit

A secretarial audit is done every quarter by a practicing Company Secretary to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and paid up capital. The audit confirms that the total issued/paid up capital is in agreement with the aggregate total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL.

Compliance Certificate

Compliance Certificate dated 29th May, 2009 from our Statutory Auditors, M/s. CNGSN & Associates is given at the end of this Corporate Governance Report.

Ramco Systems Limited, INDIA

Declaration from the Vice Chairman, Managing Director & CEO

(Under clause 49(D)(ii) of the Listing Agreement)

To

The Members of Ramco Systems Limited

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, the Board Members and the Senior Management Personnel have affirmed compliance with the Company's Code of Conduct for the year ended 31st March, 2009.

For RAMCO SYSTEMS LIMITED

Place: Chennai

Date : 29th May, 2009

P R VENKETRAMA RAJA

VICE CHAIRMAN, MANAGING DIRECTOR & CEO

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

(Under Clause 49 of the Listing Agreement)

To

The Members of Ramco Systems Limited

We have examined the compliance of conditions of Corporate Governance by Ramco Systems Limited, for the year ended 31st March 2009, as stipulated in Clause 49 of the Listing Agreement of the said company with the Stock Exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company, for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no investor grievance(s) is/are pending for a period exceeding one month against the Company as per the records maintained by the Shareholders Committee.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For CNGSN & ASSOCIATES
Chartered Accountants

C N GANGADARAN
Partner

Place : Chennai

Date : 29th May, 2009

Membership No. 011205

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

The year 2008-09 has been an action packed year for Ramco on various facets. Much has happened from the year beginning, but our fundamental strength, challenges and strategic goals remain largely the same. We have continued to invest in the right opportunities, expand our large customer base, aim at annuity-based revenues, embrace innovation in our product design & delivery and focus on employee excellence. Tighter cost control measures, better resource productivity and focused approach were the mantra of the year, and would continue to be so in the coming years.

The year commenced with the focus on:

- Analysis of our various offerings in terms of revenue generation, particularly that of high yielding businesses that ensure better returns.
- Project profitability enhancement through strict monitoring and controlling.
- Resources productivity augmentation by substantially capitalizing on VirtualWorks.
- Additional revenue generation by leveraging existing customer base.
- Customer satisfaction in terms of quality, implementation and post implementation experience.

During the year, we focused on larger accounts with business transformation as the central theme. The whole purpose was to achieve revenues on annuity basis to enable much better revenue predictability. The South Africa success on local government solutions and the possibility of replication of these solutions across many more municipalities is a classic example of our success in generating annuity-based business from large accounts which are aiming for a business transformation. Also, Ramco's collaborative solution innovation platform, Ramco VirtualWorks, has helped us successfully move ahead to make a definite mark in the market by winning several large size deals.

In the same period, we focused on accelerating our efforts to rapidly acquire customers through our OnDemand business. This model breaks all the traditional barriers of the conventional ERP and offers compelling value proposition to the customer. Going by our current performance on this, we should be making rapid strides in the market for the next many years. In today's challenging times, the focus is to capitalize on the evolutionary growth of the SME sector which has led to an increase in demand for IT solutions. Ramco OnDemand ERP addresses the ERP needs of growing enterprises and is reshaping the dynamics of the Indian ERP market. Offered for an affordable monthly subscription, the service takes care of all IT infrastructures including maintenance and support needs, and gives customers the power to focus on their core business.

Ramco successfully moved across the value chain and had promoted platform-based Business Process Outsourcing (BPO) business. Unlike conventional BPO players who are service centric with rigid processes and use 3rd party HCM and payroll software, Ramco leverages its home-grown HCM & Payroll application developed using Ramco VirtualWorks and delivers value-added services with built-in flexibility for change. Within months of establishing the practice, Ramco has won large , multi-year annuity deals for payroll processing from reputed companies including TSR Darashaw, Avaya, Bharti Airtel, Bharti foundataion, Bharti Airtel Services, Bharti Learning Systems and Sun Life. With a healthy order pipeline, Ramco is confident that this will continue to be a profitable business and compliment existing offerings.

The Aviation solutions group has further enhanced its global delivery capabilities by porting the Aviation solutions onto the latest release of VirtualWorks (RVW 2.0 / 5.1). Some of the key wins include orders from Airways, Evergreen Airlines and FlyLAL Technics. Customer go-lives for Aviation during the year include TACA Regional, KD Avia, Vueling and Pinnacle.

In India, Ramco recorded healthy growth aided by focused marketing efforts in select verticals such as Manufacturing, Logistics, Infrastructure, and Real Estate & Property management. The enterprise applications business recorded excellent growth with some notable order wins from EMRI, Metso Minerals, Caterpillar and Ernst & Young. During the year, Go-lives have also been quiet commendable in the region with projects like TVS Logistics, Adani Logistics , DLF (all operations), KPMG, Bharat Gears, Landmark, India Telecom Infra Limited, Elcomponics ITIL , Caterpillar, Avaya and GE going live on schedule.

Also, Ramco HCM (Human Capital Management) solution won several orders including orders from Landmark, Geojit and Trivitrion. Ramco's solution for Engineering Process Optimization (Ramco Optima) and Simulation targeted primarily at the cement industry expanded its footprint across the country and won several new orders from Madras Cements, Shree Jayajothi Cement and Birla Copper amongst others. We have plans to offer this solution to energy & utilities segment as well.

The US market is facing challenges arising from the unprecedented economic contraction, which is shaking up all businesses across the globe. In these adverse times, we have ensured that our strategies and goals are aligned, costs are under control, and the focus is on increasing revenues by venturing into unaffected markets such as Africa, Middle East and India.

Ramco Systems Limited, INDIA

Several local and district municipalities in South Africa are looking at automating their systems and processes. As Ramco is well established in this region as a leading software provider, the company is well poised to capitalize on its early mover's advantage and strengthen its position.

Opportunities

The company is well positioned to capitalize on market opportunities emerging from the current challenging scenario. We are well equipped to employ our substantial IT competence, which is the outcome of decades of experience in the software business. We will make all efforts to seize these opportunities and position ourselves ahead.

With a widened and streamlined portfolio of offerings, Ramco is one of the very few companies worldwide who offer integrated and seamless solutions spanning Consulting, Business applications and Process outsourcing. This offers exciting opportunities as it eliminates the need for customers to work with multiple vendors to address their diverse business requirements.

Looking at the growing needs of SMBs, it appears that Ramco OnDemand ERP is well-timed as it suffices almost all the criteria of SMB needs. Faster implementation, flexibility, scalability, maintenance free, accessibility, pay per use model are few of the characteristics which seems to be need-of-the-hour. Cost control, optimum usage of resources, enhanced productivity is today's mantra to be successful, and our solution addresses these requirements perfectly. Fortunately we also have the first mover's advantage in the domestic market which is helping us enable several organizations reap the benefits of Software as a Services (SaaS).

Another opportunity that needs mention is our governance solutions scope. As e-governance projects are initiated at the global level, we have a vast scope in this field. Our past experience in the South African market is proving to be helpful for us to explore the opportunities in both domestic and other global markets.

Partnerships & Alliances

Ramco firmly believes in a strong partner ecosystem to penetrate the market within a short span of time. It has been a year of several strategic partnerships across a wide range of businesses.

- Commendable efforts of our partner CEM Business Solutions in the Middle East Region is something to cherish on. CEM has been associated with Ramco for over 3 years now. With a dedicated team, CEM has been securing several orders for Ramco in the Middle East Region apart from providing implementation services. Following are some of the noteworthy orders that Ramco acquired in association with CEM : Hidayath Group, The Al Bahja Group, Gulf Steel Strands, Metito, Jebel Ali Cement Factory and National Bond Corporation.
- Our focus on the 'Business Intelligence' solutions and partnership with a global player- HP in co-creating Banking Analytics are certainly going to propel us into a great future in this spectrum.

People Initiatives

Business goals are important and need focus, so are valuable people who work for the organization. A happy and motivated workforce would imply that the company is fostering the growth of individuals associated with them and in turn achieving its business goals.

We understand that Ramco's strength comes from its "People". Infusing and retaining young, energetic, qualified and ambitious professionals will help us radically transform the organization. Ramco's HR team periodically comes up with employee focused initiatives and implements them regularly and religiously. These schemes are aimed to enhance employee's work environment and productivity.

In sync with our HR Department's vision and mission, our Training Department has played an important role during the year. It has conducted several training programs to enhance employee's technology skills, communications and presentation skills, team motivation & management and leadership programs amongst others.

The Company also conducts general awareness programs and workshops that help employees de-stress and lead a healthy and balanced life.

As a gesture of recognition of the contributions and the potential which the employees have exhibited, we have granted stock options under the Stock Option Schemes of the Company.

The 'Letter to shareholders' and 'Corporate Theme' provided in this report may not contain sufficient information to allow full understanding of the results or the state of affairs of the company. The Ramco Systems management cautions investors that these reports are provided only as additional information to our investors. Using such reports for predicting the future of Ramco Systems is risky. The Ramco Systems management is not responsible for any direct, indirect or consequential losses suffered by any person using these reports.

AUDITOR'S REPORT TO THE MEMBERS OF RAMCO SYSTEMS LIMITED

We have audited the attached Balance Sheet of Ramco Systems Limited, as at 31st March, 2009 the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Sub-section (4-A) of Section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to above, we report that:
 - a) We have 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 appears from our examination of those books
 - c) The Balance sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - d) In our opinion, the Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Sec.211 of the Companies Act, 1956,
 - e) On the basis of written representation received from the directors, as on 31st March, 2009 and taken on record by the Board of Directors, we report that none of the Directors is disqualified, as on 31st March, 2009 from being appointed as a Director in terms of clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956.
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (1) in case of the balance sheet, of the state of affairs of the Company as at 31st March 2009.
 - (2) in the case of the Profit and Loss account, of the loss for the year ended on that date.
 - (3) in the case of cash flow statement, of the cash flows for the year ended on that date.

For CNGSN & ASSOCIATES
Chartered Accountants

C N GANGADARAN
Partner
Membership No.11205

Place: Chennai
Date : 29th May, 2009

ANNEXURE TO THE AUDITOR'S REPORT

Referred to in paragraph 3 of our report of even date

- (i) (a) The company has maintained proper records showing full particulars, including quantitative details and situations of Fixed Assets.
 - (b) Most of the assets have been physically verified by the management during the year. The company has a phased programme of verification which in our opinion is reasonable having regard to the size of the company. No material discrepancies have been noticed on such verification.
 - (c) During the year, the company has disposed off fixed assets having written down value of Rs.9.09 crores; however the going concern status of the company is not affected.
- (ii) (a) The inventory has been physically verified during the year by the management.
 - (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - (c) The company is maintaining proper records of inventory. No material discrepancies were noticed at the time of physical verification.
- (iii) (a) The Company has taken loan of Rs.12,500,000 during the year from one party listed in the Register maintained under in Section 301 register. The year end balance is Rs.200,000,000 and the maximum outstanding is Rs.212,500,000. No loans have been granted to any such parties.
 - (b) In our opinion rates of interest and other terms and conditions are not prejudicial to the interest of the company.
 - (c) The repayment of the principal amounts and interest wherever applicable are regular.
 - (d) The loans taken by the company are repayable on demand and therefore the question of overdue amounts does not arise.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business, with regard to the purchase of inventory, fixed assets and with regard to sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
- (v) (a) The company has transactions with Section 301 companies. The transactions have been entered in the register maintained under Section 301 of the Companies Act, 1956.
 - (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of Rupees Five Lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an adequate internal audit system commensurate with the size and nature of its business.
- (viii) The company does not come under section 209(1)(d) of the Companies Act, 1956.
- (ix) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, investor education protection fund, Employees' State Insurance, income tax, wealth tax, Sales tax, Service tax, Customs duty, excise duty and Cess and other material statutory dues as applicable to it.
 - (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, service tax, customs duty, excise duty and cess were in arrears as at 31st March, 2009, for a period of more than six months from the date they became payable.
 - (c) Further there are no disputed taxes.
- (x) In our opinion, the accumulated losses of the Company are not more than 50% of its net worth. The company has incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.

- (xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution or bank or debenture holders.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the company is not a chit fund or nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditors Report) Order, 2003 are not applicable to the company.
- (xiv) In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Companies (Auditors Report) Order, 2003 are not applicable to the company.
- (xv) The Company has not given guarantees during the year
- (xvi) In our opinion, the term loans have been applied for the purpose for which they were raised.
- (xvii) According to the information and explanation given to us and on an overall examination of the balances sheet of the Company, we report that no funds raised on short term basis have been used for long term investment.
- (xviii) During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (xix) According to the information and explanations given to us, during the period covered by our audit report, the Company has issued 143 numbers of unsecured debentures amounting to Rs.141.75 crores.
- (xx) There has been no public issue during the year and hence the question of end use of money does not arise.
- (xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For CNGSN & ASSOCIATES
Chartered Accountants

Place: Chennai
Date : 29th May, 2009

C N GANGADARAN
Partner
Membership No.011205

Ramco Systems Limited, INDIA

BALANCE SHEET AS AT 31ST MARCH, 2009

	Schedule	As at 31.03.2009 Rs.	As at 31.03.2008 Rs.
I. SOURCES OF FUNDS			
1. Shareholders' Funds			
a) Share Capital	I	153,933,750	153,933,750
b) Reserves & Surplus	II	1,942,746,246	1,942,746,246
		<u>2,096,679,996</u>	<u>2,096,679,996</u>
2. Loan Funds			
a) Secured	III	216,991,841	421,785,371
b) Unsecured	IV	870,085,616	877,500,000
		<u>1,087,077,457</u>	<u>1,299,285,371</u>
TOTAL		<u>3,183,757,453</u>	<u>3,395,965,367</u>
II. APPLICATION OF FUNDS			
1. Fixed Assets			
Gross Block	V	2,102,544,841	2,553,511,714
Less : Depreciation		722,320,263	915,664,378
Net Block		<u>1,380,224,578</u>	<u>1,637,847,336</u>
2. Investments			
	VI	1,222,084,896	1,222,077,768
3. Current Assets, Loans & Advances			
a) Inventories	VII	149,706	1,871,703
b) Sundry Debtors	VIII	383,098,455	379,047,024
c) Cash & Bank Balances	IX	62,244,586	54,046,478
d) Loans & Advances	X	201,166,015	163,689,399
e) Other Current Assets	XI	17,600,276	46,423,483
		<u>664,259,038</u>	<u>645,078,087</u>
Less: Current Liabilities and Provisions			
a) Current Liabilities	XII	476,067,029	477,993,119
b) Provisions	XIII	55,781,003	64,470,812
		<u>531,848,032</u>	<u>542,463,931</u>
Net Current Assets		<u>132,411,006</u>	<u>102,614,156</u>
4. Profit & Loss account			
		<u>449,036,973</u>	<u>433,426,107</u>
TOTAL		<u>3,183,757,453</u>	<u>3,395,965,367</u>

Significant Accounting Policies and Notes on accounts XX

Schedules, Accounting Policies and Notes form an integral part of the accounts

As per our Report Annexed
For **CNGSN & Associates**
Chartered Accountants

P R RAMASUBRAHMANEYA RAJHA
Chairman

S S RAMACHANDRA RAJA

N K SHRIKANTAN RAJA

C N GANGADARAN
Partner

P R VENKETRAMA RAJA
Vice Chairman, Managing Director & CEO

V JAGADISAN

A V DHARMAKRISHNAN

Place : Chennai
Date : 29th May, 2009

SUBRAMANIAN NARAYAN
Company Secretary

R S AGARWAL
Directors

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

	Schedule	Year ended 31.03.2009 Rs.	Year ended 31.03.2008 Rs.
INCOME			
Sales	XIV	923,544,143	965,536,820
Other Income	XV	45,476,416	54,214,718
		<u>969,020,559</u>	<u>1,019,751,538</u>
EXPENDITURE			
Cost of Resale Material		30,447,887	49,694,914
Employee Compensation & Benefits	XVI	563,166,492	649,988,524
Sales & Marketing Expenses	XVII	82,013,838	34,882,504
Administrative & Other Expenses	XVIII	289,345,083	237,969,551
		<u>964,973,300</u>	<u>972,535,493</u>
Profit / (Loss) before Interest, Depreciation, Exceptional Items & Tax		4,047,259	47,216,045
Interest & Finance Charges	XIX		
- For R&D activities		87,242,524	51,932,121
- For Others		94,195,043	129,031,167
		<u>181,437,567</u>	<u>180,963,288</u>
Profit / (Loss) before Depreciation, Exceptional Items & Tax		(177,390,308)	(133,747,243)
Depreciation			
- on Technology Platform & Product Software		195,520,822	161,931,760
- on other fixed assets		59,384,684	72,497,991
		<u>254,905,506</u>	<u>234,429,751</u>
Profit / (Loss) before Exceptional items & Tax		(432,295,814)	(368,176,994)
Exceptional Income / (Expense) (Refer Note No.16)		421,780,758	603,344,073
Profit / (Loss) before Tax		(10,515,056)	235,167,079
- Current Taxation		-	-
- Deferred Taxation		-	-
- Fringe Benefit Tax		(5,095,810)	(5,878,710)
Profit / (Loss) after Tax		(15,610,866)	229,288,369
Balance in profit & Loss Account brought forward from previous year		(433,426,107)	(662,714,476)
Balance in Profit & Loss Account		<u>(449,036,973)</u>	<u>(433,426,107)</u>
Earnings Per Share - Basic & Diluted (Face value of shares @ Rs.10/- each)		(1.02)	14.93
Significant Accounting Policies and Notes on accounts	XX		
Schedules, Accounting Policies and Notes form an integral part of the accounts			
As per our Report Annexed For CNGSN & Associates Chartered Accountants	P R RAMASUBRAHMANEYA RAJHA Chairman	S S RAMACHANDRA RAJA	N K SHRIKANTAN RAJA
C N GANGADARAN Partner	P R VENKETRAMA RAJA Vice Chairman, Managing Director & CEO	V JAGADISAN	A V DHARMAKRISHNAN
Place : Chennai Date : 29th May, 2009	SUBRAMANIAN NARAYAN Company Secretary	R S AGARWAL Directors	

Ramco Systems Limited, INDIA

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

	Year ended 31.03.2009 Rs.	Year ended 31.03.2008 Rs.
A. Cash Flow From Operating Activities:		
Net Profit / (Loss) before tax & exceptional items	(432,295,814)	(368,176,994)
Adjustments for:		
Depreciation	254,905,506	234,429,751
Interest & Finance Charges	181,437,567	180,963,288
Unrealised foreign exchange fluctuation (gain) / loss (Profit) / Loss on sale of fixed assets (other than those mentioned in Note No.16) - Net	(5,695,051)	(3,586,673)
Interest Income	3,988,395	147
Dividend income	(328,447)	(1,513,129)
	(7,128)	(8,435,373)
Operating Profit /(Loss) before Working Capital Changes	2,005,028	33,681,017
Working Capital Changes:		
(Increase) / Decrease in Trade and Other receivables	(41,528,047)	(22,042,675)
(Increase) / Decrease in Inventories	1,721,997	(1,773,366)
(Increase) / Decrease in Other current assets [other than Cash and Bank]	28,823,207	(15,728,444)
Increase / (Decrease) in Current liabilities and Provisions	(10,778,929)	67,068,652
Cash generated from operations	(19,756,744)	61,205,184
Fringe Benefit Tax paid	(4,932,780)	(12,645,930)
Cash Flow before exceptional items	(24,689,524)	48,559,254
Provision for liabilities under Contracts	-	(47,462,002)
Overseas withholding tax	(8,017,560)	(16,219,104)
Net Cash (used in) / generated from operating activities	(32,707,084)	(15,121,852)
B. Cash Flow from Investing Activities:		
Purchase of Fixed assets - for R&D activities	(14,505,248)	(2,332,246)
Purchase of Fixed assets - for Others	(82,545,068)	(99,043,530)
Investment in R&D activities	(220,664,877)	(335,890,617)
Net Investment in Mutual Funds	(7,128)	(95,607)
Balance Proceeds from divestment of subsidiary- Ramco Infotech Solutions Ltd.	-	70,000,000
Proceeds from sale of fixed assets mentioned in Note No.16	750,000,000	900,001,000
Proceeds from Sale of other fixed assets	1,710,750	4,111,233
Interest income	328,447	1,513,129
Dividend income	7,128	8,435,373
Net cash (used in) / generated from Investing Activities	434,324,004	546,698,735
C. Cash Flow from Financing Activities:		
Proceeds from Issue of Share Capital	-	265,500
Proceeds from secured borrowings	46,069,874	270,505,498
Proceeds from unsecured borrowings	750,085,616	1,312,500,000
Repayment of secured borrowings	(250,863,403)	(503,526,523)
Repayment of unsecured borrowings	(757,500,000)	(1,400,474,658)
Interest & Finance Charges	(181,437,567)	(180,963,288)
Rights Issue Expenses	(5,468,383)	-
Net Cash (used in) / generated from financing activities	(399,113,863)	(501,693,471)
Net Increase / (Decrease) in cash and cash equivalents (A+B+C)	2,503,057	29,883,412
Cash and Cash equivalents at the beginning of the year	54,046,478	20,576,393
Effect of Unrealised foreign exchange fluctuation gain / (loss)	5,695,051	3,586,673
Cash and Cash equivalents at the end of the year	62,244,586	54,046,478

As per our Report Annexed
For **CNGSN & Associates**
Chartered Accountants

P R RAMASUBRAHMANEYA RAJHA
Chairman

S S RAMACHANDRA RAJA

N K SHRIKANTAN RAJA

C N GANGADARAN
Partner

P R VENKETRAMA RAJA
Vice Chairman, Managing Director & CEO

V JAGADISAN

A V DHARMAKRISHNAN

Place : Chennai
Date : 29th May, 2009

SUBRAMANIAN NARAYAN
Company Secretary

R S AGARWAL
Directors

SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2009

	Rs.	As at 31.03.2009 Rs.	As at 31.03.2008 Rs.
Schedule I			
Share Capital			
Authorised Share Capital			
50,000,000 equity Shares of Rs.10/- each (Previous year 30,000,000 of Rs.10/- each)		<u>500,000,000</u>	<u>300,000,000</u>
Issued Share Capital			
15,707,164 equity shares of Rs.10/- each (Previous year 15,707,164 of Rs.10/- each)		<u>157,071,640</u>	<u>157,071,640</u>
Subscribed Share Capital			
15,707,164 equity shares of Rs.10/- each (Previous year 15,707,164 of Rs.10/- each)		<u>157,071,640</u>	<u>157,071,640</u>
Paid up Share Capital			
15,357,986 (Previous year 15,357,986) Equity shares of Rs.10/- each fully paid up	153,579,860		
Add: Forfeited Shares (Previous year Rs.353,890/-)	<u>353,890</u>	<u>153,933,750</u>	<u>153,933,750</u>

Of the above

4,333,153 equity shares of face value Rs.10/- each have been allotted to the shareholders of Ramco Industries Limited credited as fully paid up pursuant to the approval of the scheme of arrangement (Demerger) for the transfer of software business undertaking of Ramco Industries Limited with Ramco Systems Limited by the Honorable High Court of Madras, vide order dated 24th December 1999.

2,376,719 equity shares have been allotted to Ramco Industries Limited as fully paid up shares of face value of Rs. 10/- each at a premium of Rs.293/- per share pursuant to a contract for the transfer of its entire investment in the overseas Subsidiary Companies without payment being received in cash. The above allotment has been duly approved by the Shareholders of the Company in the EGM held on 10th November 1999 and by the Reserve Bank of India.

	Rs.	As at 31.03.2009 Rs.	As at 31.03.2008 Rs.
Schedule II			
Reserves & Surplus			
Share Premium (Previous year Rs.1,942,634,336/-)	1,942,634,336		
Add: Forfeited Shares (Previous year Rs.111,910/-)	<u>111,910</u>	<u>1,942,746,246</u>	<u>1,942,746,246</u>
		<u>1,942,746,246</u>	<u>1,942,746,246</u>
Schedule III			
Secured Loans			
a) Bank Borrowings		195,000,000	169,974,541
b) Term Loan from Banks		-	250,000,000
c) Obligations under finance lease (Refer Note No. 17)		21,044,414	-
d) Hire Purchase Loans (For security details, refer Note No.2)		947,427	1,810,830
		<u>216,991,841</u>	<u>421,785,371</u>
Schedule IV			
Unsecured Loans			
Long Term Loans - from Banks		220,000,000	-
Short Term Loans - from Banks		200,000,000	-
Short Term Loans - from Others (For security details, refer Note No.2)		450,085,616	877,500,000
		<u>870,085,616</u>	<u>877,500,000</u>

Ramco Systems Limited, INDIA

SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2009

Schedule V - Fixed Assets

Rs.

Asset Description	Gross Block				Depreciation Block				Net Block	
	As at 01.04.08	Additions	Withdrawals	As at 31.03.09	Up to 01.04.08	For the year	Withdrawals	Up to 31.03.09	As at 01.04.08	As at 31.03.09
Land	83,346,626	-	83,346,626	-	-	-	-	-	83,346,626	-
Building	5,068,209	-	1,951,350	3,116,859	1,042,563	168,921	67,597	1,143,887	4,025,646	1,972,972
Plant & Machinery										
EDP	242,602,153	59,292,398	33,815,255	268,079,296	149,777,029	29,471,088	33,070,226	146,177,891	92,825,124	121,901,405
Software	193,099,985	29,566,245	-	222,666,230	116,814,958	24,797,772	-	141,612,730	76,285,027	81,053,500
Others	49,395	-	-	49,395	27,177	2,346	-	29,523	22,218	19,872
Technology Platform	881,591,780	80,943,837	450,502,920	512,032,697	365,376,227	88,159,178	294,300,000	159,235,405	516,215,553	352,797,292
Product Software	1,073,616,441	139,721,040	192,900,000	1,020,437,481	257,335,745	107,361,644	119,600,000	245,097,389	816,280,696	775,340,092
Furniture										
Furniture	30,451,484	1,397,560	846,673	31,002,371	12,605,593	1,851,066	141,955	14,314,704	17,845,891	16,687,667
Office Equipments	885,976	-	7,146	878,830	454,961	38,948	5,708	488,201	431,015	390,629
Electrical Items	35,641,689	6,041,090	2,678,557	39,004,222	9,993,895	2,543,444	329,008	12,208,331	25,647,794	26,795,891
Vehicles	7,157,976	753,023	2,633,539	5,277,460	2,236,230	511,099	735,127	2,012,202	4,921,746	3,265,258
Total	2,553,511,714	317,715,193	768,682,066	2,102,544,841	915,664,378	254,905,506	448,249,621	722,320,263	1,637,847,336	1,380,224,578
Previous Year	2,648,275,151	437,266,394	532,029,831	2,553,511,714	994,977,063	234,429,751	313,742,436	915,664,378	1,653,298,088	1,637,847,336

- Note: 1) For policy on fixed assets and depreciation, refer significant accounting policy No. III
 2) Gross Block includes assets purchased under Hire Purchase Rs.1,972,530/- (Previous year Rs.6,461,761/-)
 3) Gross Block includes assets purchased under Finance Lease Rs.25,290,967/- (Previous year Nil) Net block as on 31.03.09 Rs.23,639,869/- (Previous year Nil)
 4) Withdrawals during the year from Technology Platform and Product Software represent the impairment loss written off.

As at 31.03.2009 As at 31.03.2008
Rs. Rs.

Schedule VI

Investments

1. Investments in Subsidiaries - Long Term (Trade - Unquoted):		
192,729,550 Shares in Ramco Systems Corporation, USA of USD 0.0145 each (Previous year 192,729,550 shares @ USD 0.0145 each)	743,412,072	743,412,072
1,400,000 Shares in Ramco Systems Ltd., Switzerland of face value of CHF 1 each (Previous year 1,400,000 Shares @ CHF 1 each)	441,702,040	441,702,040
725,000 Shares in Ramco Systems Pte. Ltd., Singapore of face value of SGD 1 each (Previous year 725,000 Shares @ SGD 1 each)	18,616,100	18,616,100
1,280,000 Shares in Ramco Systems Sdn. Bhd., Malaysia of face value of RM 1 each (Previous year 1,280,000 Shares @ RM 1 each)	18,217,054	18,217,054
100 Shares in RSL Enterprise Solutions (Pty.) Ltd., South Africa of face value of ZAR 1 each (Previous year 100 Shares @ ZAR 1 each)	701	701
2. Investment in Mutual Fund Units - Short Term (Non-Trade - Unquoted):		
136,900 units purchased under Standard Chartered Liquidity Manager - Plus Daily Dividend Plan (Previous year 129,774 units)	136,929	129,801
	1,222,084,896	1,222,077,768

Schedule VII

Inventories

Resale Hardware & Software Materials (Valued at Cost or Net realisable value whichever is lower and as certified by management)	149,706	1,871,703
--	----------------	-----------

SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2009

	As at 31.03.2009 Rs.	As at 31.03.2008 Rs.
Schedule VIII		
Sundry Debtors		
(Unsecured, Considered Good)		
a) Debts Outstanding for period exceeding six months		
(i) From Subsidiaries	126,102,367	73,145,961
(ii) Others	31,407,717	58,208,050
b) Other debts		
(i) From Subsidiaries	92,265,706	149,557,428
(ii) Others	133,322,665	98,135,585
(Unsecured, Considered doubtful)		
Debts - (out of (a)(ii) above)	4,664,675	4,664,675
Less: Provision for doubtful debts	<u>(4,664,675)</u>	<u>(4,664,675)</u>
	<u>383,098,455</u>	<u>379,047,024</u>
Schedule IX		
Cash and Bank Balances		
Cash on hand	128,734	106,173
Balances with Scheduled Banks in		
a) Current Accounts	58,183,339	47,164,672
b) Deposit Accounts	825,939	825,939
Balances with other Banks in Current Accounts		
a) Dresdner Bank, Germany (Maximum balance Rs.2,465,205) (Previous Year Rs.2,465,205)	414,384	2,465,205
b) HSBC Bank, United Kingdom (Maximum balance Rs.143,308) (Previous Year Rs.162,440)	130,663	144,764
c) State Bank of India, United Kingdom (Maximum balance Rs.7,728,562) (Previous Year Rs.3,851,340)	2,314,549	3,339,725
d) CitiBank, Dubai (Maximum balance Rs.899,378) (Previous Year Nil)	246,978	-
	<u>62,244,586</u>	<u>54,046,478</u>
Schedule X		
Loans and Advances		
(Unsecured, Considered Good)		
Advance recoverable in Cash or kind or value to be received	106,029,149	115,728,097
Tax deducted at Source	84,129,549	39,772,332
Deposits with Government Departments and Others	11,007,317	8,188,970
(Unsecured, Considered doubtful)		
Advance recoverable in Cash or kind or value to be received	706,164	567,211
Less: Provision for doubtful advances	<u>(706,164)</u>	<u>(567,211)</u>
	<u>201,166,015</u>	<u>163,689,399</u>
Schedule XI		
Other Current Assets		
Software Work In Progress	4,881,316	28,765,338
Prepaid expenses	12,599,798	17,615,279
Interest Accrued	119,162	42,866
	<u>17,600,276</u>	<u>46,423,483</u>
Schedule XII		
Current Liabilities		
For Purchases	18,180,919	51,130,253
For Expenses		
To Subsidiaries	313,805,620	178,959,082
To Others	143,653,825	189,638,798
Interest accrued but not due on loans	426,665	58,264,986
	<u>476,067,029</u>	<u>477,993,119</u>
Schedule XIII		
Provisions		
Provision for staff benefit schemes (Refer Note No.18)	55,185,193	64,038,032
Provision for Taxation (Refer Note No.7)	595,810	432,780
	<u>55,781,003</u>	<u>64,470,812</u>

Ramco Systems Limited, INDIA

SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

	Year ended 31.03.2009 Rs.	Year ended 31.03.2008 Rs.
Schedule XIV		
Sales		
Software Revenues (Licensing & Services)	781,901,153	774,313,067
Value Added Resale Software & Hardware Materials	97,256,600	86,279,275
Royalty	44,386,390	104,944,478
	<u>923,544,143</u>	<u>965,536,820</u>
Schedule XV		
Other Income		
Interest Income (TDS Rs10,059/- (Previous year Rs.74,706/-))	328,447	1,513,129
Profit on sale of Fixed assets (Other than those covered under Exceptional Item as per Note No. 16)	312,187	2,317,368
Rent Income	34,970,327	38,912,956
Dividend from investment in mutual fund units	7,128	95,607
Dividend from subsidiary company	-	8,339,766
Miscellaneous Income	9,858,327	3,035,892
	<u>45,476,416</u>	<u>54,214,718</u>
Schedule XVI		
Employee Compensation & Benefits		
Salaries, Bonus etc.	483,249,622	530,405,344
Gratuity & Superannuation	20,493,432	49,182,507
Provident Fund	28,457,128	31,009,732
Staff Welfare	30,966,310	39,390,941
	<u>563,166,492</u>	<u>649,988,524</u>
Schedule XVII		
Sales & Marketing Expenses		
Advertisement & Sales Promotion	81,926,790	34,838,831
Handling, Packing, Forwarding and others	87,048	43,673
	<u>82,013,838</u>	<u>34,882,504</u>
Schedule XVIII		
Administrative & Other Expenses		
Consultancy Charges	12,821,424	12,457,537
Bank Charges	4,078,714	2,896,566
Insurance	2,434,157	1,505,886
Loss on sale of Fixed assets	4,300,582	2,317,515
Communication Expenses	15,530,738	14,098,566
Power & Fuel	13,535,379	12,128,768
Printing & Stationery	2,442,492	3,055,376
Rates & Taxes	2,936,516	6,112,172
Rent	116,967,963	52,911,104
Repairs - Buildings	51,352	6,838,713
Repairs - Plant & Machinery	16,286,265	18,087,811
Repairs - Others	3,293,844	3,623,413
Travel & Conveyance	61,740,642	54,750,719
Bad Debts Written off	19,926,004	16,768,733
Provision for Doubtful Debts	-	4,330,700
Provision for Doubtful Advances	138,953	-
Foreign Exchange Fluctuation	(6,738,420)	1,486,811
Miscellaneous Expenses	19,598,478	24,599,161
	<u>289,345,083</u>	<u>237,969,551</u>
Schedule XIX		
Interest & Finance Charges		
Interest on loans taken for R&D activities	87,242,524	51,932,121
Interest on other loans	-	-
- Hire Purchase & Finance Charges	7,353,664	1,106,011
- Others	86,841,379	127,925,156
	<u>181,437,567</u>	<u>180,963,288</u>

Schedule XX

SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS

SIGNIFICANT ACCOUNTING POLICIES

I. Basis of Preparation

The financial statements are prepared under the historical cost convention in accordance with the Generally Accepted Accounting Principles (GAAP) and materially comply with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956. All income and expenditure having a material bearing on the financial statements are recognized on accrual basis.

II. Revenue Recognition

A. Software and related services

i) License Fees

License Fee revenue is recognized on delivery of the software.

ii) Software development / Implementation Fees

Software development / Implementation Contracts are either fixed price based or time and material based. In case of fixed price contracts, revenue is recognized in accordance with percentage of completion method of accounting. In case of time and material contracts, revenue is recognized based on billable time spent in the project, priced at the contractual rate.

iii) Annual Maintenance Contract

Revenue from Maintenance services is recognized on a pro-rata basis over the period of the contract.

B. Value Added Resale Hardware & Software

Revenue from sales is recognized upon despatch of goods to customers.

C. Other Income

Interest on bank deposits and rental income are recognized on accrual basis.

III. Fixed Assets and Depreciation

A. Tangible Assets

Fixed Assets are capitalized at historical cost and includes freight, installation cost, finance cost, net of taxes and duties wherever applicable and other incidental expenses incurred during the installation stage.

Depreciation is charged on a pro-rata basis on the Straight Line Method as per the rates prescribed under Schedule XIV of the Companies Act, 1956.

Individual assets not exceeding Rs.5,000/- are depreciated in full in the year of purchase.

Assets acquired on Hire Purchase are capitalized at the gross value and interest thereon charged to Profit & Loss A/c.

In respect of Assets leased prior to 1st April 2001, the lease rentals paid during the year are charged to Profit & Loss A/c. In respect of assets leased on or after 1st April 2001, the accounting treatment prescribed by Accounting Standard 19 on "Leases" is followed.

B. Intangible Assets

Costs incurred in the development of ERP product, together with repository of new business components, upon completion of the development phase, have been classified and grouped as "Product Software" under Fixed Assets.

Similarly, costs incurred in the development of technology platform framework, which would enable the company to provide solutions - both standard and customized - in an efficient manner, have been classified and grouped as "Technology Platform" under Fixed Assets, once the same is available for use. The useful life of these assets is estimated as ten years and depreciation is charged accordingly.

IV. Investments

Long term investments are stated at cost and short term investments are valued at lower of cost and net realizable value.

V. Inventories

Inventories are valued at lower of cost and net realizable value. Cost includes cost incurred in bringing the inventories to their present location and condition and is determined based on FIFO method.

Ramco Systems Limited, INDIA

VI. 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 or wherever forward contracts are booked, at the respective rates as per such forward contracts and the loss or gain arising out of such transactions is adjusted in the Profit & Loss A/c. Exchange difference in respect of foreign currency liabilities incurred for acquiring fixed assets on or before accounting period commencing after 7th December, 2006 is added to the cost of respective fixed assets.

VII. Translation of Financial Statements of Foreign Branch

All income and expenditure transactions during the year are reported at a monthly moving average exchange rate for the respective periods. Monetary assets and liabilities are translated at the rate prevailing on the balance sheet date. Non-monetary assets and liabilities are translated at the rate prevailing on the date of the transaction and the balance in 'head office account' whether debit or credit, is reported at the amount of the balance in the 'branch account' in the books of the head office, after adjusting for un responded transactions. Net gain / loss on foreign currency translation is recognized in the Profit & Loss A/c.

VIII. Employee Benefits

Short-term employee benefits viz., salaries, wages and other benefits are recognized as expenses at the actual value as per contractual terms and such amounts are charged as expenses in the profit and Loss for the year in which the related service is rendered. Other benefits are treated as below:

Gratuity

In accordance with the Indian law, the company provides for gratuity, a defined benefit plan ("The Gratuity Plan"), covering all employees. These employees are covered under the Group Gratuity Scheme of the Life Insurance Corporation of India. The contributions to the said scheme are charged to the Profit and Loss Account. The liability for Gratuity is ascertained as at the Balance Sheet date based on independent actuarial valuation in accordance with Accounting Standard 15 (Revised) and the charge for current year arrived at. Accordingly, the difference between such charge and contribution is provided in the accounts by a debit to the Profit and Loss Account.

Superannuation

Apart from being covered under the Gratuity Plan described above, the senior officers of the Company are participants in a defined contribution plan ("The Superannuation Plan") maintained by the Life Insurance Corporation of India, to which the company makes contributions based on a specified percentage of each covered employee's basic salary. The company has no further obligation under the plan beyond its contributions.

Provident Fund

In addition to the above benefits, all employees receive benefits from a Provident fund, which is a 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.

Leave Encashment

Leave encashment liability is ascertained as at the Balance Sheet date based on independent actuarial valuation in accordance with Accounting Standard 15(Revised) and is provided for in the books of accounts.

IX. Earnings per share

Profit after tax is adjusted for prior period adjustments, if any and divided by the weighted average number of equity shares outstanding during the period.

X. Taxes on income:

Current Tax is determined as the amount of tax payable in respect of the taxable income for the period. Deferred tax asset or deferred tax liability is considered for timing differences in accordance with Accounting Standard 22. Deferred tax asset arising on account of carry forward of losses is not considered.

XI. Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the profit and loss account. If at the balance sheet date, there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

NOTES ON ACCOUNTS

(Rs. in thousands)

1. Contingent Liabilities	As at 31.03.2009	As at 31.03.2008
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for	655	16,698
(b) Bank Guarantees	10,773	6,451
(c) Letters of Credit	720	Nil

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.

2. Secured & Unsecured Loans

Borrowings from the banks for working capital amounting to Rs.195,000 thousands are secured by a first charge on the current assets including stocks and book debts and fixed assets of the Company except assets given as exclusive charge and assets acquired on hire purchase or lease and supported by a Corporate Guarantee from Madras Cements Limited and Ramco Industries Limited.

Borrowings from the banks for working capital amounting to Rs.47,475 thousands during the previous year were secured by a pari-passu first charge on current assets including stocks and book debts and by a pari-passu second charge on the fixed assets of the Company except assets given as exclusive charge and assets acquired on hire purchase or lease. Borrowings from the Banks for working capital amounting to Rs.122,500 thousands during the previous year were secured by a pari-passu second charge on current assets including stocks and book debts and by a pari-passu second charge on the fixed assets of the Company except assets given as exclusive charge and assets acquired on hire purchase or lease and supported by a Corporate Guarantee from Madras Cements Limited and Ramco Industries Limited.

Borrowings from The Federal Bank Limited (Under Term Loans from Banks) amounting to Rs.250,000 thousands during the previous year, were secured by a First Charge by way of Equitable Mortgage on Vacant Land situated at No 86C, Santhome High Road, R.A.Puram, Chennai and Movable Fixed Assets comprising of computer hardwares situated at the Corporate Office, Adyar, Chennai.

Obligations under finance lease are secured against fixed assets procured under finance lease arrangement.

Assets acquired under Hire Purchase Finance are hypothecated to the Hire Purchase Companies as security.

Of the total unsecured loans of Rs.870,086 thousands (Previous year Rs.877,500 thousands), Rs.470,086 thousands (Previous year Rs.677,500 thousands) are supported by a Corporate Guarantee from Madras Cements Limited and Rs.200,000 (Previous year Nil thousands) are supported by a Corporate Guarantee from Ramco Industries Limited.

3. Current Liabilities

There are no Micro and Small Enterprises, to whom the Company owes dues as at 31st March 2009. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

4. Additional information as required by Schedule VI of the Companies Act, 1956

(Rs. in thousands)

	Year ended 31.03.2009	Year ended 31.03.2008
A) CIF Value of Imports		
Raw Materials	9,069	31,543
Capital goods	20,061	23,257
TOTAL	29,130	54,800
B) Expenditure in Foreign Currency on account of		
Professional / consultation fees	604	4,463
Traveling	23,387	26,034
Patents	10,728	3,641
Provision for liabilities under contracts	-	47,462
Others	20,825	22,183
TOTAL	55,544	103,783
C) Number of Non-resident shareholders	93	99

Ramco Systems Limited, INDIA

D) Value of consumption of Imported and Indigenous raw materials and spare parts

	Value (Rs. in thousands)	%	Value (Rs. in thousands)	%
Raw Material				
Imported	9,069	29.79	31,543	63.47
Indigenous	21,379	70.21	18,152	36.53

E) Earnings in Foreign Exchange

Export of goods & Services on F.O.B basis	305,369	355,199
Royalty	44,386	104,945
Dividend	-	8,340
TOTAL	349,755	468,484

5. Fees paid to Statutory Auditors inclusive of service tax

(Rs. in thousands)

SI.No	Particulars	Year ended 31.03.2009	Year ended 31.03.2008
(a)	Statutory Audit	827	843
(b)	Tax Audit	165	169
(c)	Independent Auditor's report under AS-21	221	225
(d)	Rights issue certification	331	-
(e)	Others	143	258
(f)	Reimbursement of out of pocket expenses	141	37
	TOTAL	1,828	1,532

6. Managerial Remuneration

In the Extra-ordinary General Meeting of the Company held on 4th April 2005, the shareholders have approved the reappointment of Shri P R Venketrama Raja, as Vice Chairman, Managing Director & CEO (VCMD & CEO) for a period of five years with effect from 23rd March 2005, on the same terms and conditions as were applicable before the reappointment. The Central Government had also accorded its approval for the same.

Computation of Profits as per Section 349 of the Companies Act, 1956 for remuneration to VCMD & CEO for the year ended 31.03.2009:

		(Rs.)
Profit / (Loss) before Tax		(10,515,056)
Add: Directors Sitting Fees	227,500	
Vice Chairman, Managing Director & CEO's Remuneration	1,274,400	
Provision for doubtful advances	138,953	
		1,640,853
Less: Profit on sale of assets in excess of the original cost:		
Land	663,953,374	
Building	748,650	
		664,702,024
Loss arrived for the purpose of Managerial Remuneration		(673,576,227)

5% of the above - Rs. Nil

The Company's VCMD & CEO is also the Vice Chairman & Managing Director of Ramco Industries Limited. As per the provisions of the Companies Act, 1956 read with Schedule XIII the total remuneration payable should not exceed maximum limit admissible from any one of the Companies of which he is the Managing Director.

The details of his remuneration, paid by way of monthly remuneration as per the terms of appointment, are given below:

	2008-09	2007-08
Basic pay	720,000	720,000
House Rent Allowance	360,000	360,000
Contribution to Provident Fund	86,400	86,400
Contribution to Superannuation Fund	108,000	108,000
Total	1,274,400	1,274,400

This remuneration has been adjusted in the overall maximum remuneration of Rs.23,500,462/- (Previous Year 19,484,106/-) payable by Ramco Industries Limited at 5% of its net profits computed in accordance with the provisions of the said Act.

7. Taxation

No provision for current Income Tax for the Company (including its Branches at United Kingdom and Germany) has been made in view of absence of taxable profits. Provision for Fringe Benefit Tax has been made. The company has net deferred tax assets as on 31st March 2009 which arise mainly on account of carry forward losses. However the Company has not taken credit for such net deferred tax assets.

8. Research and Development

a) R&D Accounts:

Profit and Loss Account, Balance Sheet and Schedules, based on separate books maintained in respect of the Research & Development Activities, are enclosed.

b) R&D Asset classification:

In line with the Company's stated policy on Intangible Assets, the research and development efforts are classified and capitalized into "Product Software" and "Technology Platform" as below:

	(Rs. in thousands)	
Research & Development expenditure capitalized during the year as per Schedules 5 to R&D Accounts:	Year ended 31.03.2009	Year ended 31.03.2008
Employee compensation	195,107	302,166
Administrative and other expenses	25,558	33,725
Total	220,665	335,891
Of the above,		
Shown as "Technology Platform" under Fixed Assets	80,944	110,147
Shown as "Product Software" under Fixed Assets	139,721	225,744

9. Sundry Debtors

Sundry Debtors include dues from overseas subsidiaries as given below:

SI No.	Subsidiary	Outstanding as on 31.03.2009	Maximum amount due during the year
A	Ramco Systems Corporation, USA	Rs.50,855 thousands (Previous year Rs.72,289 thousands)	Rs.82,206 thousands (Previous year Rs.115,120 thousands)
B	Ramco Systems Limited, Switzerland	Rs.85,116 thousands (Previous year Rs.55,090 thousands)	Rs.85,116 thousands (Previous year Rs.55,240 thousands)
C	Ramco Systems Sdn., Bhd., Malaysia	Nil (Previous year Rs.5,539 thousands)	Rs.5,539 thousands (Previous year Rs.5,539 thousands)
D	Ramco Systems Pte Ltd., Singapore	Rs.55,331 thousands (Previous year Rs.51,938 thousands)	Rs.70,360 thousands (Previous year Rs.53,606 thousands)
E	RSL Enterprise Solutions (Pty.) Ltd., South Africa	Rs.27,066 thousands (Previous year Rs.37,847 thousands)	Rs.60,003 thousands (Previous year Rs.53,515 thousands)
	Total	Rs.218,368 thousands (Previous year Rs.222,703 thousands)	

Ramco Systems Limited, INDIA

10. Earnings per share (EPS)

			Year ended 31.03.2009	Year ended 31.03.2008
Profit / (Loss) after tax	(Rs.)	(A)	(15,610,866)	229,288,369
Weighted average Equity Shares outstanding	(No.)	(B)	15,357,986	15,356,711
EPS - Basic & diluted (per share of Rs.10/- each)	(Rs.)	(A/B)	(1.02)	14.93

11. The Company's shares are listed on Madras Stock Exchange Limited, Bombay Stock Exchange Limited and The National Stock Exchange of India Limited. The Listing Fees payable to these stock exchanges have been paid.

12. The Company has branches in United Kingdom and Germany. The United Kingdom branch has made a turnover of Rs.6,585 thousands for the year ended 31st March 2009 (previous year Rs. 6,768 thousands) and the Germany branch has made a turnover of Rs.9,286 thousands for the year ended 31st March 2009 (previous year Rs.7,040 thousands).

13. Amounts recovered from Subsidiaries towards expenses incurred on account of on-site employees to the extent of Rs.49,949 thousands (Previous year Rs.73,241 thousands) have been netted off from expenses.

14. Related Party Transactions:

As per Accounting Standard (AS 18) issued by the Institute of Chartered Accountants of India, the Company's related parties are given below:

a. Subsidiary Companies ("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 Australia Pty Ltd., Australia
(100% subsidiary of Ramco Systems Corporation, USA)

b. Key Management Personnel and Relatives ("KMP"):

- Shri P R Ramasubrahmaneya Rajha
- Shri P R Venketrama Raja

c. Enterprises over which the above persons exercise significant influence and with which the company has transactions during the year ("Group"):

- Rajapalayam Mills Limited
- Madras Cements Limited
- Ramco Industries Limited
- The Ramaraju Surgical Cotton Mills Limited

The Company's transactions with the above related parties are given below:

(Rs. in thousands)

Particulars	Transaction during 2008-2009	Outstanding as at 31.03.2009	Transaction during 2007-2008	Outstanding as at 31.03.2008
Income from Sale of goods & services				
Ramco Systems Corporation, USA	24,309	-	129,165	6,756
Ramco Systems Limited, Switzerland	33,761	59,286	26,493	30,723
Ramco Systems Sdn. Bhd., Malaysia	12,457	-	14,825	4,413
Ramco Systems Pte. Ltd., Singapore	42,769	43,594	41,188	42,190
RSL Enterprise Solutions (Pty) Ltd., South Africa	111,813	27,066	115,345	37,847
Madras Cements Limited	168,302	2,717	132,490	4,093
Ramco Industries Limited	7,535	469	3,864	528
Rajapalayam Mills Limited	1,027	176	3,515	-
The Ramaraju Surgical Cotton Mills Limited	601	141	12,398	176
Income from royalty				
Ramco Systems Corporation, USA	5,632	50,855	65,836	65,533
Ramco Systems Limited, Switzerland	16,540	25,830	21,739	24,367
Ramco Systems Sdn. Bhd., Malaysia	8,123	-	6,970	1,126
Ramco Systems Pte. Ltd., Singapore	14,091	11,737	10,777	9,748
RSL Enterprise Solutions (Pty) Ltd., South Africa	-	-	-378	-

(Rs. in thousands)

Particulars	Transaction during 2008-2009	Outstanding as at 31.03.2009	Transaction during 2007-2008	Outstanding as at 31.03.2008
Cost of services availed				
Ramco Systems Corporation, USA	36,264	142,276	2,267	18,240
Ramco Systems Limited, Switzerland	3,997	148,024	47,462	152,072
Ramco Systems Sdn. Bhd., Malaysia	-	13,215	-	-
Ramco Systems Pte. Ltd., Singapore	-	10,291	-	8,647
Dividend income				
Ramco Systems Sdn. Bhd., Malaysia	-	-	8,340	-
Loans availed				
Madras Cements Limited	-	200,000	-	200,000
Ramco Industries Limited	12,500	-	-	-
Interest - Expense				
Madras Cements Limited	24,504	-	20,055	-
Ramco Industries Limited	743	-	-	-
Rent - Expense				
Madras Cements Limited	61,869	-	-	-
Rent - Income				
Ramco Industries Limited	225	-	275	-
Sale of assets				
Madras Cements Limited	750,000	-	901,251	-

Notes:

- a) Details of corporate guarantees given by the Group are given in Note No.2 above.
- b) Details of transactions with KMP:
 - (i) Remuneration paid to Shri P.R. Venketrama Raja is furnished in Note No.6 above
 - (ii) Sitting fee paid to Shri P.R. Ramasubrahmaneya Rajha Rs.45 thousands (Previous year Rs.35 thousands)

15. Segmental Revenue:

The company currently operates only in one segment, viz., Software Solutions & Services and hence the segment reporting as required by AS-17, issued by The Institute of Chartered Accountants of India does not apply.

16. Exceptional Income / (Expense) comprises of the following:

(Rs. in thousands)

Sl. No.	Description	2008-09	2007-08
a	Profit on sale of Land and Building of the company at 86C, Santhome High Road, R.A Puram, Chennai	664,769	-
b	Impairment loss written off - Technology Platform and Product Software (Refer Note No. 4 to Schedule V)	(229,503)	-
c	Overseas withholding tax written off	(8,017)	(16,219)
d	Rights issue Expenses charged off	(5,468)	-
e	Profit on sale of Land, Building and other assets of the company at 64 Sardar Patel Road, Taramani, Chennai	-	685,825
f	Loss on sale of the investment in Ramco Infotech Solutions Ltd., to TVS Interconnect Systems Ltd.	-	(18,800)
g	Provision for liabilities under contracts	-	(47,462)
		<u>421,781</u>	<u>603,344</u>

Ramco Systems Limited, INDIA

17. Obligations towards finance leases:

	2008-09	(Rs. in thousands) 2007-08
Reconciliation between total minimum lease payments at the Balance Sheet date and their Present Value:		
Total minimum lease payments at the Balance Sheet date	24,899	-
Present Value of the minimum lease payments at the Balance Sheet date	21,044	-
	<u>3,855</u>	<u>-</u>
Difference being:		
• Interest accrued, but not due at the Balance Sheet Date	427	-
• Future interest payable during the balance lease term	3,428	-
Minimum Lease Payments:		
Less than one year	9,960	-
One to five years	14,939	-
Later than five years	-	-
Total	<u>24,899</u>	<u>-</u>
Present value of minimum Lease Payments:		
Less than one year	7,634	-
One to five years	13,410	-
Later than five years	-	-
Total	<u>21,044</u>	<u>-</u>

18. Disclosure of Employee Benefits as per Accounting Standard 15 (Revised 2005):

	2008-09	(Rs. in thousands) 2007-08
a) Defined Contribution Plan:		
Employer's Contribution to Provident Fund	28,457	31,010
Employer's Contribution to Superannuation Fund	12,960	16,266

b) Defined Benefit Plan:	As at 31.03.2009		As at 31.03.2008	
	Gratuity (Funded)	Leave encashment (Unfunded)	Gratuity (Funded)	Leave encashment (Unfunded)
Reconciliation of opening and closing balances of defined benefit plan:				
Defined Benefit obligation as on 01st April	59,821	47,628	46,098	39,641
Current Service Cost	10,165	3,376	9,009	3,406
Interest Cost	4,461	3,413	3,355	2,916
Actuarial (gain) / loss	(3,459)	(2,310)	9,672	5,874
Benefits paid	(8,119)	(9,926)	(8,313)	(4,209)
Defined Benefit obligation as on 31st March	62,869	42,181	59,821	47,628
Reconciliation of opening and closing balances of fair value of plan assets:				
Fair value of plan assets as on 01st April	43,411	-	33,251	-
Expected return on plan assets	3,586	-	2,961	-
Actuarial (gain) / loss	48	-	(323)	-
Employer contribution	10,939	-	15,835	-
Benefits paid	(8,119)	-	(8,313)	-
Fair value of plan assets as on 31st March	49,865	-	43,411	-
Actual return on plan assets	3,634	-	2,638	-

	As at 31.03.2009		As at 31.03.2008	
	Gratuity (Funded)	Leave encashment (Unfunded)	Gratuity (Funded)	Leave encashment (Unfunded)
Reconciliation of fair value of assets and obligations:				
Fair value of plan assets	49,865	-	43,411	-
Present value of obligation	(62,869)	(42,181)	(59,821)	(47,628)
Amount recognized in Balance Sheet	(13,004)	(42,181)	(16,410)	(47,628)
Expense recognized during the year:				
Current Service Cost	10,165	3,376	9,009	3,406
Interest Cost	4,461	3,413	3,355	2,916
Expected return on plan assets	(3,585)	-	(2,961)	-
Actuarial (gain) / loss	(3,507)	(2,309)	9,995	5,874
Net Cost	7,534	4,480	19,398	12,196
Investment Details:				
GOI Securities	-	-	-	-
State Government Securities	-	-	-	-
High Quality Corporate Bonds	-	-	-	-
Funds with LIC	100%	-	100%	-
Others	-	-	-	-
Actuarial assumptions:				
Attrition rate	6%	6%	6%	6%
Discount rate p.a	8%	8%	8%	8%
Expected rate of return on plan assets p.a	8%	-	8%	-
Rate of escalation in salary p.a	10%	10%	10%	10%

19. The figures have been rounded off to the nearest rupee / thousand and previous year's figures have been regrouped / recast wherever necessary to conform to the current year classifications.

As per our Report Annexed
For **CNGSN & Associates**
Chartered Accountants

P R RAMASUBRAHMANEYA RAJHA
Chairman

S S RAMACHANDRA RAJA

N K SHRIKANTAN RAJA

C N GANGADARAN
Partner

P R VENKETRAMA RAJA
Vice Chairman, Managing Director & CEO

V JAGADISAN

A V DHARMAKRISHNAN

Place : Chennai
Date : 29th May, 2009

SUBRAMANIAN NARAYAN
Company Secretary

R S AGARWAL
Directors

Ramco Systems Limited, INDIA

Research and Development Activities (Refer Sl. No. 8 of Notes on Accounts)

BALANCE SHEET AS AT 31ST MARCH, 2009

	Schedule	As at 31.03.2009 Rs.	As at 31.03.2008 Rs.
I. SOURCES OF FUNDS			
1. Loan Funds		820,230,000	579,000,000
2. Head Office Contra Account		2,064,173,538	1,963,792,559
TOTAL		2,884,403,538	2,542,792,559
II. APPLICATION OF FUNDS			
1. Fixed Assets			
	1		
Gross Block		1,671,410,125	2,111,957,329
Less : Depreciation		521,834,657	765,856,508
Net Block		1,149,575,468	1,346,100,821
2. Current Assets			
		-	-
Less: Current Liabilities and Provisions		202,153	13,478,014
Net Current Assets / (Liabilities)		(202,153)	(13,478,014)
3. Revenue Expenditure relating to Research			
	2	1,735,030,223	1,210,169,752
TOTAL		2,884,403,538	2,542,792,559

As per our Report Annexed
For **CNGSN & Associates**
Chartered Accountants

P R RAMASUBRAHMANEYA RAJHA
Chairman

S S RAMACHANDRA RAJA

N K SHRIKANTAN RAJA

C N GANGADARAN
Partner

P R VENKETRAMA RAJA
Vice Chairman, Managing Director & CEO

V JAGADISAN

A V DHARMAKRISHNAN

Place : Chennai
Date : 29th May, 2009

SUBRAMANIAN NARAYAN
Company Secretary

R S AGARWAL
Directors

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

	Schedule	Year ended 31.03.2009 Rs.	Year ended 31.03.2008 Rs.
INCOME			
Profit on sale of fixed assets		<u>123,973</u>	<u>2,264,075</u>
EXPENDITURE			
Employee Compensation & Benefits	3	2,196,576	2,392,759
Administrative & Other Expenses	4	3,872,633	5,866,972
Interest		87,242,524	51,932,121
Depreciation			
- on Technology Platform & Product Software		195,520,822	161,931,760
- on other R&D fixed assets		<u>6,648,969</u>	<u>20,367,881</u>
Total Expenditure		<u>295,481,524</u>	<u>242,491,493</u>
Profit / (Loss) before Exceptional Items		<u>(295,357,551)</u>	<u>(240,227,418)</u>
Exceptional Income / (Expense) (Refer Note No.16)		<u>(229,502,920)</u>	<u>183,524,937</u>
Net profit / (Loss)		<u>(524,860,471)</u>	<u>(56,702,481)</u>

As per our Report Annexed
For **CNGSN & Associates**
Chartered Accountants

P R RAMASUBRAHMANEYA RAJHA
Chairman

S S RAMACHANDRA RAJA

N K SHRIKANTAN RAJA

C N GANGADARAN
Partner

P R VENKETRAMA RAJA
Vice Chairman, Managing Director & CEO

V JAGADISAN

A V DHARMAKRISHNAN

Place : Chennai
Date : 29th May, 2009

SUBRAMANIAN NARAYAN
Company Secretary

R S AGARWAL
Directors

Ramco Systems Limited, INDIA

SCHEDULES TO BALANCE SHEET FOR R&D AS AT 31ST MARCH, 2009

Schedule 1 - Fixed Assets

Rs.

Asset Description	Gross Block				Depreciation Block				Net Block	
	As at 01.04.08	Additions	Withdrawals	As at 31.03.09	Up to 01.04.08	For the year	Withdrawals	Up to 31.03.09	As at 01.04.08	As at 31.03.09
Plant & Machinery										
- EDP	116,389,866	14,312,762	32,307,263	98,395,365	105,397,234	5,886,579	32,285,933	78,997,880	10,992,632	19,397,485
- Software	40,233,096	192,486	-	40,425,582	37,682,488	756,511	-	38,438,999	2,550,608	1,986,583
Technology Platform	881,591,780	80,943,837	450,502,920	512,032,697	365,376,227	88,159,178	294,300,000	159,235,405	516,215,553	352,797,292
Product Software	1,073,616,441	139,721,040	192,900,000	1,020,437,481	257,335,745	107,361,644	119,600,000	245,097,389	816,280,696	775,340,092
Furniture										
- Office Equipment	7,146	-	7,146	-	5,484	226	5,710	-	1,662	-
Electrical Items	119,000	-	-	119,000	59,331	5,653	-	64,984	59,669	54,016
Total	2,111,957,329	235,170,125	675,717,329	1,671,410,125	765,856,509	202,169,791	446,191,643	521,834,657	1,346,100,821	1,149,575,468
Previous year	2,163,966,491	338,222,864	390,232,026	2,111,957,329	848,396,911	182,299,641	264,840,043	765,856,508	1,315,569,581	1,346,100,821

Note : Withdrawals during the year from Technology Platform and Product Software represent the impairment loss written off.

As at 31.03.2009

As at 31.03.2008

Rs.

Rs.

Schedule 2 : Revenue Expenditure relating to Research

Transferred from Profit & Loss Account

(524,860,471)

(56,702,481)

Balance brought forward from previous year

(1,210,169,752)

(1,153,467,271)

(1,735,030,223)

(1,210,169,752)

SCHEDULE TO PROFIT & LOSS ACCOUNT FOR R&D FOR THE YEAR ENDED 31ST MARCH, 2009

Year ended 31.03.2009

Year ended 31.03.2008

Rs.

Rs.

Schedule 3 : Employee compensation & benefits

Salaries, Bonus, contributions etc.,

195,107,137

302,166,078

Staff welfare

2,196,576

2,392,759

Gross cost

197,303,713

304,558,837

Less: Product Research and Development Expenditure Capitalised

(195,107,137)

(302,166,078)

2,196,576

2,392,759

Schedule 4 : Administrative and other expenses

Communication Expenses

2,610,538

3,045,767

Power & Fuel

21,503,260

17,729,024

Rent

4,054,480

5,826,640

Travel & Conveyance

202,383

274,479

Consultancy charges

-

10,168,875

Loss on sale of fixed assets

22,470

608,951

Miscellaneous Expenses

1,037,242

1,937,775

Gross cost

29,430,373

39,591,511

Less: Product Research and Development Expenditure Capitalised

(25,557,740)

(33,724,539)

3,872,633

5,866,972

Schedule 5 : Calculation of Total R&D Expenditure

i) Capital Expenditure for R&D (exclusive of Product Research & Development Expenditure capitalised) (Refer Schedule 1)

14,505,248

2,332,246

ii) Recurring R&D Expenditure:

Employee Compensation & benefits-gross

197,303,713

304,558,837

(Refer Schedule 3)

Administrative & Other Expenses-gross

29,430,373

39,591,511

(Refer Schedule 4)

Interest

87,242,524

51,932,121

(Refer Profit & Loss Account)

Profit on sale of fixed assets

(123,973)

(2,264,075)

(Refer Profit & Loss Account)

Sub-total

313,852,637

393,818,394

Total R&D Expenditure (i + ii)

328,357,885

396,150,640

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. REGISTRATION DETAILS

Registration No:

	3	7	5	5	0	1	9	9	7
--	---	---	---	---	---	---	---	---	---

 State Code

						1	8
--	--	--	--	--	--	---	---

Balance Sheet Date

3	1		0	3		2	0	0	9
---	---	--	---	---	--	---	---	---	---

 (Refer Code List)

Date Month Year

II. CAPITAL RAISED DURING THE YEAR (Amount in Rs. Thousands)

Public Issue

N	I	L
---	---	---

 Rights Issue

N	I	L
---	---	---

Bonus Issue

N	I	L
---	---	---

 Private Placement

N	I	L
---	---	---

Others

						N	I	L
--	--	--	--	--	--	---	---	---

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in Rs. Thousands)

Total Liabilities

		3	1	8	3	7	5	7
--	--	---	---	---	---	---	---	---

 Total Assets

		3	1	8	3	7	5	7
--	--	---	---	---	---	---	---	---

Sources of Funds

Paid up Share Capital

			1	5	3	9	3	4
--	--	--	---	---	---	---	---	---

 Reserves & Surplus

		1	9	4	2	7	4	6
--	--	---	---	---	---	---	---	---

Secured Loans

			2	1	6	9	9	2
--	--	--	---	---	---	---	---	---

 Unsecured Loans

			8	7	0	0	8	5
--	--	--	---	---	---	---	---	---

Application of Funds

Net Fixed Assets

		1	3	8	0	2	2	4
--	--	---	---	---	---	---	---	---

 Investments

		1	2	2	2	0	8	5
--	--	---	---	---	---	---	---	---

Net Current Assets

			1	3	2	4	1	1
--	--	--	---	---	---	---	---	---

 Miscellaneous Expenditure

N	I	L
---	---	---

Profit and Loss Account

		4	4	9	0	3	7
--	--	---	---	---	---	---	---

IV. PERFORMANCE OF COMPANY (Amount in Rs. Thousands)

Turnover and Other Income

		9	6	9	0	2	1
--	--	---	---	---	---	---	---

 Total Expenditure

		1	4	0	1	3	1	7
--	--	---	---	---	---	---	---	---

Loss before Tax and Exceptional Items

		4	3	2	2	9	6
--	--	---	---	---	---	---	---

 Loss after Tax and

Earnings/(Loss) per share in Rs.

(1		.		0	2)
---	--	---	--	---	--	---	---	---

 Exceptional Items

		1	5	6	1	1
--	--	---	---	---	---	---

Dividend Rate %

N	A
---	---

V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF COMPANY

(as per monetary terms)

Item Code No. (ITC Code)

8	5	2	3	8	0	2	0
---	---	---	---	---	---	---	---

Product Description

C	O	M	P	U	T	E	R
---	---	---	---	---	---	---	---

S	O	F	T	W	A	R	E
---	---	---	---	---	---	---	---

P R RAMASUBRAHMANEYA RAJHA
Chairman

S S RAMACHANDRA RAJA
Director

V JAGADISAN
Director

P R VENKETRAMA RAJA
Vice Chairman, Managing Director & CEO

N K SHRIKANTAN RAJA
Director

A V DHARMAKRISHNAN
Director

Place : Chennai
Date : 29th May, 2009

SUBRAMANIAN NARAYAN
Company Secretary

R S AGARWAL
Director

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT 1956 RELATING TO SUBSIDIARIES

1	Name of the Subsidiary Company	Ramco Systems Corporation, USA	Ramco Systems Limited, Switzerland	Ramco Systems Sdn Bhd, Malaysia	Ramco Systems Pte Ltd, Singapore	RSL Enterprise Solutions (Pty) Ltd., South Africa	Ramco Systems Australia Pty Ltd., Australia
2	Financial Year end of the Subsidiary Company	March 31, 2009	March 31, 2009	March 31, 2009	March 31, 2009	March 31, 2009	March 31, 2009
3	No of shares held in the Subsidiary Company as on the above date	192,729,550 Equity Shares of USD 0.10 each	1,400,000 Equity Shares of CHF 1/- each	1,280,000 Equity Shares of RM 1/-each	725,000 Equity Shares of SGD 1/- each	100 Equity Shares of ZAR 1/- each	100,000 Equity Shares of AUD 1/- each held by Ramco Systems Corporation, USA
4	Percentage of holding (Equity)	98%	100%	100%	100%	100%	98%
5	Percentage of holding (Preference)	Nil	Nil	Nil	Nil	Nil	Nil
6	The net aggregate of Profit/(Losses) of the Subsidiary Company so far as they concern the members of the Company	Nil	Nil	Nil	Nil	Nil	Nil
7	a. Dealt with Accounts of the Company for the year ended 31 March 2009	Nil	Nil	Nil	Nil	Nil	Nil
	b. Not dealt with Accounts of the Company for the year ended 31 March 2009	USD 872,904	(CHF 309,702)	(R67,465)	SGD 221,869	ZAR 2,260,419	(AUD 173,715)
8	The net aggregate of Profit/(Losses) of the Subsidiary Company for the previous financial years since it became a subsidiary company so far as they concern the members of the Company	Nil	Nil	R1,664,000	Nil	ZAR 8,000,000	Nil
	a. Dealt with Accounts of the Company for the year ended 31 March 2008	Nil	Nil	R236,118	(SGD 847,309)	ZAR 9,463,564	(AUD 166,084)
9	b. Not dealt with Accounts of the Company for the year ended 31 March 2008	(USD 5,701,957)	(CHF 1,495,400)	N A	N A	N A	N A
	Change in the interest of the Company between the end of the financial year of the Subsidiary Company and the Company's Financial year ended 31 March 2009	N A	N A	N A	N A	N A	N A
9	Material changes between the end of the Financial Year of the Subsidiary Company and the Company's Financial year ended 31 March 2009	N A	N A	N A	N A	N A	N A

P R RAMASUBRAHMANEYA RAJHA
Chairman

S S RAMACHANDRA RAJA
Director

V JAGADISAN
Director

P R VENKETRAMA RAJA
Vice Chairman, Managing Director & CEO

N K SHRIKANTAN RAJA
Director

A V DHARMAKRISHNAN
Director

Place : Chennai
Date : 29th May, 2009

SUBRAMANIAN NARAYAN
Company Secretary

R S AGARWAL
Director

INFORMATION WITH REGARD TO SUBSIDIARY COMPANIES

(Furnished as required by the letter no.F.No.47/195/2009-CL-III dated: 13th April, 2009 of the Ministry of Corporate Affairs, Government of India, exempting the full disclosure of financial statements of the Subsidiary Companies, under section 212(8) of the Companies Act, 1956)

Name of the Subsidiary	Year	Capital	Reserves	Total Assets	Total Liabilities	Investments	Turnover	Profit Before Tax	Provision for Tax	Profit After Tax	Proposed dividend	Exchange Rate used (Rs. per unit of foreign currency)	
												B/S	P&L
Ramco Systems Corporation, USA	2008-2009 2007-2008	105,740 105,740	12,885 (50,682)	105,740 110,680	105,740 110,680	3,453 3,453	609,956 763,101	44,951 (88,729)	- -	44,670 (88,729)	- -	50.53 39.52	45.17 40.21
Ramco Systems Ltd., Switzerland	2008-2009 2007-2008	29,327 29,327	77,862 65,181	107,189 94,507	107,189 94,507	- -	141,556 204,752	(13,015) (404)	- -	(13,015) (404)	- -	43.94 39.52	41.32 34.50
Ramco Systems Sdn. Bhd., Malaysia	2008-2009 2007-2008	18,217 18,217	4,069 2,530	22,286 20,747	22,286 20,747	- -	38,507 45,878	(1,203) 4,068	- -	(1,203) 4,068	- 8,340	13.98 12.49	13.35 11.85
Ramco Systems Pte. Ltd., Singapore	2008-2009 2007-2008	18,616 18,616	(28,704) (32,525)	18,616 18,616	18,616 18,616	- -	130,065 103,379	6,257 (17,429)	- 1,283	4,974 (18,604)	- -	33.19 28.59	31.47 27.11
RSL Enterprise Solutions (Pty) Ltd., South Africa	2008-2009 2007-2008	1 1	30,585 18,554	30,586 18,555	30,586 18,555	3 3	254,791 242,924	10,702 (8,638)	952 (603)	9,750 (8,035)	- -	5.12 4.76	5.15 5.56
Ramco Systems Australia Pty Ltd., Australia	2008-2009 2007-2008	3,453 3,453	(15,622) (6,174)	18,179 7,649	18,179 7,649	- -	- -	(6,418) (5,901)	- -	(6,418) (5,901)	- -	34.61 36.16	36.04 35.50

P R RAMASUBRAHMANEYA RAJHA
Chairman

S S RAMACHANDRA RAJA
Director

V JAGADISAN
Director

P R VENKETRAMA RAJA
Vice Chairman, Managing Director & CEO

N K SHRIKANTAN RAJA
Director

A V DHARMAKRISHNAN
Director

Place : Chennai
Date : 29th May, 2009

SUBRAMANIAN NARAYAN
Company Secretary

R S AGARWAL
Director

Ramco Systems Limited, Global Consolidated (Under AS-21)

RAMCO SYSTEMS LIMITED GLOBAL CONSOLIDATED FINANCIAL STATEMENTS UNDER AS-21

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 Australia Pty Ltd., Australia

AUDITORS

Messrs. CNGSN & ASSOCIATES
Chartered Accountants, Chennai

AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF RAMCO SYSTEMS LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF RAMCO SYSTEMS LIMITED AND ITS SUBSIDIARIES

We have examined the attached Consolidated Balance Sheet of Ramco Systems Limited and its Subsidiaries as at 31st March 2009, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year then ended.

These financial statements are the responsibility of Ramco Systems Limited's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Generally Accepted Auditing Standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material aspects, in accordance with identified financial reporting framework and are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of certain subsidiaries, whose financial statements reflect total assets of Rs.196,856,067/- as at 31st March 2009 and total revenues of Rs. 564,919,426/- for the year then ended. These financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of these subsidiaries, is based solely on the report of the other auditors.

We report that the consolidated financial statements have been prepared by the company in accordance with the requirements of Accounting Standard 21 - Consolidated Financial Statements and Accounting Standard 23 - Accounting for Investments in Associates in Consolidated Financial Statements issued by the Institute of Chartered Accountants of India, and on the basis of the separate audited financial statements of Ramco Systems Limited and its Subsidiaries in the Consolidated financial statements.

On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of Ramco Systems Limited and its aforesaid Subsidiaries, we are of the opinion that,

- a) the Consolidated Balance Sheet gives a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of Ramco Systems Limited and its Subsidiaries as at 31st March 2009.
- b) the Consolidated Profit and Loss Account gives a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated results of operation of Ramco Systems Limited and its Subsidiaries for the year then ended.
- c) the Consolidated Cash flow statement gives a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated cash flow of Ramco Systems Limited and its Subsidiaries for the year then ended.

For CNGSN & Associates
Chartered Accountants

C.N.GANGADARAN
Partner

Membership No. 011205

Place : Chennai
Date : 29th May, 2009

Ramco Systems Limited, Global Consolidated (Under AS-21)

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2009

	SCHEDULE	As at 31.03.2009		As at 31.03.2008	
		Rs.	USD	Rs.	USD
I. SOURCES OF FUNDS					
1. Shareholders' Funds					
a) Share Capital	I	153,933,750	3,527,920	153,933,750	3,527,920
b) Reserves & Surplus	II	1,988,413,633	39,836,451	1,942,982,246	47,864,813
		<u>2,142,347,383</u>	<u>43,364,371</u>	<u>2,096,915,996</u>	<u>51,392,733</u>
2. Minority Interest		1,880,134	48,562	1,054,907	30,293
3. Loan Funds					
a) Secured	III	216,991,841	4,294,318	421,785,371	10,672,707
b) Unsecured	IV	870,085,616	17,219,189	882,440,000	22,328,947
		<u>1,087,077,457</u>	<u>21,513,507</u>	<u>1,304,225,371</u>	<u>33,001,654</u>
TOTAL		<u>3,231,304,974</u>	<u>64,926,440</u>	<u>3,402,196,274</u>	<u>84,424,680</u>
II. APPLICATION OF FUNDS					
1. Fixed Assets					
Gross Block	V	3,276,786,960	64,848,347	3,684,815,368	93,239,255
Less : Depreciation		879,611,531	17,407,710	1,037,355,107	26,248,865
Net Block		<u>2,397,175,429</u>	<u>47,440,637</u>	<u>2,647,460,261</u>	<u>66,990,390</u>
2. Investments	VI	3,690,376	73,034	5,797,738	146,704
3. Deferred Tax Asset		1,384,973	27,409	1,444,921	36,562
4. Current Assets, Loans & Advances					
a) Inventories	VII	149,706	2,963	1,871,703	47,361
b) Sundry Debtors	VIII	412,939,844	8,172,173	496,336,213	12,559,116
c) Cash & Bank Balances	IX	105,298,728	2,083,886	165,848,434	4,196,570
d) Loans & Advances	X	258,686,255	5,119,459	194,863,309	4,930,752
e) Other Current Assets	XI	37,443,381	741,013	68,052,066	1,721,965
		<u>814,517,914</u>	<u>16,119,494</u>	<u>926,971,725</u>	<u>23,455,764</u>
Less: Current Liabilities and Provisions					
a) Current Liabilities	XII	378,116,140	7,483,003	583,501,671	14,764,719
b) Provisions	XIII	74,845,600	1,481,212	87,767,155	2,220,829
		<u>452,961,740</u>	<u>8,964,215</u>	<u>671,268,826</u>	<u>16,985,548</u>
Net Current Assets		361,556,174	7,155,279	255,702,899	6,470,216
5. Miscellaneous Expenditure (to the extent not written off / adjusted)	XIV	-	-	4,084,772	103,360
6. Profit & Loss Account	XV	467,498,022	10,230,081	487,705,683	10,677,448
TOTAL		<u>3,231,304,974</u>	<u>64,926,440</u>	<u>3,402,196,274</u>	<u>84,424,680</u>

Significant Accounting Policies
and Notes on Accounts

XXII

Schedules, Accounting Policies and
Notes form an integral part of the accounts

As per our Report Annexed
For **CNGSN & Associates**
Chartered Accountants

P R RAMASUBRAHMANEYA RAJHA
Chairman

S S RAMACHANDRA RAJA

N K SHRIKANTAN RAJA

C N GANGADARAN
Partner

P R VENKETRAMA RAJA
Vice Chairman, Managing Director & CEO

V JAGADISAN

A V DHARMAKRISHNAN

Place : Chennai
Date : 29th May, 2009

SUBRAMANIAN NARAYAN
Company Secretary

R S AGARWAL
Directors

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

	SCHEDULE	Year ended 31.03.2009		Year ended 31.03.2008	
		Rs.	USD	Rs.	USD
INCOME					
Sales	XVI	1,876,500,148	41,542,879	1,953,180,048	48,576,781
Other Income	XVII	76,419,031	1,691,802	83,792,153	2,083,962
		<u>1,952,919,179</u>	<u>43,234,681</u>	<u>2,036,972,201</u>	<u>50,660,743</u>
EXPENDITURE					
Cost of Resale Material		38,938,273	862,035	66,764,263	1,660,468
Employee Compensation & Benefits	XVIII	1,129,845,872	25,013,080	1,368,373,732	34,032,290
Sales & Marketing Expenses	XIX	156,831,828	3,472,020	133,751,065	3,326,471
Administrative & Other Expenses	XX	571,535,186	12,652,926	538,653,394	13,396,639
		<u>1,897,151,159</u>	<u>42,000,061</u>	<u>2,107,542,454</u>	<u>52,415,868</u>
Profit/(Loss) before Interest, Depreciation, Exceptional Items & Tax		55,768,020	1,234,620	(70,570,253)	(1,755,125)
Interest & Finance Charges	XXI	182,362,514	4,037,231	181,510,323	4,514,273
Profit/(Loss) before Depreciation, Exceptional Items & Tax		(126,594,494)	(2,802,611)	(252,080,576)	(6,269,398)
Depreciation					
On Technology Platform & Product Software		195,520,822	4,328,536	161,931,760	4,027,342
On other fixed assets		68,906,372	1,525,483	79,536,535	1,978,122
		<u>264,427,194</u>	<u>5,854,019</u>	<u>241,468,295</u>	<u>6,005,464</u>
Profit/(Loss) before Exceptional Items & Tax		(391,021,688)	(8,656,630)	(493,548,871)	(12,274,862)
Exceptional Income / (Expense) (Refer Note No.10)		421,780,758	9,337,589	603,344,073	15,005,536
Profit/(Loss) before Tax		30,759,070	680,959	109,795,202	2,730,674
Provision for Taxation					
Current Taxation		(2,345,293)	(51,921)	(1,174,760)	(29,217)
Deferred Taxation (Refer Note No.4)		(170,371)	(3,772)	603,227	15,003
Fringe Benefit Tax		(5,095,810)	(112,814)	(5,878,710)	(146,207)
Minority Interest		(825,228)	(18,269)	2,344,506	58,309
Equity in Earnings / (Losses) of Affiliates		(2,114,707)	(46,816)	(806,281)	(20,053)
Profit/(Loss) after Tax		20,207,661	447,367	104,883,184	2,608,509
Balance in Profit & Loss Account brought forward from previous year		(487,705,683)	(10,677,448)	(597,177,843)	(13,387,504)
Balance in Profit & Loss Account		(467,498,022)	(10,230,081)	(492,294,659)	(10,778,995)
Earnings Per Share - Basic & Diluted (Face value of shares @ Rs.10/- each)		1.32	0.03	6.83	0.17

Significant Accounting Policies and Notes on Accounts

XXII

Schedules, Accounting Policies and Notes form an integral part of the accounts

As per our Report Annexed For **CNGSN & Associates** Chartered Accountants

P R RAMASUBRAHMANEYA RAJHA
Chairman

S S RAMACHANDRA RAJA

N K SHRIKANTAN RAJA

C N GANGADARAN
Partner

P R VENKETRAMA RAJA
Vice Chairman, Managing Director & CEO

V JAGADISAN

A V DHARMAKRISHNAN

Place : Chennai
Date : 29th May, 2009

SUBRAMANIAN NARAYAN
Company Secretary

R S AGARWAL
Directors

Ramco Systems Limited, Global Consolidated (Under AS-21)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

	Year ended 31.03.2009 Rs.	Year ended 31.03.2009 USD	Year ended 31.03.2008 Rs.	Year ended 31.03.2008 USD
A. Cash Flow From Operating Activities				
Net Profit / (Loss) before tax & exceptional items	(391,021,688)	(8,656,630)	(493,548,871)	(12,274,862)
Adjustments for:				
Depreciation	264,427,195	5,854,019	241,468,295	6,005,464
Preliminary expenses written off	4,071,386	90,134	1,002,647	24,936
Interest & Finance Charges	182,362,514	4,037,231	181,510,323	4,514,273
Unrealised foreign exchange fluctuation (gain) / loss (Profit) / Loss on sale of fixed assets (other than those mentioned in Note 10(a)) - Net	(5,695,051)	(126,080)	(3,586,673)	(89,203)
Interest income	3,988,395	88,297	247,266	6,150
Dividend income	(1,314,990)	(29,112)	(3,571,691)	(88,830)
	(81,408)	(1,802)	(95,607)	(2,378)
Operating Profit before Working Capital Changes	56,736,352	1,256,057	(76,574,311)	(1,904,450)
Working Capital Changes:				
(Increase) / Decrease in Trade and Other receivables	67,321,331	9,726,711	(7,450,746)	(4,125,656)
(Increase) / Decrease in Inventories	1,721,997	44,398	(1,773,366)	(45,083)
(Increase) / Decrease in Other current assets [other than Cash and Bank]	30,608,685	980,952	(20,683,808)	(624,716)
Increase / (Decrease) in Current liabilities and Provisions	(218,681,686)	(8,026,361)	155,563,419	5,038,701
Cash generated from operations	(62,293,321)	3,981,757	49,081,188	(1,661,204)
Tax paid (including Dividend Distribution Tax)	(8,118,523)	(211,789)	(17,094,894)	(418,046)
Cash Flow before exceptional items	(70,411,844)	3,769,968	31,986,294	(2,079,250)
Provision for liabilities under Contracts	-	-	(47,462,002)	(1,180,409)
Overseas withholding tax	(8,017,560)	(177,496)	(16,219,104)	(403,379)
Net Cash (used in) / generated from operating activities	(78,429,404)	3,592,472	(31,694,812)	(3,663,038)
B. Cash Flow from Investing Activities:				
Purchase of Fixed assets - for R&D activities	(14,505,248)	(287,062)	(2,332,246)	(59,014)
Purchase of Fixed assets - for Others	(96,729,784)	(1,914,305)	(105,983,570)	(2,681,770)
Investment in R&D activities	(220,664,877)	(4,367,007)	(335,890,618)	(8,499,256)
Balance Proceeds from divestment of subsidiary Ramco Infotech Solutions Ltd.	-	-	70,000,000	1,740,943
Net Investment in Companies / Mutual Funds	2,107,362	73,671	711,298	4,073
Proceeds from Sale of fixed assets mentioned in Note No.10(a)	750,000,000	14,842,668	900,001,000	22,476,320
Proceeds from Sale of other fixed assets	1,759,085	1,586,502	4,249,086	115,186
Interest income	1,314,990	29,112	3,571,691	88,830
Dividend income	81,408	1,802	95,607	2,378
Equity in Earnings / (Losses) of Affiliates	(2,114,707)	(46,816)	(806,281)	(20,053)
Miscellaneous Expenditure	(4,084,772)	(103,360)	(5,087,419)	(128,296)
Net cash (used in) / generated from Investing Activities	417,163,457	9,815,205	528,528,548	13,039,341
C. Cash Flow from Financing Activities				
Proceeds from Issue of Share Capital	-	-	265,500	6,771
Proceeds from secured borrowings	46,069,874	(25,406)	250,895,000	6,348,558
Proceeds from unsecured borrowings	750,085,616	14,844,362	1,312,500,000	33,211,033
Repayment of secured borrowings	(250,863,403)	(6,352,982)	(483,916,025)	(10,843,940)
Repayment of unsecured borrowings	(762,440,000)	(19,954,121)	(1,400,930,908)	(33,371,566)
Interest & Finance Charges	(182,362,514)	(4,037,231)	(181,510,323)	(4,514,273)
Rights Issue expenses	(5,468,383)	(121,062)	-	-
Net cash (used in) / generated from financing activities	(404,978,810)	(15,646,441)	(502,696,756)	(9,163,417)
Net Increase/(Decrease) in cash and cash equivalents (A+B+C)	(66,244,757)	(2,238,764)	(5,863,020)	212,886
Cash and Cash equivalents at the beginning of the year	165,848,434	4,196,570	168,124,781	3,894,481
Effect of Unrealised foreign exchange fluctuation gain / (loss)	5,695,051	126,080	3,586,673	89,203
Cash and Cash equivalents at the end of the year	105,298,728	2,083,886	165,848,434	4,196,570

As per our Report Annexed
For **CNGSN & Associates**
Chartered Accountants

P R RAMASUBRAHMANEYA RAJHA
Chairman

S S RAMACHANDRA RAJA
N K SHRIKANTAN RAJA

C N GANGADARAN
Partner

P R VENKETRAMA RAJA
Vice Chairman, Managing Director & CEO

V JAGADISAN

A V DHARMAKRISHNAN

Place : Chennai
Date : 29th May, 2009

SUBRAMANIAN NARAYAN
Company Secretary

R S AGARWAL
Directors

SCHEDULES TO CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2009

	As at 31.03.2009		As at 31.03.2008	
	Rs.	USD	Rs.	USD
Schedule I				
Share Capital				
Authorised Share Capital				
50,000,000 equity Shares of Rs.10/- each (Previous year 30,000,000 of Rs.10/- each)	500,000,000		300,000,000	
Issued Share Capital				
15,707,164 equity shares of Rs.10/- each (Previous year 15,707,164 of Rs.10/- each)	157,071,640	3,601,260	157,071,640	3,601,260
Subscribed Share Capital				
15,707,164 equity shares of Rs.10/- each (Previous year 15,707,164 of Rs.10/- each)	157,071,640	3,601,260	157,071,640	3,601,260
Paid up Share Capital				
15,357,986 (Previous year 15,357,986)				
Equity shares of Rs.10/- each fully paid up	153,579,860	3,519,652	153,579,860	3,519,652
Add: Forfeited Shares	353,890	8,268	353,890	8,268
	153,933,750	3,527,920	153,933,750	3,527,920

Of the above

4,333,153 equity shares of face value Rs.10/- each have been allotted to the shareholders of Ramco Industries Limited credited as fully paid up pursuant to the approval of the scheme of arrangement (Demerger) for the transfer of software business undertaking of Ramco Industries Limited with Ramco Systems Limited by the Honorable High Court of Madras, vide order dated 24th December, 1999.

2,376,719 equity shares, have been allotted to Ramco Industries Limited as fully paid up shares of face value of Rs.10/- each at a premium of Rs.293/- per share pursuant to a contract for the transfer of its entire investment in the overseas Suidiary Companies without payment being received in cash. The above allotment has been duly approved by the shareholders of the company in the EGM held on 10th November 1999 and by the Reserve Bank of India.

	As at 31.03.2009		As at 31.03.2008	
	Rs.	USD	Rs.	USD
Schedule II				
Reserves & Surplus				
Share Premium	1,942,746,246	44,951,173	1,942,746,246	44,951,173
Translation Reserve a/c (Refer Accounting Policy No III)	45,667,387	(5,114,722)	236,000	2,913,640
	1,988,413,633	39,836,451	1,942,982,246	47,864,813
Schedule III				
Secured Loans				
a) Bank Borrowings	195,000,000	3,859,094	169,974,541	4,300,975
b) Term Loan from Banks	-	-	250,000,000	6,325,911
c) Hire Purchase Loans	947,427	18,750	1,810,830	45,821
d) Obligations under finance lease (Refer Note No.11)	21,044,414	416,474	-	-
(For security details, Refer Note No.2)	216,991,841	4,294,318	421,785,371	10,672,707
Schedule IV				
Unsecured Loans				
Long Term Loans - from Banks	220,000,000	4,353,849	-	-
Short Term Loans - from Banks	200,000,000	3,958,045	-	-
Short Term Loans - from Others	450,085,616	8,907,295	882,440,000	22,328,947
(For security details, refer Note No.2)	870,085,616	17,219,189	882,440,000	22,328,947

Ramco Systems Limited, Global Consolidated (Under AS-21)

Schedule V - Fixed Assets

Asset Description	Gross Block						Depreciation Block						Net Block					
	As at 01.04.2008		As at 31.03.2009		Withdrawals		Additions/Reserve Adjustments		Up to 01.04.2008		Withdrawals		Upto 31.03.2009		As at 01.04.2008		As at 31.03.2009	
	Rs.	USD	Rs.	USD	Rs.	USD	Rs.	USD	Rs.	USD	Rs.	USD	Rs.	USD	Rs.	USD	Rs.	USD
Goodwill	994,508,931	25,164,700	-	(5,483,146)	994,508,931	19,681,554	-	-	-	-	-	-	-	994,508,931	25,164,700	994,508,931	19,681,554	
Land	83,346,626	2,108,973	83,346,626	(459,525)	1,649,448	-	-	-	-	-	-	-	-	83,346,626	2,108,973	-	-	
Building	5,069,209	128,244	1,951,350	(27,943)	38,618	61,663	1,042,563	26,381	(2,405)	67,597	1,338	1,143,887	22,638	4,025,646	101,863	1,972,972	39,045	
Plant & Machinery																		
-EDP	304,177,822	7,696,807	98,688,128	275,686	33,815,255	669,211	7,303,202	205,341,222	5,195,881	58,698,179	33,070,226	654,465	231,209,175	98,836,600	2,500,926	137,821,520	2,727,519	
-Software	226,957,924	5,742,862	21,034,944	(835,029)	-	4,907,833	144,101,932	3,646,304	(380,273)	20,830,633	-	-	3,266,031	82,855,992	2,086,558	82,960,303	1,641,802	
-Others	7,203,882	182,284	2,708,106	13,875	9,911,998	196,159	6,724,218	170,147	14,202	2,590,960	-	-	184,349	479,664	12,137	596,810	11,810	
Technology Platform	881,591,780	22,307,484	80,943,837	(3,258,688)	450,502,920	8,915,554	10,133,242	365,376,227	9,245,350	88,159,178	294,300,000	5,824,263	159,235,405	516,215,553	13,062,134	352,797,292	6,981,938	
Product Software	1,073,616,441	27,166,408	139,721,040	(3,154,188)	192,900,000	3,817,534	2,573,357,745	6,511,532	705,911	107,361,644	119,600,000	2,366,911	245,097,389	816,280,696	20,654,876	775,340,092	15,344,154	
Furniture																		
-Furniture	57,245,377	1,448,517	6,696,223	(183,098)	885,005	17,712	38,272,546	988,435	(69,122)	7,169,750	141,958	2,809	45,300,338	18,972,831	480,082	17,746,257	351,203	
-Office Equipments	8,090,872	204,729	4,126,055	37,046	7,146	141	6,795,531	171,952	3,729	2,081,635	5,708	113	8,871,458	1,295,341	32,777	3,338,323	66,066	
Electricals	35,849,527	907,124	6,050,635	(77,910)	2,678,557	53,009	10,128,895	256,298	(4,508)	2,594,047	329,008	6,511	12,393,934	25,720,632	650,826	26,827,671	530,926	
Vehicles	7,157,976	181,123	753,023	(24,563)	2,633,539	52,118	2,236,230	56,585	(2,215)	511,089	735,127	14,548	2,012,202	4,921,746	124,538	3,265,258	64,620	
Total	3,684,815,367	95,239,255	360,701,991	(13,177,563)	768,730,398	15,213,345	1,037,355,109	26,248,965	29,803	290,506,046	448,249,624	8,870,958	879,611,531	2,647,460,258	66,990,390	2,397,175,429	47,440,637	
Previous year	3,777,365,100	87,499,771	450,625,088	19,483,786	543,174,821	13,744,302	1,113,461,496	25,792,483	8,578,029	244,861,129	320,967,516	8,121,647	1,037,355,109	2,663,903,604	61,707,288	2,647,460,258	66,990,390	

Notes: 1. Gross Block includes assets purchased under Hire Purchase Rs.1,972,530 USD 39,037 (Previous year Rs.6,461,761/- USD 163,506)

2. Additions in Gross Block and Depreciation Block include the following on account of Reserve Adjustment:

Gross Block Rs.28,802,082 (USD 19,745,939) (Previous year Rs.6,418,655(USD8,243,745))
 Depreciation Block Rs.26,078,852 (USD 5,824,216) (Previous year Rs.3,392,834(USD2,572,565))

3. Gross Block includes assets purchased under Finance Lease Rs.25,290,967 USD 491,523 (Previous year Nil) Net block as on 31.03.09 Rs.23,639,869/- USD 459,434 (Previous year Nil)

4. Withdrawals during the year from Technology Platform and Product Software represent the impairment loss written off

SCHEDULES TO CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2009
**Schedule VI
Investments**

	As at 31.03.2009		As at 31.03.2008	
	Rs.	USD	Rs.	USD
Trade-Unquoted (Long Term)				
300 shares of face value ZAR 1 each in Redlex 47 (Pty) Limited, South Africa	3,553,447	70,324	5,667,937	143,420
Non-Trade -Unquoted (Short Term)				
Investments In Mutual Funds (136.900 units (Previous Year 129.774 units) purchased under Standard Chartered Liquidity Manager Plus - Daily Dividend Plan)	136,929	2,710	129,801	3,284
	<u>3,690,376</u>	<u>73,034</u>	<u>5,797,738</u>	<u>146,704</u>

**Schedule VII
Inventories**

Resale Hardware & Software Materials (Valued at Cost or Net realisable value whichever is lower and as certified by management)	149,706	2,963	1,871,703	47,361
---	---------	-------	-----------	--------

Schedule VIII
**Sundry Debtors
(Unsecured)**

a) Debts Outstanding for period exceeding six months	57,248,553	1,132,962	105,225,897	2,662,599
Less: Provision for Bad & Doubtful Debts	<u>(5,763,175)</u>	<u>(114,054)</u>	<u>(5,652,675)</u>	<u>(143,033)</u>
	51,485,378	1,018,908	99,573,222	2,519,566
b) Other debts considered good	<u>361,454,466</u>	<u>7,153,265</u>	<u>396,762,991</u>	<u>10,039,550</u>
	<u>412,939,844</u>	<u>8,172,173</u>	<u>496,336,213</u>	<u>12,559,116</u>

Schedule IX
Cash and Bank Balances

Cash on hand	364,104	7,206	430,499	10,893
Balances with Scheduled Banks in				
a) Current Accounts	58,183,337	1,151,461	47,164,672	1,193,438
b) Deposit Accounts	825,939	16,346	825,939	20,899
Balances with Other Banks in Current Account				
Bank of America, USA	14,938,383	295,634	48,221,004	1,220,167
Commerce Bank, USA	1,814,867	35,917	3,221,388	81,513
CIBC, Canada	122,555	2,425	141,654	3,584
UBS AG, Switzerland	4,935,800	97,681	10,422,351	263,724
Credit Suisse, Switzerland	133,557	2,643	58,186	1,472
ABN Amro Bank, Singapore	4,493,884	88,935	12,228,103	309,416
Bumiputra Commerce Bank Berhad, Malaysia	7,474,882	147,930	8,488,694	214,795
ABN Amro Bank Berhad, Malaysia	4,009,984	79,358	11,630,104	294,284
Bank of Baroda, South Africa	2,225,044	44,034	15,377,361	389,103
The Standard Bank, South Africa	2,669,818	52,836	1,688,785	42,733
Dresdner Bank, Germany	414,384	8,201	2,465,205	62,379
HSBC Bank, United Kingdom	130,663	2,586	144,764	3,663
State Bank of India, United Kingdom	2,314,549	45,805	3,339,725	84,507
CitiBank, Dubai	246,978	4,888	-	-
	<u>105,298,728</u>	<u>2,083,886</u>	<u>165,848,434</u>	<u>4,196,570</u>

Ramco Systems Limited, Global Consolidated (Under AS-21)

SCHEDULES TO CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2009

	As at 31.03.2009		As at 31.03.2008	
	Rs.	USD	Rs.	USD
Schedule X				
Loans and Advances				
(Unsecured, Considered Good)				
Advance recoverable in Cash or in kind or for value to be received	112,131,973	2,219,117	123,768,504	3,131,794
Tax deducted at Source	84,129,549	1,664,943	39,772,332	1,006,385
Deposits with Government Departments and Others	59,093,828	1,169,480	27,169,868	687,497
Advance Tax	3,330,905	65,919	4,152,605	105,076
(Unsecured, Considered doubtful)				
Advance recoverable in Cash or in kind or for value to be received	706,164	13,975	567,211	14,353
Less: Provision for doubtful advances	(706,164)	(13,975)	(567,211)	(14,353)
	<u>258,686,255</u>	<u>5,119,459</u>	<u>194,863,309</u>	<u>4,930,752</u>
Schedule XI				
Other Current Assets				
Prepaid expenses	32,442,903	642,053	39,243,862	993,013
Interest Accrued	119,162	2,358	42,866	1,084
Software Work in Progress	4,881,316	96,602	28,765,338	727,868
	<u>37,443,381</u>	<u>741,013</u>	<u>68,052,066</u>	<u>1,721,965</u>
Schedule XII				
Current Liabilities				
For Purchases	43,003,008	851,039	76,434,693	1,934,076
For Expenses	334,686,467	6,623,520	448,801,992	11,356,326
Interest accrued but not due on loans	426,665	8,444	58,264,986	1,474,317
	<u>378,116,140</u>	<u>7,483,003</u>	<u>583,501,671</u>	<u>14,764,719</u>
Schedule XIII				
Provisions				
Provision for Taxation	807,379	15,978	432,780	10,951
Provision for staff benefit schemes	74,038,221	1,465,234	87,334,375	2,209,878
	<u>74,845,600</u>	<u>1,481,212</u>	<u>87,767,155</u>	<u>2,220,829</u>
Schedule XIV				
Miscellaneous Expenditure				
Preliminary Expenses	-	-	4,084,772	103,360
Schedule XV				
Profit & Loss Account				
Balance brought forward from Profit & Loss account	467,498,022	10,230,081	493,361,404	10,803,061
Adjustment for divestment of Subsidiary, Ramco Infotech Solutions Limited	-	-	(5,655,721)	(125,613)
	<u>467,498,022</u>	<u>10,230,081</u>	<u>487,705,683</u>	<u>10,677,448</u>

SCHEDULES TO CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

	Year ended 31.03.2009		Year ended 31.03.2008	
	Rs.	USD	Rs.	USD
Schedule XVI				
Sales				
Software Revenues (Licensing & Services)	1,779,243,548	39,389,765	1,854,986,336	46,134,643
Value Added Resale Software & Hardware Materials	97,256,600	2,153,114	98,193,712	2,442,138
	<u>1,876,500,148</u>	<u>41,542,879</u>	<u>1,953,180,048</u>	<u>48,576,781</u>
Schedule XVII				
Other Income				
Dividend Income	81,408	1,802	95,607	2,378
Interest Income	1,314,990	29,112	3,571,691	88,830
Profit on sale of fixed assets (Other than those covered under exceptional items in Note No. 10)	312,187	6,912	2,317,368	57,634
Miscellaneous Income	74,710,446	1,653,976	77,807,487	1,935,120
	<u>76,419,031</u>	<u>1,691,802</u>	<u>83,792,153</u>	<u>2,083,962</u>
Schedule XVIII				
Employee Compensation & Benefits				
Salaries, Bonus etc.	982,625,681	21,753,848	1,119,597,694	27,845,078
Gratuity & Superannuation	51,850,843	1,147,899	84,468,100	2,100,773
Provident Fund & others	30,982,753	685,911	32,980,356	820,242
Staff Welfare	64,386,595	1,425,422	131,327,582	3,266,197
	<u>1,129,845,872</u>	<u>25,013,080</u>	<u>1,368,373,732</u>	<u>34,032,290</u>
Schedule XIX				
Sales & Marketing Expenses				
Advertisement & Sales Promotion	156,744,780	3,470,093	133,707,392	3,325,385
Handling, Packing, Forwarding and Others	87,048	1,927	43,673	1,086
	<u>156,831,828</u>	<u>3,472,020</u>	<u>133,751,065</u>	<u>3,326,471</u>
Schedule XX				
Administrative & Other Expenses				
Consultancy Charges	36,409,706	806,056	41,335,378	1,028,036
Bank Charges	5,409,327	119,754	3,863,446	96,086
Insurance	9,881,328	218,758	9,545,120	237,393
Loss on sale of fixed assets	4,300,582	95,208	2,564,634	63,784
Communication Expenses	46,918,771	1,038,711	36,973,133	919,544
Power & Fuel	15,098,993	334,269	12,458,142	309,842
Printing & Stationery	3,494,664	77,367	6,248,497	155,404
Rates & Taxes	6,048,886	133,913	6,591,219	163,928
Rent	145,040,169	3,210,970	79,991,756	1,989,444
Repairs - Buildings	51,352	1,137	6,838,713	170,083
Repairs - Plant & Machinery	16,286,265	360,553	3,672,069	91,327
Repairs - Others	3,349,998	74,164	24,198,304	601,827
Travel & Conveyance	192,883,199	4,270,143	218,213,493	5,427,103
Bad Debts Written off	44,396,973	982,882	19,112,854	475,348
Provision for Doubtful Debts	-	-	12,013,657	298,787
Provision for Doubtful advances	138,953	3,076	-	-
Foreign Exchange Fluctuation	6,321,134	139,941	12,970,098	322,574
Miscellaneous Expenses	35,504,886	786,024	42,062,881	1,046,129
	<u>571,535,186</u>	<u>12,652,926</u>	<u>538,653,394</u>	<u>13,396,639</u>
Schedule XXI				
Interest & Finance Charges				
Hire Purchase & Finance Charges	7,930,155	175,562	1,143,213	28,433
Others	174,432,359	3,861,669	180,367,110	4,485,840
	<u>182,362,514</u>	<u>4,037,231</u>	<u>181,510,323</u>	<u>4,514,273</u>

Ramco Systems Limited, Global Consolidated (Under AS-21)

Schedule XXII

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS TO CONSOLIDATED FINANCIAL STATEMENTS OF RAMCO SYSTEMS LIMITED, INDIA AND ITS SUBSIDIARIES:

SIGNIFICANT ACCOUNTING POLICIES:

I. BASIS OF PREPARATION OF FINANCIAL STATEMENTS:

The financial statements are prepared under the historical cost convention and the accounts are prepared in accordance with the Generally Accepted Accounting Principles, the mandatory Accounting Standards issued by The Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956 as adopted consistently by the Company.

II. PRINCIPLES OF CONSOLIDATION:

The consolidated financial statements have been prepared on the following basis:

The Financial Statements of Subsidiaries have been combined on a line by line basis by adding together the book values of like item of assets, liabilities, income and expenditure after eliminating intra-group balances and intra-group transactions resulting in unrealized profits or losses. The Financial Statement of the affiliate has been consolidated using the Equity Method as prescribed by Accounting Standard 23 issued by The Institute of Chartered Accountants of India.

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 Parent Company's financial statements.

III. TRANSLATION TO INDIAN RUPEES:

The functional currency of the Parent Company is Indian Rupee. The functional currencies of the subsidiaries are their respective local currencies. Their accounts are converted from their local currency to Indian Rupees in the following manner:

All income and expense items are translated at the moving average rate of exchange applicable for the year. All monetary and non-monetary assets and liabilities are translated at the closing rate as on Balance Sheet date. The equity share capital is stated at the exchange rate at the date of investment. The exchange difference arising out of the year end translation is debited or credited to Translation Reserve account and is being classified under Reserves and Surplus Account.

IV. OTHER SIGNIFICANT ACCOUNTING POLICIES:

These are set out in the notes to accounts under "Significant Accounting Policies" of the financial statements of Ramco Systems Limited, India.

NOTES ON ACCOUNTS:

The Consolidated Financial Statements cover Ramco Systems Limited, India (the Parent company), its Subsidiaries and Affiliates as given below:

S.No.	Name	Country	% holding	Year ending on
Subsidiaries				
1	Ramco Systems Corporation	USA	98%	31st March
2	Ramco Systems Limited	Switzerland	100%	31st March
3	Ramco Systems Sdn. Bhd.	Malaysia	100%	31st March
4	Ramco Systems Pte. Limited	Singapore	100%	31st March
5	RSL Enterprise Solutions (Pty) Limited	South Africa	100%	31st March
6	Ramco Systems Australia Pty Limited (100% Subsidiary of Ramco Systems Corporation, USA)	Australia	98%	31st March
Affiliates				
1	Redlex 47 (Pty) Limited	South Africa	30%	28th February

1. Contingent Liabilities

Particulars	As at	As at	As at	As at
	31.03.2009 (Rs. in thousands)	31.03.2009 (USD million)	31.03.2008 (Rs. in thousands)	31.03.2008 (USD million)
(a) Estimated amount of contracts remaining to be executed on capital account	655	0.01	16,698	0.42
(b) Bank Guarantees	10,773	0.21	6,451	0.16
(c) Letters of credit	720	0.01	Nil	Nil

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 this are not quantifiable and hence not provided for.

2. Secured and Un-secured Loans

Borrowings from the banks for working capital amounting to Rs.195,000 thousands (USD 3.86 million) are secured by a first charge on the current assets including stocks and book debts and fixed assets of the Company except assets given as exclusive charge and assets acquired on hire purchase or lease and supported by a Corporate Guarantee from Madras Cements Limited and Ramco Industries Limited.

Borrowings from the banks for working capital amounting to Rs.47,475 thousands (USD 1.20 million) during the previous year were secured by a pari-passu first charge on current assets including stocks and book debts and by a pari-passu second charge on the fixed assets of the Company except assets given as exclusive charge and assets acquired on hire purchase or lease. Borrowings from the Banks for working capital amounting to Rs.122,500 thousands (USD 3.10 million) during the previous year were secured by a pari-passu second charge on current assets including stocks and book debts and by a pari-passu second charge on the fixed assets of the Company except assets given as exclusive charge and assets acquired on hire purchase or lease and supported by a Corporate Guarantee from Madras Cements Limited and Ramco Industries Limited.

Borrowings from The Federal Bank Limited (Under Term Loans from Banks) amounting to Rs.250,000 thousands (USD 6.33 million) during the previous year, were secured by a First Charge by way of Equitable Mortgage on Vacant Land situated at No 86C, Santhome High Road, R.A.Puram, Chennai and Movable Fixed Assets comprising of computer hardwares situated at the Corporate Office, Adyar, Chennai.

Obligations under finance lease are secured against fixed assets procured under finance lease arrangement.

Assets acquired under Hire Purchase Finance are hypothecated to the Hire Purchase Companies as security.

Of the total unsecured loans of Rs.870,086 thousands (USD 17.22 million) (Previous year Rs.877,500 thousands (USD 22.20 million)), Rs.470,086 thousands (USD 9.30 million) (Previous year Rs.677,500 thousands (USD 17.14 million)) are supported by a Corporate Guarantee from Madras Cements Limited and Rs.200,000 (USD 3.96 million) (Previous year Nil thousands(USD Nil)) are supported by a Corporate Guarantee from Ramco Industries Limited.

In the case of subsidiaries, there are no secured and unsecured loans outstanding as on 31st March 2009.

3. Taxation

Ramco Systems Limited, India

No provision for current tax for the Company (including its Branches at United Kingdom and Germany) has been made in view of absence of taxable profits. Provision for Fringe Benefit Tax has been made.

No provision for taxation has been made by subsidiaries, other than RSL Enterprise Solutions (Pty) Ltd, South Africa, in the absence of taxable profits.

4. Deferred Tax

Ramco Systems Limited, India

The Company has net deferred tax assets as at 31st March 2009, which arise mainly on account of carry forward losses. However, the Company has not taken credit for such net deferred tax assets.

In the case of subsidiaries, deferred tax asset / liability to the extent provided in their accounts, has been considered.

Ramco Systems Limited, Global Consolidated (Under AS-21)

5. Research & Development - R&D Asset classification-Ramco Systems Limited, India:

In line with the Company's stated policy on Intangible Assets, the research and development efforts are classified and capitalised into "Product Software" and "Technology Platform" as below:

Research & development expenditure capitalized during the year, as per Schedule 5 to R&D Accounts	Year ended 31.03.2009		Year ended 31.03.2008	
	Rs. in thousands	USD million	Rs. in thousands	USD million
Employee compensation	195,107	4.32	302,166	7.65
Administrative and other expenses	25,558	0.57	33,725	0.85
Of the above:				
Shown as "Technology Platform" under Fixed Assets	80,944	1.79	110,147	2.79
Shown as "Product Software" under Fixed Assets	139,721	3.10	225,744	5.71

6. Earnings per share [EPS]

Particulars	Year ended 31.03.2009		Year ended 31.03.2008	
	Rs.	USD	Rs.	USD
A Profit/(Loss) after tax	20,207,661	447,367	104,883,184	2,608,509
B Weighted Average Equity shares outstanding (No.)	15,357,986	15,357,986	15,356,711	15,356,711
C EPS-Basic & Diluted (per share of Rs.10/- each) A/B	Rs.1.32	USD 0.03	Rs.6.83	USD 0.17

7. Proportionate equity in the earnings of the Affiliate Redlex 47 (Pty) Limited for the year Mar 2008-Feb 2009 is recognized in the Profit and Loss Account.

8. **Related Party Transactions:** As per Accounting Standard (AS 18) issued by the Institute of Chartered Accountants of India, the Company's related parties are given below:

a. Key Management Personnel and Relatives [KMP]

- Shri P R Ramasubrahmaneya Rajha
- Shri P R Venketrama Raja

b. Enterprises over which the above persons exercise significant influence and with which the Company has transactions during the year [Group]

- Rajapalayam Mills Limited
- Madras Cements Limited
- Ramco Industries Limited
- The Ramaraju Surgical Cotton Mills Limited

The Company's transactions with the above Related Parties are given below :

Particulars	(Rs. in thousands)		(USD Million)	
	Transaction during 2008-2009	Outstanding as at 31.03.09	Transaction during 2008-2009	Outstanding as at 31.03.09
Income from Sale of goods & services				
Madras Cements Limited	168,302	2,717	3.73	0.05
Ramco Industries Limited	7,535	469	0.17	0.01
Rajapalayam Mills Limited	1,027	176	0.02	-
The Ramaraju Surgical Cotton Mills Limited	601	141	0.01	-
Loans availed				
Madras Cements Limited	-	200,000	-	3.96
Ramco Industries Limited	12,500	-	0.25	-
Interest - Expense				
Madras Cements Limited	24,504	-	0.54	-
Ramco Industries Limited	743	-	0.02	-
Rent - Expense				
Madras Cements Limited	61,869	-	1.37	-
Rent - Income				
Ramco Industries Limited	225	-	-	-
Sale of assets				
Madras Cements Limited	750,000	-	14.84	-

Previous Year Particulars	(Rs. in thousands)		(USD Million)	
	Transaction during 2007-2008	Outstanding as at 31.03.2008	Transaction during 2007-2008	Outstanding as at 31.03.2008
Income from Sale of goods & services				
Madras Cements Limited	132,490	4,093	3.30	0.10
Ramco Industries Limited	3,864	528	0.10	0.01
Rajapalaym Mills Ltd.	3,515	-	0.09	-
The Ramaraju Surgical Cotton Mills Ltd	12,398	176	0.31	-
Loans availed				
Madras Cements Limited	-	200,000	-	5.06
Interest - Expense				
Madras Cements Limited	20,055	-	0.50	-
Rent - Income				
Ramco Industries Limited	275	-	0.01	-
Sale of assets				
Madras Cements Limited	901,251	-	22.80	-

Notes:

- a) Details of corporate guarantees given by the Group are given in Note No.2 above.
- b) Details of transactions with KMP:
 - (i) Remuneration paid to Shri P.R. Venketrama Raja is furnished in Note No.6 to India accounts.
 - (ii) Sitting fee paid to Shri P.R. Ramasubrahmaneya Rajha Rs.45 thousands (Previous year Rs.35 thousands)

9. Segment Revenue

The company currently operates only in one segment, viz., Software Solutions & Services and hence the segment reporting as required by AS-17, issued by The Institute Chartered Accountants of India does not apply.

10. Exceptional Income / (Expense) comprises of the following:

Sl. No.	Description	Year ended 31.03.2009		Year ended 31.03.2008	
		Rs. in thousands	USD Million	Rs. in thousands	USD Million
A	Profit on sale of Land and Building at No 86C, Santhome High Road, R.A.Puram Chennai	664,769	14.72	-	-
B	Overseas withholding tax written off	(8,017)	(0.18)	(16,219)	(0.40)
C	Rights Issue Expenses charged off	(5,468)	(0.12)	-	-
D	Impairment loss written off - Technology Platform and Product Software (Refer Note No.4 to Schedule V)	(229,503)	(5.08)	-	-
E	Profit on sale of Land, Building and other assets of the Company at 64, Sardar Patel Road, Taramani, Chennai	-	-	685,825	17.06
F	Loss on divestment of Ramco Infotech Solutions Ltd. to TVS Interconnect Systems Ltd.	-	-	(18,800)	(0.47)
G	Provision for liabilities under contracts	-	-	(47,462)	(1.18)
	Total	421,781	9.34	603,344	15.01

Ramco Systems Limited, Global Consolidated (Under AS-21)

11. Obligations towards finance leases:

	(Rs. in thousands)		(USD Million)	
	2008-09	2007-08	2008-09	2007-08
Reconciliation between total minimum lease payments at the Balance Sheet date and their Present Value:				
Total minimum lease payments at the Balance Sheet date	24,899	-	0.50	-
Present Value of the minimum lease payments at the Balance Sheet date	21,044	-	0.42	-
	<u>3,855</u>	<u>-</u>	<u>0.08</u>	<u>-</u>
Difference being:				
• Interest accrued, but not due at the Balance Sheet Date	427	-	0.01	-
• Future interest payable during the balance lease term	3,428	-	0.07	-
Minimum Lease Payments:				
Less than one year	9,960	-	0.20	-
One to five years	14,939	-	0.30	-
Later than five years	-	-	-	-
Total	<u>24,899</u>	<u>-</u>	<u>0.50</u>	<u>-</u>
Present value of minimum Lease Payments:				
Less than one year	7,634	-	0.15	-
One to five years	13,410	-	0.27	-
Later than five years	-	-	-	-
Total	<u>21,044</u>	<u>-</u>	<u>0.42</u>	<u>-</u>

12. Minority Interest:

The share of Minority Interest in Ramco Systems Corporation, USA, and in Ramco Systems Australia (Pty) Limited has been shown separately in the Balance Sheet.

13. For translating local currency of subsidiaries into Indian Rupees the exchange rate applied is as per serial number III of the accounting policies given above. The figures in the US Dollars given alongside the Indian Rupees are provided by way of additional information and are obtained by converting the assets and liabilities at the exchange rates in effect at the balance sheet date, except share capital and share premium which are converted at the exchange rate prevailing on the date of transaction and the revenues, costs and expenses at the average exchange rate prevailing during the reporting period. The resultant gains or losses are taken to the translation reserve.

14. Previous year's figures have been regrouped / recast wherever necessary to conform to the current year's classification.

As per our Report Annexed
For **CNGSN & Associates**
Chartered Accountants

C N GANGADARAN
Partner

P R RAMASUBRAHMANEYA RAJHA
Chairman

P R VENKETRAMA RAJA
Vice Chairman, Managing Director & CEO

S S RAMACHANDRA RAJA

N K SHRIKANTAN RAJA

V JAGADISAN

A V DHARMAKRISHNAN

Place : Chennai
Date : 29th May, 2009

SUBRAMANIAN NARAYAN
Company Secretary

R S AGARWAL
Directors

Worldwide Offices

INDIA

Ramco Systems Limited
64, Sardar Patel Road,
Taramani Chennai 600 113, India.
Tel: +91 44 2235 4510
Fax: +91 44 2235 2884

USA

Ramco Systems Corporation
3150, Brunswick Pike, Suite 100,
Lawrenceville, NJ 08648, USA.
Tel: +1 609 620 4800
Toll Free: +1 800 4RAMCO1
Fax: +1 609 620 4860

GERMANY

Ramco Systems Limited
Lyoner Strasse 14 60528,
Frankfurt am Main, Germany.
Tel: +49 069 6655 4485
Fax: +49 069 6655 4100

UNITED KINGDOM

Ramco Systems Limited
494, Midsummer Boulevard,
Central Milton Keynes MK9 2EA, United Kingdom.
Tel: +44 0 1908 255 989
Fax: +44 0 1908 255 589

SWITZERLAND

Ramco Systems Limited
Lange Gasse 90, Postfach,
CH 4020 Basel, Switzerland.
Tel: +41 61 205 2525 / +41 61 205 2509
Fax: +41 61 205 2590

MALAYSIA

Ramco Systems Sdn. Bhd.
Suite 1001, Level 10, Menara PJ,
Amcorp Trade Centre, 18, Persiaran Barat, 46050,
Petaling Jaya Selangor Darul Ehsan, Malaysia.
Tel: +60 3-7958 8978
Fax: +60 3-7958 8443

SINGAPORE

Ramco Systems Pte. Ltd.
10, Eunost Road 8, #13-06,
Singapore 408600.
Tel: +65 6743 1513
Fax: +65 6743 1514

SOUTH AFRICA

RSL Enterprise Solutions (Pty) Limited
No 5, Walnut Road, 2nd Floor,
SmartXchange Building,
Durban-4000, South Africa. PO No: 1228.
Tel: +27 31 304 0911, 0918, 0928
Fax: +27 31 304 3499

UAE

Ramco Systems Limited
PO Box: 500235,
Dubai U.A.E.
Tel: +971 4 3636784
Fax: +971 4 3636785

AUSTRALIA

Ramco Systems Australia Pty Ltd
Unit 16, Floor 2600 Lonsdale Street
Melbourne, VIC, 3000





RAMCO SYSTEMS LIMITED

64, Sardar Patel Road, Taramani Chennai - 600 113, India. Tel. +91 44 2235 4510 Fax. +91 44 2235 2884

©Copyright 2009, Ramco Systems Limited. Information Subject to change. All trademarks acknowledged.