



Co-creating success

Annual Report 2009 - 2010



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Ramco Systems Limited, India

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Corporate Theme

Co-creating Value

Successful organisations understand the value of co-creation. The ultimate purpose of any business is to create value for customers, employees, business associates, partners, and shareholders. It has been shown time and again that giving importance to short-term goals and overlooking customers' needs may hinder a company's long-term growth prospects. Any organisation has to concentrate on value creation to grow its way to greatness.

Customers

Primarily, Ramco's focus is on creating value for customers; however, we understand that this cannot be achieved independently. Only with the right kind of support from employees, partners, and stakeholders, the company can deliver sustained value for customers.

Value creation, to our customers, entails providing solutions and services, which enable them to achieve their business goals. It basically implies providing value for money. In today's economy, such value creation is typically based on product and process innovation, and on understanding unique customer needs with ever-increasing speed and precision. Ramco's products and services are built and delivered on this ideology. Ramco VirtualWorks, a collaborative solution-innovation platform, forms the backbone of Ramco's offerings, and ensures that customers gear up to their competitive environment, deliver value to their customers, and stay ahead.

Employees

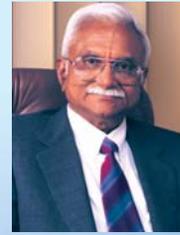
Ramco believes that companies can innovate and deliver outstanding service only if they tap the commitment, energy, and imagination of their employees. Value must therefore be created for those employees in order to motivate and enable them. Value for employees includes being treated respectfully and being involved in decision making. Employees also value meaningful work, excellent career opportunities, and continued training and development.

During the year, Ramco had taken up employee welfare as a top priority. It declared stock options to employees, increased compensation for those who showed commitment and exemplary skills, trained those who needed that extra push, and recruited fresh faces from business schools.

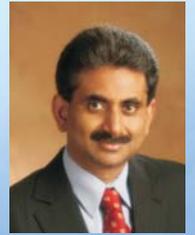
Partner/Business Associates

Ramco values the need for business partners and associates, to reach out to customers worldwide. Partners are an integral part of Ramco, and play a vital role in creating value for customers.

Ramco periodically undertakes training and skill transfer programmes for its partners, to equip them to deliver the right solutions to customers. During the year Ramco conducted many such programmes. We are now glad to mention that Ramco's OnDemand business has created a good ecosystem with 41 partners, who are relentlessly pursuing the business across India.



P R Ramasubrahmaneya Rajha



P R Venketrama Raja

Letter to Shareholders

Dear Shareholders,

The year 2009-2010 turned out to be a year of positivity and we maintained break even across all quarters. This was achieved by keeping costs well under control. Akin to previous years, our goal steadfastly remained the same—co-creating success for all stakeholders. The global competitive environment strengthened our endeavour to meet the needs of our customers, employees, suppliers, partners, and other business associates. Our relentless efforts backed by our advanced technology is turning out to be a winning combination, which will take us a long way. Ramco VirtualWorks has been our key differentiator, which has enabled us deliver solutions quickly, cost-effectively, and most importantly, as per the needs of customers.

During the year our company has acquired new orders across the globe, implemented projects successfully, and expanded its offerings. Developed markets like the U.S. and Europe are still sluggish; but our focused efforts in the domestic market and in the developing new markets such as Middle East and Africa have certainly helped us achieve our immediate objectives.

The year ended with orders spanning a majority of verticals such as Manufacturing, HCM, Banking, Defence, e-Governance, Logistics, and so on. Our cloud computing ERP solution - Ramco OnDemand ERP - has progressed on expected lines. During the year the business acquired new customers; it certainly looks promising for the coming years as well. Towards the end of the year, we accelerated our Ramco OnDemand partner acquisition drive. With this initiative, Ramco expands its footprints in the growing SMB sector. We are happy to mention here that Ramco now has 41 authorised partners, who are successfully supporting our OnDemand business acquisition and implementation drive.

We further strengthened our partnership with HP for their Neo-view platform, along with which our Banking analytics are bundled; this gave us a maiden breakthrough with a leading nationalised bank in India. We look forward to continuing and strengthening this relationship for years to come, with more such breakthroughs.

In 2009, our major focus was customer satisfaction; we executed number of initiatives to improve our relationship with customers. We understand the importance of retaining customers in today's competitive environment. We reinforced our efforts to readily reach out to them and ensured continuous availability.

During the year, to sustain and accelerate our growth momentum, Ramco initiated a global G-to-M (Go-to-Market) plan; this helped us identify the markets for our offerings and strategise ourselves to address the same. This initiative is looked upon to help Ramco to be clearly focused on target markets with optimum offer mix to address the business opportunities.

During the year 2009-2010, the company has achieved global revenues of USD 35.50 mn, spanning all its business lines and international subsidiaries.

It is quite imperative that we owe our success to our employees, who have been the backbone of our organisation. At this stage, we need to keep innovating, show utmost perseverance in winning orders, rationalise costs to change, and sustain momentum.

It has undoubtedly been a great journey. The journey has been full of excitement, challenges, and unmatched experiences, all directed towards creating an end-to-end Information Technology company. We hope to build on this and ensure that the coming years are productive as well.

We thank you for your support and continued confidence in our management and business model. We will continue to work towards achieving our objectives, and positioning the company for a strong finish in 2010, as well as for a solid future in the years to come.

P R Ramasubrahmaneya Rajha

Chairman

P R Venketrama Raja

Vice Chairman, Managing Director and CEO

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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

IDBI Bank Limited

Kotak Mahindra Bank Limited

Corporation Bank

Punjab & Sind Bank

Indian Bank

AXIS 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

WEBSITE

www.ramco.com

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

REGISTRAR AND SHARE TRANSFER AGENT

Messrs. Cameo Corporate Services Limited

Subramanian Building, No.1, Club House Road, Mount Road, Chennai - 600 002

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DIRECTORS' REPORT

Your Directors have pleasure in presenting the Thirteenth Annual Report together with the Audited Accounts of the Company for the year ended 31st March 2010.

FINANCIAL RESULTS

Description	Consolidated for the year ended 31st March,		Standalone for the year ended 31st March,	
	2010 (In USD Million)	2009	2010 (In Rs. Lakhs)	2009
Net Sales/Income from Operations	35.50	41.54	10,346.15	9,235.44
Other Operating Income	1.59	1.69	508.88	454.76
Total Income	37.09	43.23	10,855.03	9,690.20
Expenditure				
- Cost of resale material	0.86	0.86	403.52	304.48
- Staff Cost	16.74	25.02	3,764.43	5,631.67
- Sales & Marketing expenses	2.00	3.47	766.79	820.13
- Administration & Other Expenses	9.50	12.65	2,584.34	2,893.45
Total Expenditure	29.10	42.00	7,519.08	9,649.73
Profit /(Loss) Before Interest, Depreciation, Exceptional Items & Tax	7.99	1.23	3,335.95	40.47
Interest & Finance Charges	2.52	4.04	1,184.63	1,814.37
Depreciation	4.75	5.85	2,155.99	2,549.05
Exceptional Expenditure / (Income)	0.22	(9.34)	105.15	(4,217.80)
Profit / (Loss) Before Tax	0.50	0.68	(109.82)	(105.15)
Provision for Taxation	(0.04)	(0.16)	-	(50.95)
Minority Interest and Equity in Earnings / (Losses) of Affiliates	(0.06)	(0.07)	-	-
Net Profit / (Loss) After Tax	0.40	0.45	(109.82)	(156.10)

BUSINESS OPERATIONS

The year 2009-10 has witnessed a good number of customer acquisitions, key partnerships, and business progresses; all aimed at sustaining profitability, and accomplishing better business prosperity. Driven by customer acceptance and global recognition of Ramco's Enterprise and OnDemand offerings, we started the financial year optimistically, with the company spreading its operations across verticals. Today, we are glad to report breakeven for the past five quarters, consecutively.

With a strong determination to achieve these encouraging results, we tried on several measures to override the difficult market conditions, which emerged from the recession. One such effective measure that we adopted was cost optimization. We devised a beneficial cost structure, by which expenditures on employees, travel, communications, and so on, were brought down, to ensure that expenses were in control.

On the other hand, our investments to offer ERP on cloud continue to help the company. Our strategy to improve on revenue mix with an emphasis on large and strategic deals has contributed to our success significantly. This is helping us capitalize on our technology and products. The company has been working on few large size deals, and we are hoping to reap significant benefits from these efforts. With the strengthening of the domestic, Middle East and the North Africa markets, we are confident about stronger performance in the coming years.

Today, with the relevant expertise and experience, backed by our advanced technology, we are now well positioned to leverage global opportunities and grow significantly.

The Aviation group has updated the Aviation M&E / MRO Enterprise Product Suite to Series 5. The release 5.2 warranted by requirements, current customers, and forward-looking market conditions, brings significant technological, business, and functional advantages to the industry. Continuing to simplify the processes by which people interact with IT systems, release 5.2 expands the centralized graphical planning board, providing planners with full visibility into materials, man-power, tools and ground time constraints. Further simplifying the planning process, all maintenance due can be displayed within the new interface, thereby reducing the opportunity for errors and maximizing the utilization of available ground time.

Ramco Systems Limited, INDIA

Other milestones for the Aviation Group include the announcements of its cutting edge Ramco Aviation Analytics, powered by DecisionWorks™, EDK and ITK for Series 5, ePublications, and eProcurement, for the Global Aerospace & Defense, Civil Aviation & MRO Industry during the year. Each of these products is designed to significantly increase the business value of the series 5 portfolio, to both Ramco and its customers.

Aviation endured this recessionary period with a few new order wins, and additional orders for services from existing customers. Key accounts providing new business include Enerjet, opting for the M&E system as a hosted service, and Republic Air, deciding to purchase the new eProcurement offering. Additional orders in this sector include those from Safe Air, ERA Helicopters, and Pinnacle Airways. Additionally, we also witnessed Air Methods becoming the first existing customer to sign an agreement, to upgrade from Series 4 to Series 5, a trend that is expected to continue. Global Aviation is progressing with numerous implementations in US, Europe, India, and Middle East.

Ramco's HCM solution provides companies with leading edge capabilities required to attract and retain the best workforce. The solution is the result of 15 years of Ramco's experience in the international HCM Application space. Deployed in more than 700 customer locations, in 34 countries, the solution provides HR services to more than 1,000,000 employees world-wide. The solution is known to crack problems in employee engagement, development, payroll equity and HR Logistical process automation. One noteworthy order win was from Indo-US MIM.

The company organized several events to display its expertise in delivering world-class solutions in the manufacturing and HCM space. By this initiative, Ramco forays into several unscathed tier I and II cities. Ramco's ERP solutions helps clients involved in industries such as auto components, textiles, industrial machinery & equipments, high-tech electronics, and precision engineering to increase efficiency, differentiate products, keep up with regulatory mandates, reduce operational costs, create new opportunities, meet local needs, and scale up to global standards.

The company started the year with a clear focus on bringing powerful analytical solutions for banks pre-built on Ramco Decision Works-a fully integrated BI platform. Keeping in line with this, the company has already completed three powerful analytical modules for banks in the functional area of Customer Analyses, Loan Analyses and Deposit Analyses; these solutions have already been taken to the market.

The Banking and Analytics domain has moved a significant notch up by establishing a mutually beneficial partnership with HP; through this partnership, the company strategizes to jointly approach banks to market the analytics solution; this proposal would enable banks to perform various analysis of data spread across multiple systems, and complete their day-to-day transactions with ease. Ramco's Core Banking Analytics pre-packaged and delivered along with HP's Neoview enterprise data warehouse platform reduces the time and effort needed to integrate and analyze voluminous data, and gives banks a competitive advantage, by enabling them to make the right decisions. These solutions have paved way for the company to get some noteworthy deals, one of which is the order from Bank of India obtained through HP.

Ramco Systems continued to prove its prowess in other key verticals such as Infrastructure Development-Engineering & Construction, Real estate & property management, Retail, Education, and 3rd party Logistics, with notable order wins across the globe.

This year, the BPO sector found itself operating with considerable success. Today, BPO is no longer an optional strategy but it is a strategic necessity. Decision makers are increasingly accepting outsourcing, and are identifying the non-core activities of their businesses that can be outsourced. The IP3 (Infrastructure, Product, Process and People) framework, innovated by Ramco, is emerging as a new-age service delivery model, where in end-to-end processes are offered as "Managed Services". This model gives the flexibility to an organization to decide on the 'right solution' for its 'right costing' exercise, thereby enabling organizations to switch models; from BPO to Licensing to Hosting. Our BPO is now certified with ISO 9001:2008; a SAS70 Type II audit was also conducted by KPMG. Ramco HR BPO services are now being offered in the Middle East and APAC regions. Currently our BPO business processes over 100,000 pay-slips every month, and this is expected to rise exponentially in the coming months.

The strategic initiatives conceived and nurtured during the previous fiscal has enabled smooth sailing of our SaaS solution-Ramco OnDemand ERP. This powerful ERP addresses the needs of growing businesses across multiple verticals, and has sold and served through an ecosystem of sales and implementation partners.

Also, Ramco OnDemand ERP announced its Ramco OnDemand ERP Partner Program (ROPP), which allows us to foray into the industrial sectors. This enables us to identify potential partners for the SMB segment. With ROPP, Ramco aims to penetrate the market faster and rope in cluster-focused partners, to address the vast SMB space. Currently Ramco OnDemand ERP has 41 active partners; efforts are in progress to increase the numbers shortly.

On the Optima front, we secured in several major orders including those from Birla Chittorgarh Works, India Cements, and Shree Cements. This good turnout of business is attributed to the efforts of expansion that is prevalent among the cement industries in India. We have also witnessed some major go-lives this year which includes Birla White Cements, Ambuja Cements, and Grinding Units of Madras Cements.

We are now renewing our focus on Energy and Utilities, because the industry is shaping up with a long term growth trajectory. We have won a significant order from IBPIL - Arkay Energy (Rameswaram), where we are now rolling out our solution at 9 power plants across the country. We are ramping up our efforts to build a good pipeline for the next year in India and other geographies, and are expecting significant traction as the year progresses. Considering our product strengths, domain expertise, and focus on partnerships, we expect to consolidate our presence in this vertical.

Business Associates

The company plans to take up the Ramco-HP partnership for Banking Analytics to a global level, by enhancing the value propositions in the areas of risk management, BASEL II compliance, IFRS reporting, and also other areas such as AML, ALM, cross selling, forecasting, GRC, and so on, to help banking customers accelerate growth through improvised business insights.

Ramco has also signed a Teaming Agreement with a reputed services organization, to provide our application on a BPO model, to deliver the HR Payroll services.

This year has been quite eventful for Ramco. During the year, the company entered into several other strategic partnerships. Collaborating and networking with partners has not only enhanced our growth, but also helped us in providing excellent value to customers. We have been able to draw in some noteworthy orders, because we were able to aptly capitalize on our technology and products' maturity level, and thus increase productivity and rationalize costs. With this determination intact, we can never be hindered from achieving laurels.

Employees

Ramco's focus on employee welfare has always been of prime importance, and has continued this year as well, because we believe that only happy minds can innovate and strive better. In continuation to our initiative last year, the company offered its employees stock options, to further strengthen their association with the company. In the coming year, we are also looking to build a strong workforce, by optimizing our recruitment process; we have been attracting talents from premier campuses, for the management and technology streams.

GLOBAL OPERATIONS

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 enhanced our HCM & Payroll solutions, which has increased our market share with notable wins from domestic and MNC companies.

On the Enterprise Solutions avenue, the key order wins include Indev Logistics, Synergy Maritime, Arkay Energy (Rameswaram), Birla Corp Chittorgarh, India Cements, Toshniwal Industries, and so on. Additional businesses obtained in this sector include those from Citi Bank, Axis Bank, Berger Becker Coatings, GEI Industrial Systems, JB Chemicals & Pharmaceuticals, and so on. Some key implementations conducted this fiscal include those with Shoppers Stop, Geojit, Dusters, and Walsons (Securitas India). During the year, other core project 'Go-lives' have also been quiet commendable in the region, with several projects going live on schedule.

Apart from the conventional offerings, Ramco OnDemand has also been gaining significant 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 and implementation partners who are actively penetrating the market. During the year OnDemand ERP secured enterprise businesses from prestigious customers like NEC India and KAR Group. Other notable accomplishments from Ramco OnDemand include the order wins of Deluxe Bearings, VNC Electrodes, Western Thompson, HD Fire protect, RTE Brakes India and so on.

The BPO sector has also secured several important order wins from Royal Sundaram Alliance, Lapp India, and Expeditors, and has been the front runner with a notable growth since last year.

Overall, Ramco India recorded prolific growth, both in terms of new order wins and repeat businesses, and has registered revenues of USD 12.72 mn.

In the US market, Ramco has impressed the need for flexible business processes and focused analytics for businesses, to be competitive and continue adding value to customers. The unique co-creation approach and cost optimization with increased operational efficiency has helped the company keep up through these challenging times. Revenue in this region is largely driven through the aviation portfolio, with additional orders received from the manufacturing and banking domains. Non-aviation orders in this region include those from Savage Arms, Bow Tech, Preferred Meals, and TD Bank. Ramco also performed a key implementation in this region for a client Essex Crane. The region's total revenue stands at USD 10.32 mn. Business prospects for Ramco in the US, especially amongst the large corporations, are bright and the Company is working on large deals this fiscal.

The Europe region exhibited fair performance with an order win from a large insurance company in Germany, which is to attain fruition this fiscal and additional orders from FL Technics and IFIS / Swiss Federal Institute for Forest, Snow and Landscape Research Association. The region's total revenue stands at USD 2.23 mn.

Ramco Systems Limited, INDIA

The Middle East and North Africa region has quietly and steadily continued its healthy growth, leveraging on its early-mover advantage in some of the emerging countries, and an outstanding base of highly-esteemed customers in the region, for securing new business. Recent additions to its customer base include Ministry of Finance and National Economy (MOFNE) - Sudan. Some well-contested order wins such as Medsol have stepped up the regional visibility the brand requires. Ramco has also been working on several prestigious alliances and partnerships in this region.

Apart from the Ministry of Finance and National Economy (MOFNE) at Sudan, key highlights from the region included a group-wide implementation of HRMS in the Tradeline Group, Dubai, and an order for Manufacturing Analytics with the Mulk Holdings Group of companies at Ajman, UAE. The year also signified the initiation of new partnering initiatives in the country. The region's total revenue worked out to USD 4.81 mn, representing significant growth of 178%.

The APAC operations continued its success in winning HCM and payroll orders from leading corporations. A key order win in this region is that of Panasonic Electronic Components Pte Ltd. This year, the company has drawn in several key partnerships, which are expected to bring in significant businesses in the coming years. These wins have a high potential for securing repeat orders. The region has seen continued success in partnership, and has been successful in obtaining prestigious new orders for Payroll applications, for the Banking and Healthcare verticals. The region's total revenue stands at USD 3.11 mn.

In South Africa, the Company secured additional business from its major municipal government customers. The year also signified the initiation of new partnering initiatives in the Country. The region's total revenue stands at USD 2.31 mn.

We at Ramco are well-poised to capitalize on new opportunities, which are emerging out of the current market conditions. Determined to prove our mettle in the business arena, we are well-equipped to employ our substantial IT competency. With a well-adsorbed knowledge and experience gained over decades of laborious efforts in the domestic and global markets, we will pursue to seize all opportunities that come our way and position ourselves ahead.

GLOBAL CONSOLIDATED FINANCIAL STATEMENTS UNDER AS 21

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

The Company's subsidiary Ramco Systems Corporation, USA had a wholly owned subsidiary in Australia, Ramco Systems Australia Pty Ltd., which was de-registered on 27th January, 2010. Accordingly the statement pursuant to Section 212(1)(e) of the Companies Act, 1956 in respect of the subsidiaries does not include information relating to Ramco Systems Australia Pty Ltd., Australia.

Government of India, Ministry of Company Affairs, vide their letter No.47/322/2010-CL-III dated 15th April, 2010, 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, 2010.

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, in addition to the same being made available on the website of the Company; www.ramco.com. The annual accounts of the Subsidiary Companies will also be kept for inspection by any investor at the Corporate Office of the Company.

SHARE CAPITAL

The first lot of stock options granted under Employee Stock Option Scheme, 2008, vested effective 11th April, 2010 and the employees were eligible to exercise the vested stock options. Accordingly, pursuant to exercise applications submitted by the employees, the Allotment Committee of the Board of Directors of the Company has approved allotment of 39,615 equity shares of Rs.10/- each, being 16,215 equity shares allotted on 16th April, 2010, 12,420 equity shares allotted on 30th April, 2010 and 10,980 equity shares allotted on 18th May, 2010. Consequent to the above allotments the paid up equity share capital of the Company has increased from Rs. 153,579,860 to Rs. 153,976,010 divided into 15,397,601 equity shares of Rs.10/- each.

RESEARCH AND DEVELOPMENT

Ramco Systems has successfully developed and delivered several products as part of the ongoing Research & Development (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 across the country by organizations belonging to various Industry segments like Automotive Ancillaries, 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 On-Demand ERP has been migrated to Ramco VirtualWorks 3.0 Platform during this year. The new version provides a Rich user interface experience to the end users. In addition, Ramco On-Demand ERP can now take advantage of the Partner Development Kit provided as part of Ramco VirtualWorks 3.0.

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.

Ramco Enterprise Series 5 incorporates market differentiating functionality such as Maintenance Steering Group - 3 (MSG-3) compliant maintenance program and compliance control, graphically interactive planning function, stock control for hazardous parts and multi-operator costing & accounting. Interfaces to OEM (Airbus) and Partner (Sabre) software applications have also been developed.

Ramco Virtual Works

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 Service Oriented Architecture (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 Tool Kit (ITK) in Ramco VirtualWorks and Extension Development Tool Kit (EDK) provide extensive flexibility and extendibility 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. eZeeView - a framework for data visualization has been provided which offers rich and dynamic user experience to customers.

Partner Development Kit (PDK) : A Partner Development Kit is now made available to all users of Ramco VirtualWorks 3.0. This Kit provides extensive facilities to build rich and attractive portals, develop user interface extensions and reports. All key requirements for ERP implementation through a Partner have been addressed as part of the PDK. The Company is now poised to build an extensive partner eco-system with the latest version.

Ramco Decision Works

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 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 Extra Transform Load (ETL), the Enterprise Information Management Platform can provide a window to customers and markets that can drive good business decisions.

Ramco Systems Limited, INDIA

Ramco DecisionWorks (RDW) has been enhanced to provide improved visualizations, scalability, manageability and usability through refactoring, integration to open source products, enablement on high end data Warehouse appliance box and third party controls thus enabling RDW to be positioned as a truly enterprise class software.

Domain specific content for Banking, Aviation and Enterprise Solution verticals covering key subject areas has also been released on Ramco DecisionWorks leveraging the latest platform during this year offering a prepackaged shrink-wrapped ready to deploy solution for various industries.

FIXED DEPOSITS

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

DIRECTORS

Shri P R Venketrama Raja was re-appointed as the Vice Chairman and Managing Director of the Company, for a period of five years effective 23rd March, 2005. The said appointment was approved by the Central Government under the provisions of Schedule XIII to the Companies Act, 1956, for a period upto 22nd February, 2010. Accordingly, the Board of Directors of the Company, in its meeting held on 28th January, 2010, subject to the approval of the shareholders, provisions of the Section 269 of the Companies Act, 1956, Schedule XIII thereto and the Rules made thereunder and further subject to provisions of the Articles of the Association of the Company, re-appointed Shri P R Venketrama Raja, as the Managing Director of the Company for a further period of five years effective 23rd February, 2010, to manage the entire business and affairs of the Company, subject to the superintendence, control and directions of the Board. He has also been re-elected as the Vice Chairman of the Board of Directors of the Company and has been designated as Vice Chairman and Managing Director.

As per the provisions of Section 269 of the Companies Act, 1956, necessary resolution in relation to re-appointment of Shri P R Venketrama Raja as the Managing Director is placed before the members by means of Ordinary Resolution.

Shri N K Shrikantan Raja and Shri A V Dharmakrishnan, Directors, retire by rotation at the ensuing Annual General Meeting of the Company and being eligible offer themselves for re-election. 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 pursuant to the provisions of the Companies Act, 1956 and the provisions of Clause 41 of the listing agreement, with the stock exchanges, offer themselves for re-appointment.

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, 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.

REPORT ON CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION AND ANALYSIS

The Company is committed to maintaining high standards of Corporate Governance and protecting the interest of Customers, Shareholders and other Stakeholders. 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 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 as 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, 2010, 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, 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 : 24th May, 2010

P R RAMASUBRAHMANEYA RAJHA
CHAIRMAN

ANNEXURE TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2010

In terms of Section 217(1)(e) of the Companies Act, 1956, and Companies (Disclosure of Particulars in the report of the Board of Directors) Rules, 1988, the following information is furnished for the year ended 31st March, 2010.

(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 and Sudan
ii) Initiatives taken to increase exports	:	Marketing efforts are being made in the subsidiaries and branches abroad to increase sales and exports.
iii) Development of new export market for products and services	:	Marketing efforts are being made in countries like North Africa and Middle East.
iv) Total Foreign Exchange Used (Rs. Lacs)	:	1,964.95
v) Total Foreign Exchange Earnings (Rs. Lacs)	:	3,477.01

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.

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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 Partner Development Kit, has been completed with the objective of enabling swift and easy implementation of Ramco OnDemandERP and Ramco Enterprise Series through partners. The partner development comprises features that facilitate rapid portal development, extension development and creation of quick reports.
2. Rich User Interfaces : More enhancements have been provided in the Rich User Interfaces available enhancing the look and feel of all Ramco applications.
3. Enhancements in Ramco VirtualWorks to improve Application Development Productivity.
4. Several enhancements in Ramco DecisionWorks including the support for Multiple technology platforms.
5. 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.
6. Domain specific content for Banking, Aviation and Enterprise Solution verticals covering key subject areas has also been released on Ramco DecisionWorks.
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 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.

Future Plan of Action

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

1. 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.
2. To develop code generators that exploit more advanced technologies for web based solutions.
3. To add pre-built solution functionalities to cover more vertical segments
4. Support for Mobile devices and to address emerging technology trends to keep in step with the market needs
5. 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.
6. 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)
Capital	1.94
Recurring	3,334.30
Total	3,336.24
Total R&D expenditure as a percentage of total turnover	32%

REPORT ON CORPORATE GOVERNANCE

COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Ramco is committed to maintaining high standards of Corporate Governance, protecting Customers', Shareholders' and other Stakeholders' interests. In line with this philosophy, Ramco Systems Limited endeavors to maintain transparency at all levels through adoption of best Corporate Governance Practices. The basic governance framework reflecting the values of the entity are ingrained with the functions. The following is a report on the status and progress on major aspects of Corporate Governance.

1. BOARD OF DIRECTORS

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

The Board has an optimum combination of Executive, Non Executive and Independent Directors, which ensures proper governance and management. The Chairman of the Board is a Non Executive Promoter Director. The composition of the Company's Board of Directors is in conformity with the prescribed code of Corporate Governance by the Stock Exchanges.

As mandated under Clause 49 of the Listing Agreement with the Stock Exchanges, none of the directors is a member of more than ten Board level Committees nor is any of them is a Chairman of more than five Board level committees, in which they are members.

The Company is managed by the Vice Chairman, Managing Director & CEO, who in turn is assisted by the Senior Executives. The Board Reviews and approves strategy and oversees the performance to ensure that the long term objectives of enhancing stakeholders' values are focused.

a) 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

b) Board Procedure

The Board has a formal schedule of matters reserved for its consideration and decision. Agenda papers for the Board / Committee(s) Meeting containing all necessary information / documents, are made available to the Board/ Committee(s), respectively in advance to enable the Board/Committee(s) to discharge its responsibilities effectively and take informed decisions. The senior executives make presentations to the Board/Committee(s).

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 Meetings, the Company has a formal system for follow up, review and reporting. The actions taken on the Board/Committee Meetings and 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 of 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.

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c) Meetings and Attendance:

The Board met 4 times during the year on 29th May, 2009, 23rd July, 2009, 27th October, 2009 and 28th January, 2010. Details of attendance of each Director at the Board Meetings held during the year and at the last Annual General Meeting (AGM) of the Company are as follows:

Sno.	Name of the Director	Designation	Attendance	
			Board Meetings	Last AGM
1	Shri P R Ramasubrahmaneya Rajha	Chairman	4	Yes
2	Shri P R Venketrama Raja	Vice Chairman, Managing Director & CEO	2	Yes
3	Shri S S Ramachandra Raja	Director	4	Yes
4	Shri N K Shrikantan Raja	Director	3	Yes
5	Shri M M Venkatachalam	Director	2	No
6	Shri V Jagadisan	Director	4	No
7	Shri A V Dharmakrishnan	Director	4	Yes
8	Shri R S Agarwal	Director	4	Yes

Shri S S Ramachandra Raja, was the representative of the Audit Committee at the last Annual General Meeting, as Shri M M Venkatachalam, Director and Chairman of the Audit Committee was not able to be present at the meeting due to certain exigencies.

2. AUDIT COMMITTEE

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

a) Composition:

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 Auditor are invited to attend the meetings of the Committee. The Company Secretary is the Secretary to the Committee.

b) Brief description in terms of reference:

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 for its approval. The terms of reference of the Committee, which are in line with the requirements of the 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;
- Reviewing of compliance with accounting standards; and
- Approval of appointment of CFO, before finalization by the Management.

c) Meetings and attendance:

During the year the Committee met four times on 27th May, 2009, 22nd July, 2009, 26th Oct, 2009 and 27th Jan, 2010, wherein all the members were present.

3. REMUNERATION COMMITTEE

a) Composition:

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 quorum for the meeting is presence of two members. The Company Secretary is the Secretary to the Committee.

b) Brief description in terms of reference 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.

c) Meetings and attendance:

During the year the Committee met two times on 27th January, 2010 and 28th January, 2010, wherein all the members were present.

d) 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 authorized 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 various components are determined by the Remuneration Committee.

e) 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 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 have authorized 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 of Directors 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, 2010, have been provided under Note No.6 to the Notes on Accounts.

The details of stock options granted to Shri A V Dharmakrishnan, Non-Executive Director, have been explained in the section "Employee Stock Option Scheme, 2009 - Plan A" under "Compensation Committee".

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Except as mentioned above, no stock options are granted to any other director 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, 2010, are as follows:

Name of the Director	No. of Shares Held	Percentage to Capital
Shri P R Ramasubrahmaneya Rajha	362,469	2.35
Shri P R Venketrama Raja	1,289,182	8.37
Shri S S Ramachandra Raja	30,158	0.20
Shri N K Shrikantan Raja	6,702	0.04
Shri M M Venkatachalam	Nil	Nil
Shri V Jagadisan	Nil	Nil
Shri A V Dharmakrishnan	2,484	0.02
Shri R S Agarwal	Nil	Nil
Total	1,690,995	10.98

4. SHAREHOLDERS COMMITTEE

a) Composition:

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 quorum for the meeting is presence of two members. The Company Secretary is the Secretary to the Committee.

b) Brief description in terms of reference:

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

c) Meetings and attendance:

During the year the Committee met 2 times on 27th October, 2009 and 3rd February, 2010, wherein all the members were present.

d) Status of the Shareholders' Complaints:

The Company attaches highest importance to the Investor relations. The details of the Investor Grievances are placed before the Board periodically and are noted by it. Further, the Shareholders Committee also reviews the status of the Shareholders' Grievances received by the Company together with the status of their redressal at every meeting.

During the year, the Company has received 8 shareholders' complaints which have since been redressed. There are no Investor Complaints pending as at 31st March, 2010.

e) Name and designation of Compliance Officer:

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

5. ALLOTMENT COMMITTEE

a) Composition:

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

Shri M M Venkatachalam	-	Chairman
Shri P R Venketrama Raja	-	Member
Shri V Jagadisan	-	Member

The quorum for the meeting is presence of two members. The Company Secretary is the Secretary to the Committee.

b) Brief description in terms of reference:

Allotment of shares and/or securities arising out of the stock option schemes, Rights Issues, Public Issues, Preferential Issues etc.

c) Meetings and attendance:

There was no meeting of the Allotment Committee held during the year.

6. COMPENSATION COMMITTEE

a) Composition:

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 the following three non executive directors:

Shri M M Venkatachalam	-	Chairman
Shri P R Ramasubrahmaneya Rajha	-	Member
Shri V Jagadisan	-	Member

The quorum for the meeting is presence of two members. The Company Secretary is the Secretary to the Committee.

b) Brief description in terms of reference:

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.

c) Meetings and attendance:

During the year the Committee met 4 times, on 11th April, 2009, 27th October, 2009, 31st December, 2009 and 2nd March, 2010. The attendance of members at the Committee meetings is as follows:

Sno	Name of Member	Meetings Attended
1	Shri M M Venkatachalam	4
2	Shri P R Ramasubrahmaneya Rajha	2
3	Shri V Jagadisan	4

d) Report on the status of Employee Stock Option and Employee Share Purchase Schemes:

(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. Accordingly, 850,000 shares were forfeited. The balance 250,000 shares have been allotted to the RSL Employee Trust. The Trust transferred 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.

(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 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 options 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 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. All the un-exercised stock options granted hereunder, have been tendered for cancellation by the option holders and the stock options have since been cancelled. Accordingly, as at 31st March, 2010, there are no stock options outstanding for conversion into equity shares.

At the meeting of the Compensation Committee held on 4th October 2006, 87,500, further options were granted to the eligible employees of the Company at a Price of Rs. 177/- per option 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. All the un-exercised stock options except 1900 options granted hereunder, have been tendered for cancellation by the option holders and the stock options tendered for cancellation have since been cancelled. Accordingly, as at 31st March, 2010, there are 1900 stock options which are vested and are yet to be exercised. In terms of the scheme, the option 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 have 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 the 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 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 14th December, 2003, 464,500, stock options were granted to the 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 option for the Rights 2005 exercise as per SEBI guidelines. As at the date of the report, the total options which have been converted into equity are 37,975 shares of Rs.10/- each, being 36,350 stock options converted at the rate of Rs.284/- per option and 1,625 stock option converted at the rate of Rs.266/- per option. All the un-exercised stock options except 1,200 options granted hereunder, have been tendered for cancellation by the option holders and the stock options tendered for cancellation have since been cancelled. Accordingly, as at 31st March, 2010, there are 1,200 stock options which have been vested in full and the option holders can exercise these options till 31st December, 2016.

At the meeting of the Compensation Committee held on 1st December, 2005, 9,200 stock options were granted at a Price of Rs.266/- per option as per SEBI guidelines, with a vesting period of 3 years. All the un-exercised stock options granted hereunder, have been tendered for cancellation by the option holders and the stock options have since been cancelled. Accordingly, as at 31st March, 2010, there are no stock options outstanding for conversion into equity shares.

At the meeting of the Compensation Committee held on 4th October, 2006, 219,800 stock options were granted to the eligible employees of the Company at a Price of Rs. 177/- per option 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. All the un-exercised stock options except 5,300 options granted hereunder, have been tendered for cancellation by the option holders and the stock options tendered for cancellation have since been cancelled. Accordingly, as at 31st March, 2010, there are 5,300 stock options which have been vested in full and are yet to be exercised. In terms of the scheme, the option holders can exercise these 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 option 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. All the un-exercised stock options except 1,000 options granted hereunder, have been tendered for cancellation by the option holders and the stock options tendered for cancellation have since been cancelled. As at 31st March, 2010, 75 options remain unvested and 925 options are vested, which are yet to be exercised. In terms of the scheme, the option holders can exercise the vested 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. The options granted have a vesting period of 4 years and exercise period of 10 years from the date of the vesting of the final lot. The options other than those vested in the first lot shall vest on a quarterly basis. The options under the first lot shall vest at the end of one year from the date of grant.

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.

(ii) Details of Options granted:

At the meeting of the Compensation Committee held on 1st December, 2005, 100,000 stock options were granted at a 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 the 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 option as per SEBI guidelines. All the un-exercised stock options except 2,000 options granted hereunder, have been tendered for cancellation by the option holders and the stock options tendered for cancellation have since been cancelled. As at 31st March, 2010, 200 options remain unvested and 1,800 options are vested, which are yet to be exercised. In terms of the scheme, the option holders can exercise the options till 3rd October, 2020.

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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 option as per SEBI guidelines. All the un-exercised stock options granted hereunder, have been tendered for cancellation by the option holders and the stock options have since been cancelled. Accordingly, as at 31st March, 2010, there are no stock options outstanding for conversion into equity shares

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 option as per SEBI guidelines. All the un-exercised stock options granted hereunder, have been tendered for cancellation by the option holders and the stock options have since been cancelled. Accordingly, as at 31st March, 2010, there are no stock options outstanding for conversion into equity shares.

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 option as per SEBI guidelines. All the un-exercised stock options granted hereunder, have been tendered for cancellation by the option holders and the stock options have since been cancelled. Accordingly, as at 31st March, 2010, there are no stock options outstanding for conversion into equity shares.

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 option as per SEBI guidelines. All the un-exercised stock options granted hereunder, have been tendered for cancellation by the option holders and the stock options have since been cancelled. Accordingly, as at 31st March, 2010, there are no stock options outstanding for conversion into equity shares.

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

The Shareholders at their Extra-Ordinary General Meeting held on 24th December, 2004, have approved the 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 (ESOS 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. The options granted have a vesting period of 4 years and exercise period of 10 years from the date of the vesting of the final lot. The options other than those vested in the first lot shall vest on a quarterly basis. The options under the first lot shall vest at the end of one year from the date of grant.

Certain employees, being the option holder under ESOP 2000, ESOS 2003 and ESOS 2004, of the Company have surrendered the stock options for cancellation, owing to the then unfavourable stock market conditions, against grant of fresh stock options under ESOS 2008, made by the Compensation Committee of the Board of Directors of the Company, in its meeting held on 11th April, 2009. The stock options were surrendered vide Letters of Release dated 5th May, 2009 and the same was accepted by the Company. The surrendered stock options have been cancelled. Accordingly, no further stock options under ESOP 2000, ESOS 2003 and ESOS 2004 can be granted and the said schemes have to be discontinued in respect of the cancelled stock options. However, there are few employees holding 11,400 stock options under the aforementioned schemes, representing the earlier grants under ESOP 2000, ESOS 2003 and ESOS 2004, which have not been tendered for cancellation and these stock options are exercisable in terms of the original grants under the respective schemes.

At the meeting of the Compensation Committee held on 11th April, 2009, 1,128,875 stock options were granted to the eligible employees at a Price of Rs. 53/- per option as per SEBI guidelines. None of the options were vested as at 31st March, 2010. The vested options can be exercised till 9th April, 2023.

The first lot of stock options vested on 10th April, 2010 and accordingly the employees of the Company were eligible to exercise their stock options after the aforesaid date. As at the date of the report 39,615 stock options have been converted into equity shares.

(G) Employee Stock Option Scheme, 2009 – Plan A (ESOS 2009 - Plan A):

The shareholders at the twelfth Annual General Meeting held on 5th August, 2009, have approved, an issue of 500,000 stock options convertible into equity shares of Rs.10/- each with the number of stock options that could be granted to the Non Executive Directors of the Company not exceeding 20,000, options per year and 100,000 options in aggregate. The Compensation Committee in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, framed a detailed scheme in this regard.

The options granted have a vesting period of 3 years and an exercise period of 10 years from the date of vesting of the final lot. The options other than those vested in the first lot shall vest on a quarterly basis. The options under the first lot shall vest at the end of one year from the date of grant.

At the meeting of the Compensation Committee held on 27th October, 2009, 20,000 stock options were granted to Shri A V Dharmakrishnan, a Non Executive Director of the Company, at a Price of Rs. 98/- per option as per SEBI guidelines. None of the options are vested as at 31st March, 2010. The vested options can be exercised till 25th October, 2022.

At the meeting of the Compensation Committee held on 2nd March, 2010, 382,220 stock options were granted to the eligible employees, at a Price of Rs. 94/- per option as per SEBI guidelines. None of the options are vested as at 31st March, 2010. The vested options can be exercised till 28th February, 2023.

(H) Employee Stock Option Scheme, 2009 – Plan B (ESOS 2009 - Plan B):

The shareholders at the twelfth Annual General Meeting held on 5th August, 2009, have approved, an issue of 7,50,000 stock options convertible into equity shares of Rs.10/- each with the number of stock options that could be granted to the Non Executive Directors of the Company not exceeding 25,000 options per year and 1,50,000 options in aggregate. The Compensation Committee in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, framed a detailed scheme in this regard. The options granted have a vesting period of 3 years and an exercise period of 10 years from the date of vesting of the final lot. The options other than those vested in the first lot shall vest on a quarterly basis. The options under the first lot shall vest at the end of one year from the date of grant.

At the meeting of the Compensation Committee held on 2nd March, 2010, 573,330, stock options were granted to the eligible employees, at a Price of Rs. 94/- per option as per SEBI guidelines. None of the options are vested as at 31st March, 2010. The vested options can be exercised till 28th February, 2023.

(I) Status of Employee Stock Option Schemes (ESOS) under which options are granted, as at 31st March, 2010:

Sno.	Particulars	ESOS 2008	ESOS 2009 – Plan A	ESOS 2009 – Plan B
1	Total Options	1,200,000	500,000	750,000
2	Options Granted (Net of Employee Separations)	996,910	394,100	561,150
3	Exercise Price - Pricing Formulae	Refer (F) above	Refer (G) above	Refer (H) above
4	Options Vested	-	-	-
5	Options Exercised	-	-	-
6	Options Lapsed	-	-	-
7	Total Number of Shares arising as a result of Options	-	-	-
8	Unvested Options	996,910	394,100	561,150
9	Money realized by exercise of Options	-	-	-
10	Employee 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.	90,000	-	-
	(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.	-	-	-

Note : For details in respect of ESOP 2000, ESOS 2003 and ESOS 2004, please refer (B), (C) and (D) above.

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(J) Merchant Bankers to Stock Option 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, Khivaraj 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 above said schemes.

7. 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
AGM	27th July, 2007	Shri PAC Ramasamy Raja 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.
AGM	5th August, 2009	Shri PAC Ramasamy Raja Centenary Community Hall, Sudharsan Gardens, PAC Ramasamy Raja Salai, Rajapalayam-626 108	11.45 A.M.

At the Annual General Meeting held on 5th August, 2009, there were six special resolutions in relation to formulation of Employee Stock Option Scheme 2009 - Plan A and Employee Stock Option Scheme 2009 -Plan B including resolution adopting certain amendments proposed to these schemes, which were passed unanimously by the members. Further 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. There were no special resolutions passed at the Annual General Meetings held on 27th July, 2006 and 11th August, 2008.

8. 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, 2010. None of the resolutions placed at the ensuing Annual General Meeting are required to be passed by the members through Postal Ballot.

9. 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 -

- Act always in the best interest of the shareholders.
- Maintain a high standard of probity in his relations with the Company, its subsidiaries, employees, contractors, suppliers and customers.
- Maintain confidentiality of the Company on matters that come to his knowledge as Director, both during his Directorship and thereafter as well.
- Always conduct himself in a manner that befits his position.
- 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.
- Not use this position to 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, 2010. 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, 2010, 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.

10. DISCLOSURES

There were no related party transactions i.e., transactions of the Company of material nature, entered with its promoters, the 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 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.

The Company recognizes the substance of the Voluntary Guidelines on Corporate Governance and Corporate Social Responsibility recommended by the Ministry of Corporate Affairs. The basic principles of the guidelines are espoused with the practices of the Company.

11. 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 the 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 Agreements and updates the same on Company's website periodically to include information on new developments and business opportunities of the Company.

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SEBI vide its Circular No. CIR/CFD/DCR/3/2010 dated April 16, 2010, has discontinued the Electronic Data Information Filing and Retrieval (EDIFAR) System effective 1st April, 2010. Hence, the earlier mandated disclosures under Clause 51 of the Listing Agreement are no longer made under the EDIFAR System. The Annual Reports of the Company, effective the Annual Report 2010 of the Company would be available for the information of the Investors, at the website of the Stock Exchanges, in accordance with the provisions of Circular No. CIR\CFD\DCR\5\2010 dated May 7, 2010.

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.corpfiling.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 & Mather Pvt. Ltd. as PR Agency.

As 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.

GENERAL SHAREHOLDER INFORMATION

1. Details of the forthcoming Thirteenth Annual General Meeting:

1. Date 2nd August, 2010
2. Day Monday
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

2. Financial Calendar for 2010-11 (tentative)

The Financial year of the Company is April - March of every year and the tentative details of the financial calendar for the year 2010-11 are as under:

Financial Results for the Quarter ending 30th June, 2010	Between 15th July & 14th August, 2010
Financial Results for the Quarter ending 30th September, 2010	Between 15th October & 14th November, 2010
Financial Results for the Quarter ending 31st December, 2010	Between 15th January & 14th February, 2011
Financial Results for the year ending 31st March, 2011	Between 15th May & 30th May, 2011
Fourteenth Annual General Meeting of the Company, for the year ending 31st March, 2011	July / August, 2011

3. 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 Monday, the 2nd August, 2010

4. 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
National Stock Exchange of India Limited	Exchange Plaza, Plot No. C/1, G Block, 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 2010-11 have been paid to the Stock Exchanges, where the shares of the Company are listed.

5. Depositories

The Equity Shares of the company are admitted in the following depositories of the country under the International Securities Identification Number (ISIN) INE246B01019. This number is required to be quoted in each transaction relating to the dematerialized equity shares of the Company.

Name of the Depository	Address
National Securities Depository Limited	Trade World, A wing, 4th & 5th Floors, Kamala Mills Compound, Lower Parel, Mumbai - 400 013.
Central Depository Services (India) Limited	Phiroze Jeejeebhoy Towers, 16th Floor, Dalal Street, Mumbai - 400 001

The Company has paid the custodial charges to the respective depository participant for the financial year 2010-11.

6. Corporate Identity Number

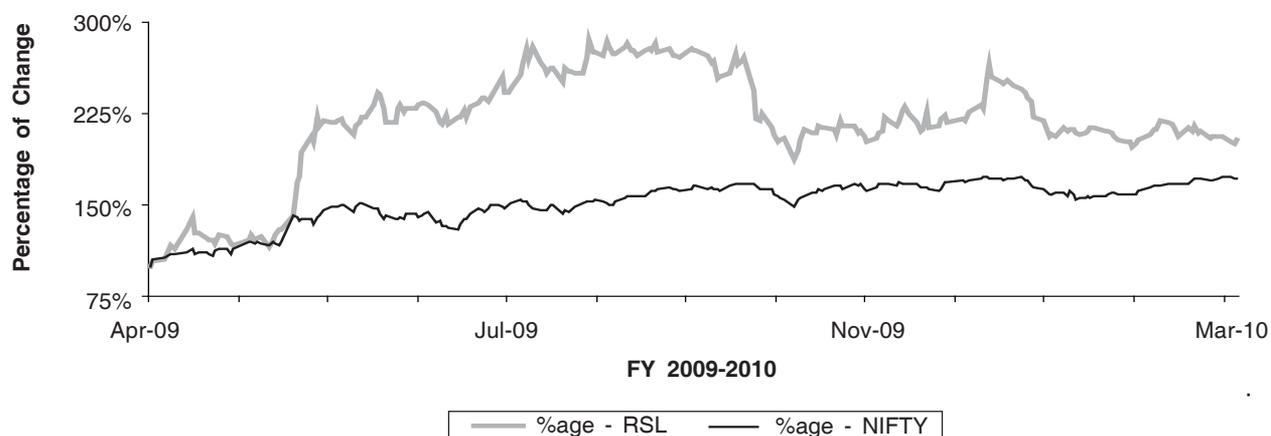
The Corporate Identity Number (CIN), allotted by the Ministry of Corporate Affairs, Government of India is L72300TN1997PLC037550 and our Company registration number is 037550.

The Company's Master Data information and details of the compliance filings made by the Company with the Ministry of Corporate Affairs, Government of India, may be viewed by the members and other stakeholders at www.mca.gov.in (MCA21 eServices) using the abovementioned CIN.

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 - 09	63,488	59,226	65.00	44.00	53.50	64.45	43.60	53.50
2	May- 09	137,545	188,807	107.00	50.10	100.50	109.60	51.25	104.60
3	Jun - 09	79,532	114,802	112.00	90.50	106.05	113.40	91.00	107.20
4	Jul - 09	85,508	64,046	120.05	95.00	112.00	118.95	94.00	112.45
5	Aug- 09	89,615	52,390	137.10	111.00	125.05	132.55	112.00	126.60
6	Sep- 09	52,000	53,405	135.80	121.00	126.75	136.65	118.75	126.90
7	Oct - 09	347,248	272,267	130.00	89.55	93.60	129.70	90.00	92.70
8	Nov- 09	923,505	725,338	118.10	85.50	93.95	118.30	84.15	93.45
9	Dec- 09	866,322	638,566	111.00	92.50	103.90	110.70	92.25	103.70
10	Jan - 10	2,364,167	1,647,772	127.70	90.15	94.70	127.60	90.00	94.95
11	Feb- 10	237,418	195,740	102.00	90.25	93.40	102.00	90.25	93.90
12	Mar - 10	253,126	184,351	103.35	90.80	93.10	103.00	91.10	93.20
	Total	5,499,474	4,196,710						

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



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7. 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

8. 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 Shareholders Committee. During the year the Shareholders Committee has met 2 times and approved *inter-alia* the following:

Particulars	Number	Shares
Dematerialization requests	16	16,610
Transposition request	1	163
Rematerialization request	1	1
Consolidation requests	2	626

There is no specific complaint outstanding on the subject till date.

9. Permanent Account Number

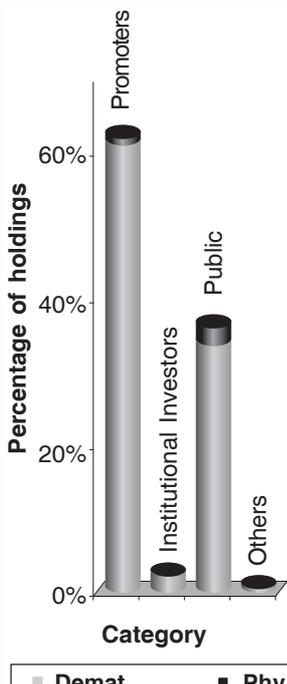
The Securities Exchange Board of India (SEBI) vide its earlier circulars have made the Permanent Account Number (PAN) as the sole identification number for all participants transacting in the securities market, irrespective of the amount of the transaction. Further to this, SEBI had vide its circular No.MRD\Dop\Cir-05\2009 dated May 20, 2009, directed that for securities market transactions and off market transactions involving transfer of shares in physical form of listed companies, it shall be mandatory for the transferee(s) to furnish a copy of the PAN card to the Company/RTA, as the case may be for registration of transfer of shares. In continuation to this circular, SEBI had vide its Circular No.SEBI/MRD/Dop/SE/RTA/Cir-03/2010 dated January 7,2010, had clarified that it shall be mandatory to furnish a copy of PAN in the following cases -

1. Deletion of name of the deceased shareholder(s), where the shares are held in the name of two or more shareholders.
2. Transmission of shares to the legal heir(s), where deceased shareholder was the sole holder of shares.
3. Transposition of shares - when there is a change in the order of names in which physical shares are held jointly in the names of two or more shareholders.

In case of mismatch in PAN card details as well as difference in maiden name and current name (in case of married women) of the investors, the PAN card as submitted by the transferee(s) can be provided, by furnishing sufficient evidence in support of the identity of the transferees like passport, Voter Card ID, Driving License, Photo Identity cards issued by Statutory Bodies, Banks, Public Sector Undertakings etc.

10. Shareholding Pattern and the Distribution of Shareholding as at 31st March, 2010

(a) Shareholding Pattern:

Description	Number of Share holders	Shares held in demat	Total Shares Held	%	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	0	300	0.00	
Insurance Companies	1	314,133	314,133	2.05	
FIs/ Banks	4	24,800	24,950	0.16	
Sub -Total	7	338,933	339,383	2.21	
Public Shareholdings					
Bodies Corporate	403	1,495,150	1,495,709	9.74	
Indian Public	8,829	3,641,488	4,013,599	26.13	
Sub Total	9,232	5,136,638	5,509,308	35.87	
Others including NRI's / Foreign Nationals / Trusts / Clearing Member Etc.	120	45,946	50,046	0.33	
Sub Total	120	45,946	50,046	0.33	
Grand Total	9,379	14,875,325	15,357,986	100.00	

(b) Distribution of Shareholding:

Share holding Rs. (Nominal Value)	Share Holders		Share Capital	
	Number	% to total	Rs.	% to total
Upto 5000	8,254	88.01	921,903	6.00
5001-10000	482	5.14	380,436	2.48
10001-20000	286	3.05	428,611	2.79
20001-30000	94	1.00	232,510	1.51
30001-40000	62	0.66	217,816	1.42
40001-50000	32	0.34	144,257	0.94
50001-100000	87	0.93	639,352	4.16
100001 and above	82	0.87	12,393,101	80.70
Total	9,379	100.00	15,357,986	100.00

11. Dematerialisation of Shares and Liquidity

The Company has entered into agreements with both National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) to facilitate the shareholders to dematerialise their equity shares with any one of the depositories. The custodial charges for the year 2010-11 have been paid to NSDL and CDSL as per the Listing Agreement. As at 31st March 2010, 14,875,325 equity shares representing 96.86% of the Company's total numbers of shares have been dematerialised.

In view of the, 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.

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- 12. 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.
- 13. Plant Location and R&D Centre** : No.64, Sardar Patel Road, Taramani, Chennai - 600 113.
- 14. Address for Correspondence & Shareholders queries** : 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.

15. Secretarial Audit

A secretarial audit is done every quarter by the 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.

16. Compliance Certificate

Compliance Certificate dated 24th May, 2010 from our Statutory Auditors, M/s. CNGSN & Associates is given at the end of this Corporate Governance Report.

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, 2010.

on behalf of the Board of Directors
For RAMCO SYSTEMS LIMITED

Place: Chennai
Date : 24th May, 2010

P R VENKETRAMA RAJA
VICE CHAIRMAN, MANAGING DIRECTOR & CEO

AUDITOR'S 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 2010, 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
Registration No. 004915S

Place : Chennai
Date : 24th May, 2010

C N GANGADARAN
Partner
Membership No. 011205

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

The year 2009-10 witnessed the management of Ramco strengthening the company's performance, enhancing the competitiveness of its overall operations, and enabling the company to overcome the negative consequences of the global economic crisis.

The company's prudent measures to regulate costs, which were undertaken last year, have yielded encouraging results. Regular performance reviews across the length and breadth of the organization, involving every facet of the business, ensured the management structure of the organization to be nimble, swifter in decision-making processes, and better able to meet challenges. The company has drafted a 5 point agenda to facilitate growth; this includes:

- To achieve leadership positions in the chosen target verticals and geographies
- Enabling Ramco to be a high-growth and profitable organization
- Enhancing customer satisfaction levels
- Creating a global appeal for brand "Ramco" in the chosen verticals
- Attracting and retaining top talent

Predominantly, Ramco has remained pro-active and maintained a future-ready approach, to make its vision of being a global leader of software solutions services, which truly creates value to its customers, come true.

During the year, we continued our focus on larger accounts to achieve revenues on annuity basis, so that we can have better revenue predictability. Our focus is paying off; we have witnessed the results and we are confident of its furtherance. We have secured some noteworthy orders on these lines, and we expect many more in the current fiscal.

Our OnDemand business is successfully heading on towards beneficial results. We have accelerated our efforts to be seen as a major player in this segment, in India. This model breaks all traditional barriers of the conventional ERP, and offers compelling value propositions to customers. Offered for an affordable monthly subscription, the service takes care of all IT infrastructure requirements, including maintenance and support needs, and gives customers the power to focus on their core business. Therefore, this is perceived to be a major boon by growing SMBs, who are willing to upgrade their business process, but lack the capital and technology know-how.

To cater to such a huge market, Ramco has accelerated its partnership drive. Ramco understands that partners are key contributors to one's growth; whether it is presales, sales, implementation, or support, partners can add great value. We are stepping up to classify and authorize more partners as Ramco Sales Partners (sales) and Ramco Value Partners (implementation and support).

Since we started our operations, the BPO business division has witnessed steady growth, providing major services to well-known companies. It is to be noted that unlike conventional BPO players, who are service-centric with rigid processes and third party HCM and payroll software, Ramco leverages its home-grown HCM and Payroll application developed using Ramco VirtualWorks; the company delivers value-added services with built-in flexibility for change. During the year the company has won orders from leading organizations in the country. With a healthy order pipeline, Ramco is confident that the business will sustain and grow further.

Ramco's position as a leading Aviation software solution provider continues, as the company secured orders from leading airline companies such as Republic Airways, ERA Helicopters, and so on, and also expanded business with existing customers.

In India, the traditional on-premise ERP market was on a reasonable growth path last year, and is expected to gradually accelerate this year. Automotive, Consumer Durables, Engineering, Logistics and Manufacturing industries had shown interest during the tail end of the year, and Ramco was able to acquire customers such as Dusters, Arkay Energy (Rameswaram), India Cements Ltd, Suzuki Motorcycle India, Axis Bank, and so on.

India business contributed to 49% of the revenues during the year, and we are optimistic that it will sustain growth this year as well. During the year, go-lives have also been quiet commendable in the region with projects like India Telecom Infra, Shoppers Stop, Citibank Mumbai, Alcon Laboratories, and so on, going live on schedule.

The US market is yet to recover from the unprecedented economic contraction. In spite of the situation, Ramco bagged some noteworthy orders such as RGRTA and Med Trans Corp from its existing customers. It has successfully completed projects for Savage Arms, Essex Crane, BowTech, and Butterfield Fulcrum Group.

Ramco Systems Limited, INDIA

2009-10 was relatively a good year when it comes to new markets such as Middle East and North Africa. We were able to procure some break-through orders from Mulk Holdings Group of Companies at Ajman, UAE, Ministry of Finance and National Economy - Sudan, and National Bank of Oman. Having accelerated our marketing and promotional efforts, we will be able to deeply penetrate in these maiden markets, in the coming years.

Opportunities

As ever, the company is making the best out of emerging opportunities. With superior technology and steadfast support from our employees and executive members, the company is well-positioned to capitalize on market opportunities emerging from the current challenging scenario.

Ramco is one of the very few companies worldwide that offers solutions which span the length and breadth of any business. Our portfolio of solutions offered to customers range from end-to-end ERP to point solutions such as analytics, from consultancy to BPO services, with appropriate delivery models. When it comes to technology Ramco is a pioneer; the company quickly upgraded itself to the latest trend-Cloud Computing. This ability offers exciting opportunities to the company, because it eliminates the need for customers to work with multiple vendors, to address their diverse business requirements.

During the year, to sustain and accelerate our growth momentum, Ramco initiated a Global "G-to-M" (Go-to-Market) plan; this helped us identify the markets for our offerings and strategize ourselves to address the same. The core objective of G-to-M is to position our products and services in accordance with market needs and opportunities. We chalked out an execution plan by which all functions of the company are completely aligned to market dynamics. By this effort, people, processes, and products are combined into a powerful offering for the market. This initiative is looked upon to help Ramco to be clearly focused on target markets with optimum offering mix to address the business opportunities.

Partnerships & Alliances

Ramco firmly believes in creating 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. Some noteworthy achievements in this front include the following:

- Our partnership with HP in co-creating Banking Analytics continues
- With a view to rapidly expand the 'On Demand' market, we had planned to proliferate the number of our partners, and had undertaken a major drive to achieve the same
- We have signed a Teaming Agreement with Infy BPO, to provide our application on a BPO model; this is to deliver HR Payroll services for Infy BPO

People Initiatives

A career at Ramco is an opportunity for continuous growth and learning. The company strives to bring the best people and the best ideas together, to deliver greater value to our customers.

The focus for the year was:- i) Talent acquisition, with emphasis on ramping up the Sales and Customer Engagement teams, initiated through campus recruitment from premier Management and CA Institutes; ii) Talent management and competency development, through regular assessments using the Performance Management System (PMS); iii) Talent Retention through stock options.

"New Spark", a quarterly e-letter (in house HR newsletter) was launched for sharing employee-related information worldwide. 360-degree performance appraisal was conducted for managers. Outbound learning programs were conducted to foster team work and enhance individual/team effectiveness. In an effort to benchmark our people practices, a study was conducted on the various best practices/policies across reputed organizations in our industry.

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, 2010 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, 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified, as on 31st March, 2010 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 the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2010;
 - (2) in the case of the Profit and Loss account, of the loss for the year ended on that date; and
 - (3) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For CNGSN & ASSOCIATES
Chartered Accountants
Registration No. 004915S

C N GANGADARAN
Partner

Membership No. 011205

Place : Chennai
Date : 24th May, 2010

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 not disposed off substantial part of fixed assets.
- (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 loans of Rs.55,25,00,000 during the year from a party listed in the Register maintained under Section 301 of the Companies Act, 1956. The year end balance is Rs.8,50,00,000 and the maximum outstanding during the year is Rs.21,25,00,000. 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, 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 2010 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 not incurred cash losses during the financial year covered by our audit. However, in the immediately preceding financial year the Company has incurred cash loss before exceptional items.
- (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 any guarantee for loans taken by others from bank or financial institutions.
- (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 balance 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 not issued any debentures.
- (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
Registration No. 004915S

C N GANGADARAN

Partner

Membership No. 011205

Place : Chennai

Date : 24th May, 2010

Ramco Systems Limited, INDIA

BALANCE SHEET AS AT 31ST MARCH, 2010

	Schedule	As at 31.03.2010 Rs.	As at 31.03.2009 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 Loans	III	94,652,914	216,991,841
b) Unsecured Loans	IV	1,235,000,000	870,085,616
		<u>1,329,652,914</u>	<u>1,087,077,457</u>
TOTAL		<u>3,426,332,910</u>	<u>3,183,757,453</u>
II. APPLICATION OF FUNDS			
1. Fixed Assets			
Gross Block	V	2,353,199,668	2,102,544,841
Less : Depreciation		921,572,157	722,320,263
Net Block		<u>1,431,627,511</u>	<u>1,380,224,578</u>
2. Investments	VI	1,222,089,434	1,222,084,896
3. Current Assets, Loans & Advances			
a) Inventories	VII	482,309	149,706
b) Sundry Debtors	VIII	362,273,438	383,098,455
c) Cash & Bank Balances	IX	42,108,917	62,244,586
d) Loans & Advances	X	249,296,840	201,166,015
e) Other Current Assets	XI	39,301,994	17,600,276
		<u>693,463,498</u>	<u>664,259,038</u>
Less: Current Liabilities and Provisions			
a) Current Liabilities	XII	332,547,377	476,067,029
b) Provisions	XIII	48,319,186	55,781,003
		<u>380,866,563</u>	<u>531,848,032</u>
Net Current Assets		<u>312,596,935</u>	<u>132,411,006</u>
4. Profit & Loss account		<u>460,019,030</u>	<u>449,036,973</u>
TOTAL		<u>3,426,332,910</u>	<u>3,183,757,453</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
Registration No.004915S

C N GANGADARAN
Partner
Membership No.11205

Place : Chennai
Date : 24th May, 2010

P R RAMASUBRAHMANEYA RAJHA
Chairman

P R VENKETRAMA RAJA
Vice Chairman, Managing Director & CEO

SUBRAMANIAN NARAYAN
Company Secretary

S S RAMACHANDRA RAJA

N K SHRIKANTAN RAJA

V JAGADISAN

M M VENKATACHALAM

A V DHARMAKRISHNAN

R S AGARWAL
Directors

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	Schedule	Year ended 31.03.2010 Rs.	Year ended 31.03.2009 Rs.
INCOME			
Sales	XIV	1,034,615,551	923,544,143
Other Income	XV	<u>50,887,991</u>	<u>45,476,416</u>
		<u>1,085,503,542</u>	<u>969,020,559</u>
EXPENDITURE			
Cost of Resale Material		40,351,645	30,447,887
Employee Compensation & Benefits	XVI	376,442,993	563,166,492
Sales & Marketing Expenses	XVII	76,679,029	82,013,838
Administrative & Other Expenses	XVIII	<u>258,434,821</u>	<u>289,345,083</u>
		<u>751,908,488</u>	<u>964,973,300</u>
Profit / (Loss) Before Interest, Depreciation, Exceptional Items & Tax		333,595,054	4,047,259
Interest & Finance Charges	XIX		
- For R&D activities		98,722,257	87,242,524
- For Others		<u>19,740,981</u>	<u>94,195,043</u>
		<u>118,463,238</u>	<u>181,437,567</u>
Profit / (Loss) Before Depreciation, Exceptional Items & Tax		215,131,816	(177,390,308)
Depreciation			
- on Technology Platform & Product Software		153,247,018	195,520,822
- on other fixed assets		<u>62,352,152</u>	<u>59,384,684</u>
		<u>215,599,170</u>	<u>254,905,506</u>
Profit / (Loss) Before Exceptional Items & Tax		(467,354)	(432,295,814)
Exceptional Income / (Expense) (Refer Note No.16)		<u>(10,514,703)</u>	421,780,758
Profit / (Loss) Before Tax		(10,982,057)	(10,515,056)
Provision for Taxation (Refer Note No. 7)			
- Current Taxation		-	-
- Deferred Taxation		-	-
- Fringe Benefit Tax		-	(5,095,810)
Profit / (Loss) After Tax		(10,982,057)	(15,610,866)
Balance in profit & Loss Account brought forward from previous year		<u>(449,036,973)</u>	<u>(433,426,107)</u>
Balance in Profit & Loss Account		(460,019,030)	<u>(449,036,973)</u>
Earnings Per Share - Basic & Diluted (Refer Note No. 10) (Face value of shares @ Rs.10/- each)		(0.72)	(1.02)
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 Registration No.004915S	P R RAMASUBRAHMANEYA RAJHA Chairman	S S RAMACHANDRA RAJA N K SHRIKANTAN RAJA	
C N GANGADARAN Partner Membership No.11205	P R VENKETRAMA RAJA Vice Chairman, Managing Director & CEO	V JAGADISAN M M VENKATACHALAM A V DHARMAKRISHNAN	
Place : Chennai Date : 24th May, 2010	SUBRAMANIAN NARAYAN Company Secretary	R S AGARWAL Directors	

Ramco Systems Limited, INDIA

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

	Year ended 31.03.2010	Year ended 31.03.2009
	Rs.	Rs.
A. Cash Flow From Operating Activities:		
Net Profit / (Loss) before tax & exceptional items	(467,354)	(432,295,814)
Adjustments for:		
Depreciation	215,599,170	254,905,506
Interest & Finance Charges	118,463,238	181,437,567
Unrealised foreign exchange fluctuation (gain) / loss (Profit) / Loss on sale of fixed assets (other than those mentioned in Note No.16(A)) - Net	7,188,893	(5,695,051)
Interest Income	731,939	3,988,395
Dividend income	(390,197)	(328,447)
	(4,538)	(7,128)
Operating Profit /(Loss) before Working Capital Changes	341,121,151	2,005,028
Working Capital Changes:		
(Increase) / Decrease in Trade and Other receivables	(14,935,388)	(41,528,047)
(Increase) / Decrease in Inventories	(332,603)	1,721,997
(Increase) / Decrease in Other current assets [other than Cash and Bank]	(21,701,718)	28,823,207
Increase / (Decrease) in Current liabilities and Provisions	(150,385,659)	(10,778,929)
Cash generated from operations	153,765,783	(19,756,744)
Fringe Benefit Tax paid	(595,810)	(4,932,780)
Cash Flow before exceptional items	153,169,973	(24,689,524)
Overseas withholding tax	(10,514,703)	(8,017,560)
Net Cash (used in) / generated from operating activities	142,655,270	(32,707,084)
B. Cash Flow from Investing Activities:		
Purchase of Fixed assets - for R&D activities	(194,119)	(14,505,248)
Purchase of Fixed assets - for Others	(39,350,436)	(82,545,068)
Investment in R&D activities	(229,489,119)	(220,664,877)
Investment in Mutual Funds - Net	(4,538)	(7,128)
Loans to Subsidiaries - Net	(12,370,420)	-
Proceeds from sale of fixed assets mentioned in Note No.16(A)	-	750,000,000
Proceeds from Sale of other fixed assets	1,299,632	1,710,750
Interest income	390,197	328,447
Dividend income	4,538	7,128
Net cash (used in) / generated from Investing Activities	(279,714,265)	434,324,004
C. Cash Flow from Financing Activities:		
Proceeds from long term borrowings	850,000	245,290,967
Proceeds from short term borrowings	1,802,500,000	1,880,085,616
Repayment of long term borrowings	(228,188,927)	(255,109,955)
Repayment of short term borrowings	(1,217,585,616)	(2,107,500,000)
Working capital changes - Net	(115,000,000)	25,025,459
Interest & Finance Charges	(118,463,238)	(181,437,567)
Rights Issue Expenses	-	(5,468,383)
Net Cash (used in) / generated from financing activities	124,112,219	(399,113,863)
Net Increase / (Decrease) in cash and cash equivalents (A+B+C)	(12,946,776)	2,503,057
Cash and Cash equivalents at the beginning of the year	62,244,586	54,046,478
Effect of Unrealised foreign exchange fluctuation gain / (loss)	(7,188,893)	5,695,051
Cash and Cash equivalents at the end of the year	42,108,917	62,244,586

As per our Report Annexed
For **CNGSN & Associates**
Chartered Accountants
Registration No.004915S

P R RAMASUBRAHMANEYA RAJHA
Chairman

S S RAMACHANDRA RAJA

N K SHRIKANTAN RAJA

P R VENKETRAMA RAJA
Vice Chairman, Managing Director & CEO

V JAGADISAN

C N GANGADARAN
Partner
Membership No.11205

M M VENKATACHALAM

A V DHARMAKRISHNAN

Place : Chennai
Date : 24th May, 2010

SUBRAMANIAN NARAYAN
Company Secretary

R S AGARWAL
Directors

SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2010

	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
Schedule I		
Share Capital		
Authorised Share Capital		
50,000,000 equity Shares of Rs.10/- each (Previous year 50,000,000 of Rs.10/- each)	<u>500,000,000</u>	<u>500,000,000</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 Capital		
15,357,986 equity shares of Rs.10/- each (Previous year 15,357,986 of Rs.10/- each) fully paid up	<u>153,579,860</u>	<u>153,579,860</u>
Add: Forfeited Shares	<u>353,890</u>	<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.

	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
Schedule II		
Reserves & Surplus		
Share Premium	<u>1,942,634,336</u>	<u>1,942,634,336</u>
Add: Forfeited Shares	<u>111,910</u>	<u>111,910</u>
	<u>1,942,746,246</u>	<u>1,942,746,246</u>
Schedule III		
Secured Loans		
a) Bank Borrowings	<u>80,000,000</u>	<u>195,000,000</u>
b) Obligations under finance lease (Refer Note No.17)	<u>13,410,197</u>	<u>21,044,414</u>
c) Hire Purchase Loans (For security details, Refer Note No.2)	<u>1,242,717</u>	<u>947,427</u>
	<u>94,652,914</u>	<u>216,991,841</u>
Schedule IV		
Unsecured Loans		
Long Term Loans - from Banks	-	<u>220,000,000</u>
Short Term Loans - from Banks	<u>1,150,000,000</u>	<u>200,000,000</u>
Short Term Loans - from Others (For security details, Refer Note No.2)	<u>85,000,000</u>	<u>450,085,616</u>
	<u>1,235,000,000</u>	<u>870,085,616</u>

SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2010

	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
Schedule VIII		
Sundry Debtors (Unsecured, Considered Good)		
a) Debts Outstanding for period exceeding six months		
(i) From Subsidiaries	59,183,536	126,102,367
(ii) Others	57,392,457	31,407,717
b) Other debts		
(i) From Subsidiaries	17,037,780	92,265,706
(ii) Others	228,659,665	133,322,665
(Unsecured, Considered doubtful)		
Debts - (out of (a)(ii) above)	4,664,675	4,664,675
Less: Provision for doubtful debts	(4,664,675)	(4,664,675)
	<u>362,273,438</u>	<u>383,098,455</u>
Schedule IX		
Cash and Bank Balances		
Cash on hand	83,991	128,734
Balances with Scheduled Banks in		
a) Current Accounts	21,903,839	58,183,339
b) Deposit Accounts	825,939	825,939
Balances with other Banks in Current Accounts		
a) Dresdner Bank, Germany (Maximum balance Rs.1,573,828) (Previous Year Rs.2,465,205)	899,629	414,384
b) HSBC Bank, United Kingdom (Maximum balance Rs.131,969) (Previous Year Rs.143,308)	121,253	130,663
c) State Bank of India, United Kingdom (Maximum balance Rs.5,295,571) (Previous Year Rs.7,728,562)	1,813,774	2,314,549
d) CitiBank, Dubai (Maximum balance Rs.2,504,447) (Previous Year Rs.899,378)	232,585	246,978
e) National Bank of Dubai, Dubai (Maximum balance Rs.16,227,907) (Previous Year Nil)	16,227,907	-
	<u>42,108,917</u>	<u>62,244,586</u>
Schedule X		
Loans and Advances (Unsecured, Considered Good)		
Advance recoverable in Cash or kind or value to be received		
From Subsidiaries	12,370,420	-
From Others	120,059,328	106,029,149
Tax deducted at Source	106,143,818	84,129,549
Deposits with Government Departments and Others	10,723,274	11,007,317
(Unsecured, Considered doubtful)		
Advance recoverable in Cash or kind or value to be received	706,164	706,164
Less: Provision for doubtful advances	(706,164)	(706,164)
	<u>249,296,840</u>	<u>201,166,015</u>
Schedule XI		
Other Current Assets		
Software Work In Progress	27,596,194	4,881,316
Prepaid expenses	11,538,572	12,599,798
Interest Accrued	167,228	119,162
	<u>39,301,994</u>	<u>17,600,276</u>
Schedule XII		
Current Liabilities		
For Purchases	12,706,767	18,180,919
For Expenses		
To Subsidiaries	156,455,039	313,805,620
To Others	163,108,998	143,653,825
Interest accrued but not due on loans	276,573	426,665
	<u>332,547,377</u>	<u>476,067,029</u>
Schedule XIII		
Provisions		
Provision for staff benefit schemes (Refer Note No.18)	48,319,186	55,185,193
Provision for Taxation (Refer Note No.7)	-	595,810
	<u>48,319,186</u>	<u>55,781,003</u>

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SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	Year ended 31.03.2010 Rs.	Year ended 31.03.2009 Rs.
Schedule XIV		
Sales		
Software Revenues (Licensing & Services)	922,308,201	781,901,153
Value Added Resale Software & Hardware Materials	84,765,477	97,256,600
Royalty	27,541,873	44,386,390
	<u>1,034,615,551</u>	<u>923,544,143</u>
Schedule XV		
Other Income		
Interest Income (TDS Rs.9,514/- (Previous year Rs.10,059/-))	390,197	328,447
Profit on sale of Fixed assets	864,809	312,187
Rent Income	45,483,252	34,970,327
Dividend from investment in mutual fund units	4,538	7,128
Miscellaneous Income	4,145,195	9,858,327
	<u>50,887,991</u>	<u>45,476,416</u>
Schedule XVI		
Employee Compensation & Benefits		
Salaries, Bonus etc.	313,862,366	483,249,622
Gratuity & Superannuation	11,753,904	20,493,432
Provident Fund	23,424,611	28,457,128
Staff Welfare	27,402,112	30,966,310
	<u>376,442,993</u>	<u>563,166,492</u>
Schedule XVII		
Sales & Marketing Expenses		
Advertisement & Sales Promotion	69,542,119	74,159,491
Sales Commission	7,136,910	7,854,347
	<u>76,679,029</u>	<u>82,013,838</u>
Schedule XVIII		
Administrative & Other Expenses		
Consultancy Charges	9,888,290	12,821,424
Bank Charges	1,953,965	4,078,714
Insurance	1,044,010	2,434,157
Loss on sale of Fixed assets	1,596,748	4,300,582
Communication Expenses	14,578,048	15,530,738
Power & Fuel	9,836,401	13,535,379
Printing & Stationery	2,184,833	2,442,492
Rates & Taxes	2,848,188	2,936,516
Rent	120,249,863	116,967,963
Repairs & Maintenance Buildings	2,255,395	51,352
Repairs & Maintenance Plant & Machinery	12,089,619	16,286,265
Repairs & Maintenance Others	6,494,358	3,293,844
Travel & Conveyance	62,884,900	61,740,642
Bad Debts Written off	5,765,000	19,926,004
Provision for Doubtful Advances	-	138,953
Foreign Exchange Fluctuation	(11,192,045)	(6,738,420)
Miscellaneous Expenses	15,957,248	19,598,478
	<u>258,434,821</u>	<u>289,345,083</u>
Schedule XIX		
Interest & Finance Charges		
Interest on loans taken for R&D activities	98,722,257	87,242,524
Interest on other loans		
- Hire Purchase & Finance Charges	1,566,413	7,353,664
- Others	18,174,568	86,841,379
	<u>118,463,238</u>	<u>181,437,567</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

a) 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.

b) Costs incurred for filing the patent application like consultancy and filing fees are capitalized upon grant of Patents.

The useful life of the above 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.

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 December 7, 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, 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 Account 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 contribution 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 have been given an option to participate in a defined contribution plan ("The Superannuation Plan") maintained by the Life Insurance Corporation of India. For those who opt to participate, the company makes contributions not exceeding Rupees one lakh per annum, based on a specified percentage of the basic salary of each covered employee. For those who do not opt to participate, an amount equivalent to the contribution determined at the time of exercise of option is paid alongwith salary. The company has no further obligation beyond its contributions / payments.

Provident Fund

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

	As at 31.03.2010	(Rs. '000) As at 31.03.2009
1. Contingent Liabilities		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for	7,675	655
(b) Bank Guarantees	18,738	10,773
(c) Letters of Credit	Nil	720

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.10,000 thousands are secured by a pari-passu first charge on 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 Ramco Industries Limited. Borrowings from the banks for working capital amounting to Rs.70,000 thousands are secured by a pari-passu first charge on the current assets including stocks and book debts and supported by a Corporate Guarantee from Ramco Industries Limited.

Borrowings from the banks for working capital amounting to Rs.1,95,000 thousands during the previous year were 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.

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 Financial Institutions as security.

Of the total unsecured loans of Rs.1,235,000 thousands (Previous year Rs. 870,086 thousands), Rs. 950,000 thousands (Previous year Rs.470,086 thousands) are supported by a Corporate Guarantee from Madras Cements Limited and Rs.200,000 thousands (Previous year Rs.200,000 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 2010 and as on 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

	Year ended 31.03.2010	(Rs. '000) Year ended 31.03.2009
A) CIF Value of Imports		
Resale Materials	2,962	9,069
Capital goods	705	20,061
TOTAL	3,667	29,130
B) Expenditure in Foreign Currency on account of		
Professional / consultation fees	6,869	604
Traveling	23,129	23,309
Patents	5,057	10,728
Remittance to overseas subsidiaries	129,359	32,951
Remittance to overseas branch	27,019	16,932
Others	1,395	3,970
TOTAL	192,828	88,494
C) Number of Non-resident shareholders	87	93

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	Year ended 31.03.2010		Year ended 31.03.2009	
	(Rs. '000)	%	(Rs. '000)	%
D) Value of consumption of Imported and Indigenous raw materials and spare parts				
Raw Material				
Imported	2,963	7.34	9,069	29.79
Indigenous	37,389	92.66	21,379	70.21
E) Earnings in Foreign Exchange				
Export of goods & Services on F.O.B basis	320,159		339,447	
Royalty	27,542		44,386	
TOTAL	347,701		383,833	

5. Fees paid to Statutory Auditors (Excluding service tax) (Rs. '000)

Sl.No	Particulars	Year ended 31.03.2010	Year ended 31.03.2009
(a)	Statutory Audit	750	750
(b)	Tax Audit	150	150
(c)	Independent Auditor's report under AS-21	200	200
(d)	Rights issue certification	-	300
(e)	Other certification	380	130
(f)	Reimbursement of out of pocket expenses	46	141
	TOTAL	1,526	1,671

6. Managerial Remuneration

The Board of Directors of the Company in its meeting held on 28th January, 2010, after considering the recommendations of the Remuneration Committee, re-appointed Shri P R Venketrama Raja as the Managing Director (MD) of the Company for a further period of five years effective 23rd February, 2010, 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 Sec. 349 of the Companies Act, 1956 for remuneration to VCMD & CEO for the year ended 31.03.2010:

	(Rs.)
Profit / (Loss) before Tax	(10,982,057)
Add: Directors Sitting Fees	195,000
Vice Chairman, Managing Director & CEO's Remuneration	1,166,400
	<u>1,361,400</u>
Loss arrived for the purpose of Managerial Remuneration	(9,620,657)
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 thereto, 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:

	2009-10	2008-09
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	Nil	108,000
Total	<u>1,166,400</u>	<u>1,274,400</u>

This remuneration has been adjusted in the overall maximum remuneration of Rs.36,070,426/- (Previous Year Rs. 24,774,862/-) 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 has been made in view of absence of taxable profits. The company has net deferred tax assets as on 31st March 2010 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. '000)	
	Year ended 31.03.2010	Year ended 31.03.2009
Total Research & Development expenditure capitalized during the year as per Schedules 3 & 4 to R&D Accounts:		
Employee compensation	209,651	195,107
Administrative and other expenses	19,838	25,558
Total	229,489	220,665
Of the above,		
Shown as "Technology Platform" under Fixed Assets	55,087	80,944
Shown as "Product Software" under Fixed Assets	174,402	139,721
Total	229,489	220,665

9. Sundry Debtors and Loans & Advances

These include dues from overseas subsidiaries as given below:

Sl No.	Subsidiary	Outstanding as on 31.03.2010	Maximum amount due during the year
Sundry Debtors			
A	Ramco Systems Corporation, USA	Rs.25 thousands (Previous year Rs. 50,855 thousands)	Rs. 191thousands (Previous year Rs. 82,206 thousands)
B	Ramco Systems Limited, Switzerland	Rs. 182 thousands (Previous year Rs.85,116 thousands)	Rs.107,607 thousands (Previous year Rs.85,116 thousands)
C	Ramco Systems Sdn., Bhd., Malaysia	Nil (Previous year Nil)	Nil (Previous year Rs.5,539 thousands)
D	Ramco Systems Pte Ltd., Singapore	Rs.4,178 thousands (Previous year Rs.55,331 thousands)	Rs.55,331 thousands (Previous year Rs.70,360 thousands)
E	RSL Enterprise Solutions (Pty.) Ltd., South Africa	Rs.71,836 thousands (Previous year Rs.27,066 thousands)	Rs.71,836 thousands (Previous year Rs.60,003 thousands)
	Total	Rs.76,221 thousands (Previous year Rs.2,18,368 thousands)	
Loans & Advances			
A	RSL Enterprise Solutions (Pty.) Ltd., South Africa	Rs.12,370 thousands (Previous year Nil)	Rs.12,370 thousands (Previous year Nil)

10. Earnings per share (EPS)

			Year ended 31.03.2010	Year ended 31.03.2009
Profit / (Loss) after tax and prior period expenses	(Rs.)	(A)	(10,982,057)	(15,610,866)
Weighted average Equity Shares outstanding	(No.)	(B)	15,357,986	15,357,986
EPS - Basic & diluted (per share of Rs.10/- each)	(Rs.)	(A/B)	(0.72)	(1.02)

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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, Germany and Dubai. The United Kingdom branch has made a turnover of Rs.5,587 thousands for the year ended 31st March 2010 (previous year Rs. 6,585 thousands), Germany branch has made a turnover of Rs.18,429 thousands for the year ended 31st March 2010 (previous year Rs.9,286 thousands) and the Dubai branch has made a turnover of Rs.108,335 thousands for the year ended 31st March 2010 (previous year Nil).
13. Amounts recovered from Subsidiaries towards expenses incurred on account of on-site employees to the extent of Rs.30,975 thousands (Previous year Rs.49,949 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:**
 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
 - b. **Key Management Personnel and Relatives:**
 1. Shri P R Ramasubrahmaneya Rajha
 2. 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):**
 1. Rajapalayam Mills Limited
 2. Madras Cements Limited
 3. Ramco Industries Limited
 4. The Ramaraju Surgical Cotton Mills Limited

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

(Rs. '000)

Particulars	Transaction during 2009-2010	Outstanding as at 31.03.2010	Transaction during 2008-2009	Outstanding as at 31.03.2009
Income from Sale of goods & services				
Ramco Systems Corporation, USA	86,944	25	24,309	-
Ramco Systems Limited, Switzerland	34,986	182	33,761	59,286
Ramco Systems Sdn. Bhd., Malaysia	5,086	-	12,457	-
Ramco Systems Pte. Ltd., Singapore	26,059	4,178	42,769	43,594
RSL Enterprise Solutions (Pty) Ltd., South Africa	40,009	71,836	111,813	27,066
Madras Cements Limited	191,151	5,083	168,302	2,717
Ramco Industries Limited	22,170	-	7,535	469
Rajapalayam Mills Limited	4,176	-	1,027	176
The Ramaraju Surgical Cotton Mills Limited	2,037	-	601	141
Income from Royalty				
Ramco Systems Corporation, USA	7,375	-	5,632	50,855
Ramco Systems Limited, Switzerland	2,423	-	16,540	25,830
Ramco Systems Sdn. Bhd., Malaysia	7,012	-	8,123	-
Ramco Systems Pte. Ltd., Singapore	10,732	-	14,091	11,737

Particulars	Transaction during 2009-2010	Outstanding as at 31.03.2010	Transaction during 2008-2009	Outstanding as at 31.03.2009
Cost of services availed				
Ramco Systems Corporation, USA	10,697	105,025	36,264	142,276
Ramco Systems Limited, Switzerland	4,097	34,679	3,997	148,024
Ramco Systems Sdn. Bhd., Malaysia	-	16,751	-	13,215
Ramco Systems Pte. Ltd., Singapore	-	-	-	10,291
Loans availed				
Madras Cements Limited	540,000	85,000	-	200,000
Ramco Industries Limited	12,500	-	12,500	-
Loans given				
RSL Enterprise Solutions (Pty) Ltd., South Africa	17,726	12,153	-	-
Interest - Expense				
Madras Cements Limited	14,690	-	24,504	-
Ramco Industries Limited	221	-	743	-
Interest - Income				
RSL Enterprise Solutions (Pty) Ltd., South Africa	323	217	-	-
Rent - Expense				
Madras Cements Limited	69,536	-	61,869	-
Rent - Income				
Ramco Industries Limited	-	-	225	-
Sale of assets				
Madras Cements Limited	-	-	750,000	-

Notes:

- a) Details of corporate guarantees given by the Group are given in Note No.2 above.
- b) Details of transactions with Key Management Personnel and Relatives:
 - (i) Remuneration paid to Shri P R Venketrama Raja is furnished in Note No.6 above
 - (ii) Sitting fees paid to Shri P R Ramasubrahmaneya Rajha Rs.25 thousands (Previous year Rs.43 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. '000)

Sl. No.	Description	2009-2010	2008-2009
A	Profit on sale of Land and Building of the company at 86C, Santhome High Road, R.A Puram, Chennai	-	664,769
B	Impairment of Assets written off-Technology Platform and Product Software	-	(229,503)
C	Overseas withholding tax written off	(10,515)	(8,017)
D	Rights issue Expenses	-	(5,468)
	Total	(10,515)	421,781

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17. Obligations towards finance leases:

	2009-2010	(Rs. '000) 2008-2009
Reconciliation between total minimum lease payments at the Balance Sheet date and their Present Value:		
Total minimum lease payments at the Balance Sheet Date	14,940	24,899
Present Value of the minimum lease payments at the Balance Sheet date	<u>13,410</u>	<u>21,044</u>
	1,530	3,855
Difference being:		
Interest accrued, but not due at the Balance Sheet Date	277	427
Future interest payable during the balance lease term	1,253	3,428
Minimum Lease Payments:		
Less than one year	9,960	9,960
One to five years	4,980	14,939
Later than five years	-	-
Total	<u>14,940</u>	<u>24,899</u>
Present value of minimum Lease Payments:		
Less than one year	8,656	7,634
One to five years	4,754	13,410
Later than five years	-	-
Total	<u>13,410</u>	<u>21,044</u>

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

a) Defined Contribution Plan:

Employer's Contribution to Provident Fund	23,425	28,457
Employer's Contribution to Superannuation Fund	9,864	12,960

b) Defined Benefit Plan:	As at 31.03.2010		As at 31.03.2009	
	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	62,869	42,181	59,821	47,628
Current Service Cost	9,038	3,390	10,165	3,376
Interest Cost	4,754	3,134	4,461	3,413
Actuarial (gain) / loss	(7,529)	913	(3,459)	(2,310)
Benefits paid	(6,876)	(5,992)	(8,119)	(9,926)
Defined Benefit obligation as on 31st March	62,256	43,626	62,869	42,181
Reconciliation of opening and closing balances of fair value of plan assets:				
Fair value of plan assets as on 01st April	49,865	-	43,411	-
Expected return on plan assets	4,122	-	3,586	-
Actuarial (gain) / loss	252	-	48	-
Employer contribution	10,200	-	10,939	-
Benefits paid	(6,876)	-	(8,119)	-
Fair value of plan assets as on 31st March	57,563	-	49,865	-
Actual return on plan assets	4,374	-	3,634	-

	As at 31.03.2010		As at 31.03.2009	
	Gratuity (Funded)	Leave encashment (Unfunded)	Gratuity (Funded)	Leave encashment (Unfunded)
Reconciliation of fair value of assets and obligations:				
Fair value of plan assets	57,563	-	49,865	-
Present value of obligation	(62,256)	(43,626)	(62,869)	(42,181)
Amount recognized in Balance Sheet	(4,693)	(43,626)	(13,004)	(42,181)
Expense recognized during the year:				
Current Service Cost	9,038	3,390	10,165	3,376
Interest Cost	4,754	3,134	4,461	3,413
Expected return on plan assets	(4,122)	-	(3,585)	-
Actuarial (gain) / loss	(7,781)	913	(3,507)	(2,309)
Net Cost	1,889	7,437	7,534	4,480
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
Registration No.004915S

C N GANGADARAN
Partner
Membership No.11205

Place : Chennai
Date : 24th May, 2010

P R RAMASUBRAHMANEYA RAJHA
Chairman

P R VENKETRAMA RAJA
Vice Chairman, Managing Director & CEO

SUBRAMANIAN NARAYAN
Company Secretary

S S RAMACHANDRA RAJA
N K SHRIKANTAN RAJA

V JAGADISAN

M M VENKATACHALAM

A V DHARMAKRISHNAN

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, 2010

	Schedule	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
I. SOURCES OF FUNDS			
1. Loan Funds		1,054,720,000	820,230,000
2. Head Office Contra Account		2,163,509,848	2,064,173,538
TOTAL		3,218,229,848	2,884,403,538
II. APPLICATION OF FUNDS			
1. Fixed Assets			
	1		
Gross Block		1,886,343,931	1,671,410,125
Less : Depreciation		665,490,498	521,834,657
Net Block		1,220,853,433	1,149,575,468
2. Current Assets			
		-	-
Less: Current Liabilities and Provisions		-	202,153
Net Current Assets / (Liabilities)		-	(202,153)
3. Revenue Expenditure relating to Research			
	2		
		1,997,376,415	1,735,030,223
TOTAL		3,218,229,848	2,884,403,538

As per our Report Annexed
For **CNGSN & Associates**
Chartered Accountants
Registration No.004915S

C N GANGADARAN
Partner
Membership No.11205

Place : Chennai
Date : 24th May, 2010

P R RAMASUBRAHMANEYA RAJHA
Chairman

P R VENKETRAMA RAJA
Vice Chairman, Managing Director & CEO

SUBRAMANIAN NARAYAN
Company Secretary

S S RAMACHANDRA RAJA
N K SHRIKANTAN RAJA

V JAGADISAN

M M VENKATACHALAM

A V DHARMAKRISHNAN

R S AGARWAL
Directors

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	Schedule	Year ended 31.03.2010 Rs.	Year ended 31.03.2009 Rs.
INCOME			
Profit on sale of fixed assets		<u>864,809</u>	<u>123,973</u>
EXPENDITURE			
Employee Compensation & Benefits	3	2,298,823	2,196,576
Administrative & Other Expenses	4	3,784,665	3,872,633
Interest		98,722,257	87,242,524
Depreciation			
- on Technology Platform & Product Software		153,247,018	195,520,822
- on other R&D fixed assets		<u>5,158,238</u>	<u>6,648,969</u>
Total Expenditure		<u>263,211,001</u>	<u>295,481,524</u>
Profit / (Loss) Before Exceptional Items		<u>(262,346,192)</u>	<u>(295,357,551)</u>
Exceptional Income / (Expense)		-	(229,502,920)
Net profit / (Loss)		<u>(262,346,192)</u>	<u>(524,860,471)</u>

As per our Report Annexed
For **CNGSN & Associates**
Chartered Accountants
Registration No.004915S

C N GANGADARAN
Partner
Membership No.11205

Place : Chennai
Date : 24th May, 2010

P R RAMASUBRAHMANEYA RAJHA
Chairman

P R VENKETRAMA RAJA
Vice Chairman, Managing Director & CEO

SUBRAMANIAN NARAYAN
Company Secretary

S S RAMACHANDRA RAJA
N K SHRIKANTAN RAJA

V JAGADISAN

M M VENKATACHALAM

A V DHARMAKRISHNAN

R S AGARWAL
Directors

Ramco Systems Limited, INDIA

SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2010

Schedule 1 - Fixed Assets

Rs.

Asset Description	Gross Block				Depreciation Block				Net Block	
	As at 01.04.09	Additions	Withdrawals	As at 31.03.10	Up to 01.04.09	For the year	Withdrawals	Up to 31.03.10	As at 01.04.09	As at 31.03.10
Technology Platform	512,032,697	55,087,392	-	567,120,089	159,235,405	51,203,270	-	210,438,675	352,797,292	356,681,414
Product Software	1,020,437,481	174,401,727	-	1,194,839,208	245,097,389	102,043,748	-	347,141,137	775,340,092	847,698,071
Plant & Machinery										
- EDP	98,395,365	-	14,749,432	83,645,933	78,997,880	4,606,816	14,749,415	68,855,281	19,397,485	14,790,652
- Software	40,425,582	194,119	-	40,619,701	38,438,999	545,769	-	38,984,768	1,986,583	1,634,933
Electrical Items	119,000	-	-	119,000	64,984	5,653	-	70,637	54,016	48,363
Total	1,671,410,125	229,683,238	14,749,432	1,886,343,931	521,834,657	158,405,256	14,749,415	665,490,498	1,149,575,468	1,220,853,433
Previous year	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

As at 31.03.2010

Rs.

As at 31.03.2009

Rs.

Schedule 2 : Revenue Expenditure relating to Research

Transferred from Profit & Loss Account

(262,346,192)

(524,860,471)

Balance brought forward from previous year

(1,735,030,223)

(1,210,169,752)

(1,997,376,415)

(1,735,030,223)

SCHEDULE TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

Year ended 31.03.2010

Rs.

Year ended 31.03.2009

Rs.

Schedule 3 : Employee compensation & benefits

Salaries, Bonus, contributions etc.,

209,651,491

195,107,137

Staff welfare

2,298,823

2,196,576

Gross cost

211,950,314

197,303,713

Less: Product Research and Development Expenditure Capitalised

(209,651,491)

(195,107,137)

2,298,823

2,196,576

Schedule 4 : Administrative and other expenses

Communication Expenses

2,178,024

2,610,538

Power & Fuel

19,837,628

21,503,260

Rent

-

4,054,480

Travel & Conveyance

52,789

202,383

Loss on sale of fixed assets

454,337

22,470

Miscellaneous Expenses

1,099,515

1,037,242

Gross cost

23,622,293

29,430,373

Less: Product Research and Development Expenditure Capitalised

(19,837,628)

(25,557,740)

3,784,665

3,872,633

Schedule 5 : Calculation of Total R&D Expenditure

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

194,119

14,505,248

ii) Recurring R&D Expenditure:

Employee Compensation & benefits-gross

211,950,314

197,303,713

Administrative & Other Expenses-gross

23,622,293

29,430,373

(Refer Schedule 4)

Interest

98,722,257

87,242,524

(Refer Profit & Loss Account)

Profit on sale of fixed assets

(864,809)

(123,973)

(Refer Profit & Loss Account)

Sub-total

333,430,055

313,852,637

Total R&D Expenditure (i + ii)

333,624,174

328,357,885

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. REGISTRATION DETAILS

Registration No: State Code

Balance Sheet Date (Refer Code List)
Date Month Year

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

Public Issue Rights Issue

Bonus Issue Private Placement

Others

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

Total Liabilities Total Assets

Sources of Funds

Paid up Capital Reserves & Surplus

Secured Loans Unsecured Loans

Application of Funds

Net Fixed Assets Investments

Net Current Assets Miscellaneous Expenditure

Profit and Loss Account

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

Turnover and Other Income Total Expenditure

Loss before Tax and Exceptional Items Loss after Tax and

Earnings/(Loss) per share in Rs. Exceptional Items

Dividend Rate %

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

(as per monetary terms)

Item Code No. (ITC Code)

Product Description

P R RAMASUBRAHMANEYA RAJHA
Chairman

S S RAMACHANDRA RAJA
Director

V JAGADISAN

P R VENKETRAMA RAJA
Vice Chairman, Managing Director & CEO

N K SHRIKANTAN RAJA
Director

M M VENKATACHALAM

A V DHARMAKRISHNAN

Place : Chennai
Date : 24th May, 2010

SUBRAMANIAN NARAYAN
Company Secretary

R S AGARWAL
Directors

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
2	Financial Year end of the Subsidiary Company	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010
3	No of shares held in the Subsidiary Company as on the above date	192,729,550 Equity Shares of USD 0.0145 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
4	Percentage of holding (Equity)	98%	100%	100%	100%	100%
5	Percentage of holding (Preference)	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
	a. Dealt with Accounts of the Company for the year ended 31st March 2010	USD 785,038	(CHF 643,417)	R 132,359	SGD 522,100	(ZAR 1,568,081)
	b. Not dealt with Accounts of the Company for the year ended 31st March 2010					
7	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	Nil	Nil	Nil
	a. Dealt with Accounts of the Company for the year ended 31st March 2009	Nil	Nil	R 1,664,000	Nil	ZAR 8,000,000
	b. Not dealt with Accounts of the Company for the year ended 31st March 2009	(USD 4,829,053)	(CHF 1,805,102)	R 168,652	(SGD 625,441)	ZAR 11,723,983
8	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 31st March 2010	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 31st March 2010	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

M M VENKATACHALAM
Director

A V DHARMAKRISHNAN
Director

Place : Chennai
Date : 24th May, 2010

SUBRAMANIAN NARAYAN
Company Secretary

R S AGARWAL
Director

INFORMATION WITH REGARD TO SUBSIDIARY COMPANIES

(Furnished as required by the letter No.F.No.47/322/2010-CL-III dated: 15th April, 2010 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).

(Rs. '000)

Name of the Subsidiary	Year	Capital	Reserves	Total Assets	Total Liabilities	Investments	Turnover	Profit/Loss 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	2009-2010 2008-2009	105,740 105,740	32,468 12,885	138,208 105,740	138,208 105,740	-	488,218 609,956	40,923 44,951	-	40,923 44,670	-	44.67 50.53	47.33 45.17
Ramco Systems Ltd., Switzerland	2009-2010 2008-2009	29,327 29,327	43,643 77,862	72,970 107,189	72,970 107,189	-	87,382 141,556	(28,482) (13,015)	-	(28,482) (13,015)	-	41.65 43.94	44.19 41.32
Ramco Systems Sdn. Bhd. Malaysia	2009-2010 2008-2009	18,217 18,217	5,660 4,069	23,877 22,286	23,877 22,286	-	37,143 38,507	1,836 (1,203)	-	1,836 (1,203)	-	13.83 13.98	13.73 13.35
Ramco Systems Pte. Ltd., Singapore	2009-2010 2008-2009	18,616 18,616	(13,544) (28,704)	18,616 18,616	18,616 18,616	-	110,051 130,065	17,320 6,257	1,699 1,283	15,621 4,974	-	31.79 33.19	32.92 31.47
RSL Enterprise Solutions (Pty) Ltd., South Africa	2009-2010 2008-2009	1 1	25,748 30,585	38,119 30,586	38,119 30,586	4 3	109,285 254,791	(9,203) 10,702	84 952	(9,287) 9,750	-	5.93 5.12	5.86 5.15
Ramco Systems Australia Pty Ltd., Australia	2009-2010 2008-2009	- 3,453	- (15,622)	- 18,179	- 18,179	-	-	9,618 (6,418)	-	9,618 (6,418)	-	40.65 34.61	39.39 36.04

Note : Ramco Systems Australia Pty Ltd., Australia has been de-registered effective January 27, 2010.

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

M M VENKATACHALAM
Director

A V DHARMAKRISHNAN
Director

Place : Chennai
Date : 24th May, 2010

SUBRAMANIAN NARAYAN
Company Secretary

R S AGARWAL
Director

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

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, INDIA AND ITS SUBSIDIARIES

We have examined the attached Consolidated Balance Sheet of Ramco Systems Limited and its Subsidiaries as at 31st March 2010, 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. 153,581,663/- as at 31st March 2010 and total revenues of Rs. 343,860,538/- 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 2010;
- 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
Registration No.004915S

C N GANGADARAN
Partner
Membership No.11205

Place: Chennai
Date : 24th May, 2010

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

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2010

	SCHEDULE	As at 31.03.2010		As at 31.03.2009	
		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	1,968,382,997	43,766,305	1,988,413,633	39,836,451
		<u>2,122,316,747</u>	<u>47,294,225</u>	<u>2,142,347,383</u>	<u>43,364,371</u>
2. Minority Interest		3,144,009	75,267	1,880,134	48,562
3. Loan Funds					
a) Secured Loans	III	94,652,914	2,118,937	216,991,841	4,294,318
b) Unsecured Loans	IV	1,235,000,000	27,647,191	870,085,616	17,219,189
		<u>1,329,652,914</u>	<u>29,766,128</u>	<u>1,087,077,457</u>	<u>21,513,507</u>
TOTAL		<u>3,455,113,670</u>	<u>77,135,620</u>	<u>3,231,304,974</u>	<u>64,926,440</u>
II. APPLICATION OF FUNDS					
1. Fixed Assets					
Gross Block	V	3,515,904,261	78,708,401	3,276,786,960	64,848,347
Less : Depreciation		1,074,072,816	24,044,610	879,611,531	17,407,710
Net Block		<u>2,441,831,445</u>	<u>54,663,791</u>	<u>2,397,175,429</u>	<u>47,440,637</u>
2. Investments	VI	1,795,013	40,184	3,690,376	73,034
3. Deferred Tax Asset		1,519,804	34,022	1,384,973	27,409
4. Current Assets, Loans & Advances					
a) Inventories	VII	482,309	10,797	149,706	2,963
b) Sundry Debtors	VIII	424,976,482	9,513,690	412,939,844	8,172,173
c) Cash & Bank Balances	IX	70,180,646	1,571,091	105,298,728	2,083,886
d) Loans & Advances	X	362,562,499	8,116,465	258,686,255	5,119,459
e) Other Current Assets	XI	107,758,210	2,412,317	37,443,381	741,013
		<u>965,960,146</u>	<u>21,624,360</u>	<u>814,517,914</u>	<u>16,119,494</u>
Less: Current Liabilities and Provisions					
a) Current Liabilities	XII	323,612,428	7,244,513	378,116,140	7,483,003
b) Provisions	XIII	81,094,345	1,815,410	74,845,600	1,481,212
		<u>404,706,773</u>	<u>9,059,923</u>	<u>452,961,740</u>	<u>8,964,215</u>
Net Current Assets		561,253,373	12,564,437	361,556,174	7,155,279
5. Profit & Loss Account		448,714,035	9,833,186	467,498,022	10,230,081
TOTAL		<u>3,455,113,670</u>	<u>77,135,620</u>	<u>3,231,304,974</u>	<u>64,926,440</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
Registration No.004915S

P R RAMASUBRAHMANEYA RAJHA
Chairman

S S RAMACHANDRA RAJA

N K SHRIKANTAN RAJA

C N GANGADARAN
Partner
Membership No.11205

P R VENKETRAMA RAJA
Vice Chairman, Managing Director & CEO

V JAGADISAN

M M VENKATACHALAM

A V DHARMAKRISHNAN

Place : Chennai
Date : 24th May, 2010

SUBRAMANIAN NARAYAN
Company Secretary

R S AGARWAL
Directors

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	SCHEDULE	Year ended 31.03.2010		Year ended 31.03.2009	
		Rs.	USD	Rs.	USD
INCOME					
Sales	XIV	1,680,302,974	35,503,885	1,876,500,148	41,542,879
Other Income	XV	75,321,536	1,591,503	76,419,031	1,691,802
		<u>1,755,624,510</u>	<u>37,095,388</u>	<u>1,952,919,179</u>	<u>43,234,681</u>
EXPENDITURE					
Cost of Resale Material		40,620,935	858,298	38,938,273	862,035
Employee Compensation & Benefits	XVI	792,336,796	16,741,644	1,129,845,872	25,013,080
Sales & Marketing Expenses	XVII	95,039,996	2,008,143	156,831,828	3,472,020
Administrative & Other Expenses	XVIII	449,534,157	9,498,411	571,535,186	12,652,926
		<u>1,377,531,884</u>	<u>29,106,496</u>	<u>1,897,151,159</u>	<u>42,000,061</u>
Profit/(Loss) Before Interest, Depreciation, Exceptional Items & Tax		378,092,626	7,988,892	55,768,020	1,234,620
Interest & Finance Charges	XIX	119,350,404	2,521,809	182,362,514	4,037,231
Profit/(Loss) Before Depreciation, Exceptional Items & Tax		258,742,222	5,467,083	(126,594,494)	(2,802,611)
Depreciation					
On Technology Platform & Product Software		153,247,018	3,238,025	195,520,822	4,328,536
On other fixed assets		71,250,051	1,505,475	68,906,372	1,525,483
		<u>224,497,069</u>	<u>4,743,500</u>	<u>264,427,194</u>	<u>5,854,019</u>
Profit/(Loss) Before Tax, Exceptional Item & Tax		34,245,153	723,583	(391,021,688)	(8,656,630)
Exceptional Income / (Expense) (Refer Note No.10)		(10,514,703)	(222,172)	421,780,758	9,337,589
Profit/(Loss) Before Tax		23,730,450	501,411	30,759,070	680,959
Provision for Taxation					
Current Taxation (Refer Note No.3)		(1,698,852)	(35,896)	(2,345,293)	(51,921)
Deferred Taxation (Refer Note No.4)		(83,351)	(1,761)	(170,371)	(3,772)
Fringe Benefit Tax		-	-	(5,095,810)	(112,814)
Minority Interest		(1,263,873)	(26,705)	(825,228)	(18,269)
Equity in Earnings / (Losses) of Affiliates		(1,900,387)	(40,154)	(2,114,707)	(46,816)
Profit/(Loss) After Tax		18,783,987	396,895	20,207,661	447,367
Balance in Profit & Loss Account brought forward from previous year		(467,498,022)	(10,230,081)	(487,705,683)	(10,677,448)
Balance in Profit & Loss Account		(448,714,035)	(9,833,186)	(467,498,022)	(10,230,081)
Earnings Per Share - Basic & Diluted (Face value of shares @ Rs.10/- each) (Refer Note No.6)					
Basic EPS		1.22	0.03	1.32	0.03
Diluted EPS		1.19	0.03	1.32	0.03
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 Registration No.004915S

C N GANGADARAN
Partner
Membership No.11205

Place : Chennai
Date : 24th May, 2010

P R RAMASUBRAHMANEYA RAJHA
Chairman

P R VENKETRAMA RAJA
Vice Chairman, Managing Director & CEO

SUBRAMANIAN NARAYAN
Company Secretary

S S RAMACHANDRA RAJA

N K SHRIKANTAN RAJA

V JAGADISAN

M M VENKATACHALAM

A V DHARMAKRISHNAN

R S AGARWAL
Directors

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

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

	Year ended 31.03.2010 Rs.	Year ended 31.03.2010 USD	Year ended 31.03.2009 Rs.	Year ended 31.03.2009 USD
A. Cash Flow From Operating Activities				
Net Profit / (Loss) before tax & exceptional items	34,245,153	723,583	(391,021,688)	(8,656,630)
Adjustments for:				
Depreciation	224,497,069	4,743,500	264,427,194	5,854,019
Preliminary expenses written off	-	-	4,071,386	90,134
Interest & Finance Charges	119,350,404	2,521,809	182,362,514	4,037,231
Unrealised foreign exchange fluctuation (gain) / loss	7,188,893	151,897	(5,695,051)	(126,080)
(Profit) / Loss on sale of fixed assets (other than those mentioned in Note No.10(A)) - Net	731,939	15,465	3,988,395	88,297
Interest income	(557,948)	(11,789)	(1,314,990)	(29,112)
Dividend income	(28,540)	(603)	(81,408)	(1,802)
Operating Profit before Working Capital Changes	385,426,970	8,143,862	56,736,352	1,256,057
Working Capital Changes:				
(Increase) / Decrease in Trade and Other receivables	(137,539,027)	(6,377,028)	67,321,331	9,726,711
(Increase) / Decrease in Inventories	(332,603)	(7,834)	1,721,997	44,398
(Increase) / Decrease in Other current assets [other than Cash and Bank]	(70,314,829)	(1,671,304)	30,608,685	980,952
Increase / (Decrease) in Current liabilities and Provisions	(48,056,963)	98,047	(218,681,686)	(8,026,361)
Cash generated from operations	129,183,548	185,743	(62,293,321)	3,981,757
Tax paid (including Dividend Distribution Tax)	1,215,868	19,312	(8,118,523)	(211,789)
Cash Flow before exceptional items	130,399,416	205,055	(70,411,844)	3,769,968
Overseas withholding tax	(10,514,703)	(222,172)	(8,017,560)	(177,496)
Net Cash (used in)/generated from operating activities	119,884,713	(17,117)	(78,429,404)	3,592,472
B. Cash Flow from Investing Activities:				
Purchase of Fixed assets - for R&D activities	(194,119)	(4,346)	(14,505,248)	(287,062)
Purchase of Fixed assets - for Others	(43,492,137)	(973,633)	(96,729,784)	(1,914,305)
Investment in R&D activities	(229,489,119)	(5,137,433)	(220,664,877)	(4,367,007)
Net Investment in Companies / Mutual Funds	1,895,363	32,850	2,107,362	73,671
Proceeds from Sale of fixed assets mentioned in Note No.10(A)	-	-	750,000,000	14,842,668
Proceeds from Sale of other fixed assets	1,554,956	35,731	1,759,085	1,586,502
Interest income	557,948	11,789	1,314,990	29,112
Dividend income	28,540	603	81,408	1,802
Equity in Earnings / (Losses) of Affiliates	(1,900,387)	(40,154)	(2,114,707)	(46,816)
Miscellaneous Expenditure	-	-	(4,084,772)	(103,360)
Net cash (used in) /generated from Investing Activities	(271,038,955)	(6,074,593)	417,163,457	9,815,205
C. Cash Flow from Financing Activities				
Proceeds from long term borrowings	850,000	26,108	245,290,967	4,854,363
Proceeds from short term borrowings	1,802,500,000	40,351,466	1,880,085,616	37,207,315
Repayment of long term borrowings	(228,188,927)	(4,487,155)	(255,109,955)	(6,437,022)
Repayment of short term borrowings	(1,217,585,616)	(25,569,615)	(2,112,440,000)	(46,670,922)
Working capital changes - Net	(115,000,000)	(2,068,183)	25,025,459	(441,881)
Interest & Finance Charges	(119,350,404)	(2,521,809)	(182,362,514)	(4,037,231)
Rights Issue expenses	-	-	(5,468,383)	(121,063)
Net cash (used in) /generated from financing activities	123,225,053	5,730,812	(404,978,810)	(15,646,441)
Net Increase/(Decrease) in cash and cash equivalents (A+B+C)	(27,929,189)	(360,898)	(66,244,757)	(2,238,764)
Cash and Cash equivalents at the beginning of the year	105,298,728	2,083,886	165,848,434	4,196,570
Effect of Unrealised foreign exchange fluctuation gain / (loss)	(7,188,893)	(151,897)	5,695,051	126,080
Cash and Cash equivalents at the end of the year	70,180,646	1,571,091	105,298,728	2,083,886

As per our Report Annexed
For **CNGSN & Associates**
Chartered Accountants
Registration No.004915S

C N GANGADARAN
Partner
Membership No. 11205

Place : Chennai
Date : 24th May, 2010

P R RAMASUBRAHMANEYA RAJHA
Chairman

P R VENKETRAMA RAJA
Vice Chairman, Managing Director & CEO

SUBRAMANIAN NARAYAN
Company Secretary

S S RAMACHANDRA RAJA
N K SHRIKANTAN RAJA

V JAGADISAN

M M VENKATACHALAM

A V DHARMAKRISHNAN

R S AGARWAL
Directors

SCHEDULES TO CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2010

	As at 31.03.2010		As at 31.03.2009	
	Rs.	USD	Rs.	USD
Schedule I				
Share Capital				
Authorised Share Capital				
50,000,000 equity Shares of Rs.10/- each (Previous year 50,000,000 of Rs.10/- each)	<u>500,000,000</u>		<u>500,000,000</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>3,601,260</u>	<u>157,071,640</u>	<u>3,601,260</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>3,601,260</u>	<u>157,071,640</u>	<u>3,601,260</u>
Paid up Share Capital				
15,357,986 equity shares of Rs.10/- each (Previous year 15,357,986 of Rs.10/- each) fully paid up	<u>153,579,860</u>	<u>3,519,652</u>	<u>153,579,860</u>	<u>3,519,652</u>
Add: Forfeited Shares	<u>353,890</u>	<u>8,268</u>	<u>353,890</u>	<u>8,268</u>
	<u>153,933,750</u>	<u>3,527,920</u>	<u>153,933,750</u>	<u>3,527,920</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.

	As at 31.03.2010		As at 31.03.2009	
	Rs.	USD	Rs.	USD
Schedule II				
Reserves & Surplus				
Share Premium	<u>1,942,746,246</u>	<u>44,951,173</u>	<u>1,942,746,246</u>	<u>44,951,173</u>
Translation Reserve a/c (Refer Accounting Policy No III)	<u>25,636,751</u>	<u>(1,184,868)</u>	<u>45,667,387</u>	<u>(5,114,722)</u>
	<u>1,968,382,997</u>	<u>43,766,305</u>	<u>1,988,413,633</u>	<u>39,836,451</u>
Schedule III				
Secured Loans				
a) Bank Borrowings	<u>80,000,000</u>	<u>1,790,911</u>	<u>195,000,000</u>	<u>3,859,094</u>
b) Hire Purchase Loans	<u>1,242,717</u>	<u>27,820</u>	<u>947,427</u>	<u>18,750</u>
c) Obligations under finance lease (Refer Note No.11)	<u>13,410,197</u>	<u>300,206</u>	<u>21,044,414</u>	<u>416,474</u>
(For security details, Refer Note No.2)	<u>94,652,914</u>	<u>2,118,937</u>	<u>216,991,841</u>	<u>4,294,318</u>
Schedule IV				
Unsecured Loans				
Long Term Loans - from Banks	-	-	<u>220,000,000</u>	<u>4,353,849</u>
Short Term Loans - from Banks	<u>1,150,000,000</u>	<u>25,744,347</u>	<u>200,000,000</u>	<u>3,958,045</u>
Short Term Loans - from Others	<u>85,000,000</u>	<u>1,902,844</u>	<u>450,085,616</u>	<u>8,907,295</u>
(For security details, refer Note No.2)	<u>1,235,000,000</u>	<u>27,647,191</u>	<u>870,085,616</u>	<u>17,219,189</u>

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

Schedule V - Fixed Assets

Asset Description	Gross Block						Depreciation Block						Net Block								
	As at 01.04.09		Additions/Reserve Adjustments		Withdrawals		As at 31.03.10		Up to 01.04.09		Additions/Reserve Adjustments		Withdrawals		Up to 31.03.10		As at 01.04.09		As at 31.03.10		
	Rs.	USD	Rs.	USD	Rs.	USD	Rs.	USD	Rs.	USD	Rs.	USD	Rs.	USD	Rs.	USD	Rs.	USD	Rs.	USD	
Goodwill	994,508,931	19,681,554	-	2,581,910	-	994,508,931	22,263,464	-	-	-	-	-	-	994,508,931	19,681,554	-	994,508,931	22,263,464	994,508,931	22,263,464	
Technology Platform	512,032,697	10,133,242	55,087,392	2,562,529	-	567,120,089	12,695,771	-	51,203,270	1,559,658	-	-	-	352,797,292	6,981,938	-	352,797,292	6,981,938	356,681,414	7,984,809	
Product Software	1,020,437,481	20,194,686	174,401,727	6,553,449	-	1,194,839,208	26,748,135	-	102,043,748	2,920,705	-	-	-	775,340,092	15,344,154	-	775,340,092	15,344,154	847,698,071	18,976,898	
Patents	-	-	6,889,023	154,220	-	6,889,023	154,220	-	279,423	6,255	-	-	-	-	-	6,255	-	-	6,609,600	147,965	
Building	3,116,859	61,683	-	8,092	-	3,116,859	69,775	-	104,103	5,300	-	-	-	1,972,972	39,045	-	1,972,972	39,045	1,868,869	41,837	
Plant & Machinery	369,030,695	7,303,202	(1,535,810)	923,682	15,702,921	351,532	7,875,352	351,532	27,851,284	1,223,745	15,210,986	340,519	243,849,473	5,458,909	137,821,520	2,727,519	107,842,491	2,416,443	107,842,491	2,416,443	
- EDP	247,982,868	4,907,833	20,634,654	1,105,767	-	268,627,522	6,013,600	-	27,078,606	1,034,644	-	-	-	82,960,303	1,641,802	-	82,960,303	1,641,802	76,516,351	1,712,925	
- Software	9,911,988	196,159	(239,338)	20,377	-	9,672,650	216,536	-	(901,652)	3,999	-	-	-	596,810	11,810	-	596,810	11,810	1,259,124	28,188	
- Others	63,046,595	1,247,707	(1,739,770)	124,732	576,270	60,730,555	1,359,538	12,901	(229,757)	112,463	105,510	2,362	44,965,071	1,006,605	17,746,257	351,203	15,765,484	352,933	15,765,484	352,933	
Furniture	12,209,781	241,634	(218,308)	26,812	-	11,991,473	268,446	-	1,045,455	46,436	-	-	-	3,338,323	66,066	-	3,338,323	66,066	2,074,560	46,442	
- Office Equipments	39,221,605	776,205	3,351,236	176,847	861,927	41,710,914	933,757	19,295	2,039,280	77,828	118,610	2,655	14,314,604	320,452	26,827,671	530,926	26,827,671	530,926	27,396,310	613,305	
Electrical Items	5,277,460	104,442	1,301,130	42,829	1,673,517	4,905,073	109,807	37,464	475,242	15,863	1,092,611	24,460	1,394,833	31,225	3,265,258	64,620	3,265,258	64,620	3,510,240	78,582	
Vehicles	3,276,766,960	64,848,347	257,931,936	14,261,246	18,814,635	3,515,904,261	78,708,401	421,192	210,989,002	7,006,896	16,527,717	369,996	1,074,072,816	24,044,610	2,397,175,429	47,440,637	2,397,175,429	47,440,637	2,441,831,445	54,663,791	
Total	3,684,815,367	93,239,255	360,701,991	(13,177,563)	768,730,398	15,213,345	3,276,786,980	64,846,347	290,506,046	29,803	448,249,624	8,870,958	879,611,531	17,407,710	2,647,460,258	66,990,390	2,647,460,258	66,990,390	2,397,175,429	47,440,637	
Previous year																					

Notes: 1. Gross Block includes assets purchased under Hire Purchase Rs.2,716,590 USD 60,815 (Previous year Rs.1,972,530 USD 39,037) Net Block as on 31.03.2010 Rs.2,095,875 USD 46,919 (Previous year Rs.2,309,149 USD 45,699).

2. Additions in Gross Block and Depreciation Block include the following on account of Reserve Adjustment:
 Gross Block (Rs.15,243,439) USD 8,165,835 (Previous year Rs.28,802,082 USD 19,745,939)
 Depreciation Block (Rs.13,508,067) USD 2,263,396 (Previous year Rs.26,078,852 USD 5,824,216)

3. Gross Block includes assets purchased under Finance Lease Rs.25,290,967 USD 566,173 (Previous year 25,290,967 USD 491,523) Net Block as on 31.03.2010 Rs.19,540,203 USD 437,435 (Previous year Rs.23,639,869 USD 467,838).

SCHEDULES TO CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2010

	As at 31.03.2010		As at 31.03.2009	
	Rs.	USD	Rs.	USD
Schedule VI				
Investments				
Trade-Unquoted (Long Term)				
300 shares of face value ZAR 1 each in Redlex 47 (Pty) Limited, South Africa	1,653,546	37,017	3,553,447	70,324
Non-Trade-Unquoted (Short Term)				
Investments In Mutual Funds (141.437 units (Previous Year 136.900 units) purchased under Standard Chartered Liquidity Manager Plus - Daily Dividend Plan)	141,467	3,167	136,929	2,710
	<u>1,795,013</u>	<u>40,184</u>	<u>3,690,376</u>	<u>73,034</u>
Schedule VII				
Inventories				
Resale Hardware & Software Materials (Valued at Cost or Net realisable value whichever is lower and as certified by management)	482,309	10,797	149,706	2,963
Schedule VIII				
Sundry Debtors				
(Unsecured)				
a) Debts Outstanding for period exceeding six months	95,114,431	2,129,269	57,248,553	1,132,962
Less: Provision for Bad & Doubtful Debts	<u>(5,705,925)</u>	<u>(127,734)</u>	<u>(5,763,175)</u>	<u>(114,054)</u>
	89,408,506	2,001,535	51,485,378	1,018,908
b) Other debts considered good	<u>335,567,976</u>	<u>7,512,155</u>	<u>361,454,466</u>	<u>7,153,265</u>
	<u>424,976,482</u>	<u>9,513,690</u>	<u>412,939,844</u>	<u>8,172,173</u>
Schedule IX				
Cash and Bank Balances				
Cash on hand	192,187	4,302	364,104	7,206
Balances with Scheduled Banks in				
a) Current Accounts	21,903,839	490,349	58,183,337	1,151,461
b) Deposit Accounts	825,939	18,490	825,939	16,346
Balances with Other Banks in Current Account				
Bank of America, USA	10,097,808	226,053	14,938,383	295,634
Commerce Bank, USA	200,224	4,482	1,814,867	35,917
CIBC Bank of Canada	108,343	2,425	122,555	2,425
UBS AG, Switzerland	4,426,350	99,090	4,935,800	97,681
Credit Suisse, Switzerland	119,129	2,667	133,557	2,643
ABN Amro Bank, Singapore	3,509,013	78,554	4,493,884	88,935
Bumiputra Commerce Bank Berhad, Malaysia	5,092,761	114,009	7,474,882	147,930
ABN Amro Bank Berhad, Malaysia	2,868,346	64,212	4,009,984	79,358
Bank of Baroda, South Africa	248,990	5,574	2,225,044	44,034
The Standard Bank, South Africa	1,292,569	28,936	2,669,818	52,836
Dresdner Bank, Germany	899,629	20,139	414,384	8,201
HSBC Bank, United Kingdom	121,253	2,714	130,663	2,586
State Bank of India, United Kingdom	1,813,774	40,604	2,314,549	45,805
CitiBank, Dubai	232,585	5,207	246,978	4,888
National Bank of Dubai, Dubai	16,227,907	363,284	-	-
	<u>70,180,646</u>	<u>1,571,091</u>	<u>105,298,728</u>	<u>2,083,886</u>

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

SCHEDULES TO CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2010

	As at 31.03.2010		As at 31.03.2009	
	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	124,064,105	2,777,347	112,131,973	2,219,117
Tax deducted at Source	106,143,818	2,376,177	84,129,549	1,664,943
Deposits with Government Departments and Others	132,354,576	2,962,941	59,093,828	1,169,480
Advance Tax	-	-	3,330,905	65,919
(Unsecured, Considered Doubtful)				
Advance recoverable in Cash or in kind or for value to be received	706,164	15,808	706,164	13,975
Less: Provision for doubtful advances	(706,164)	(15,808)	(706,164)	(13,975)
	<u>362,562,499</u>	<u>8,116,465</u>	<u>258,686,255</u>	<u>5,119,459</u>
Schedule XI				
Other Current Assets				
Prepaid expenses	79,994,788	1,790,794	32,442,903	642,053
Interest Accrued	167,228	3,744	119,162	2,358
Software Work in Progress	27,596,194	617,779	4,881,316	96,602
	<u>107,758,210</u>	<u>2,412,317</u>	<u>37,443,381</u>	<u>741,013</u>
Schedule XII				
Current Liabilities				
For Purchases	25,500,738	570,869	43,003,008	851,039
For Expenses	297,835,117	6,667,453	334,686,467	6,623,520
Interest accrued but not due on loans	276,573	6,191	426,665	8,444
	<u>323,612,428</u>	<u>7,244,513</u>	<u>378,116,140</u>	<u>7,483,003</u>
Schedule XIII				
Provisions				
Provision for Taxation	609,375	13,642	807,379	15,978
Provision for staff benefit schemes	80,484,970	1,801,768	74,038,221	1,465,234
	<u>81,094,345</u>	<u>1,815,410</u>	<u>74,845,600</u>	<u>1,481,212</u>

SCHEDULES TO CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	Year ended 31.03.2010		Year ended 31.03.2009	
	Rs.	USD	Rs.	USD
Schedule XIV				
Sales				
Software Revenues (Licensing & Services)	1,595,537,497	33,712,837	1,779,243,548	39,389,765
Value Added Resale Software & Hardware Materials	84,765,477	1,791,048	97,256,600	2,153,114
	<u>1,680,302,974</u>	<u>35,503,885</u>	<u>1,876,500,148</u>	<u>41,542,879</u>

SCHEDULES TO CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	Year ended 31.03.2010		Year ended 31.03.2009	
	Rs.	USD	Rs.	USD
Schedule XV				
Other Income				
Rental Income	45,483,252	961,036	34,970,327	774,190
Dividend Income	28,540	603	81,408	1,802
Interest Income	557,948	11,789	1,314,990	29,112
Profit on sale of fixed assets (Other than those mentioned in (Note No. 10(A))	864,809	18,273	312,187	6,912
Miscellaneous Income	28,386,987	599,802	39,740,119	879,786
	<u>75,321,536</u>	<u>1,591,503</u>	<u>76,419,031</u>	<u>1,691,802</u>
Schedule XVI				
Employee Compensation & Benefits				
Salaries, Bonus etc.	683,134,657	14,434,263	982,625,681	21,753,848
Gratuity & Superannuation	27,073,677	572,052	51,850,843	1,147,899
Provident Fund & others	26,327,386	556,283	30,982,753	685,911
Staff Welfare	55,801,076	1,179,046	64,386,595	1,425,422
	<u>792,336,796</u>	<u>16,741,644</u>	<u>1,129,845,872</u>	<u>25,013,080</u>
Schedule XVII				
Sales & Marketing Expenses				
Advertisement & Sales Promotion	82,420,593	1,741,502	107,973,034	2,390,360
Sales Commission	12,619,403	266,641	48,858,794	1,081,660
	<u>95,039,996</u>	<u>2,008,143</u>	<u>156,831,828</u>	<u>3,472,020</u>
Schedule XVIII				
Administrative & Other Expenses				
Consultancy Charges	24,883,494	525,775	36,409,706	806,056
Bank Charges	3,247,915	68,627	5,409,327	119,754
Insurance	8,777,715	185,468	9,881,328	218,758
Loss on sale of fixed assets	1,596,748	33,738	4,300,582	95,208
Communication Expenses	39,046,016	825,021	46,918,771	1,038,711
Power & Fuel	11,311,321	239,002	15,098,993	334,269
Printing & Stationery	2,910,035	61,487	3,494,664	77,367
Rates & Taxes	5,560,605	117,493	6,048,886	133,913
Rent	147,988,809	3,126,923	145,040,169	3,210,970
Repairs & Maintenance - Buildings	2,255,395	47,655	51,352	1,137
Repairs & Maintenance - Plant & Machinery	12,089,619	255,447	16,286,265	360,553
Repairs & Maintenance - Others	6,461,522	136,528	3,349,998	74,164
Travel & Conveyance	143,313,562	3,028,137	192,883,199	4,270,143
Bad Debts Written off	17,050,763	360,273	44,396,973	982,882
Provision for Doubtful advances	-	-	138,953	3,076
Foreign Exchange Fluctuation	(3,982,910)	(84,157)	6,321,134	139,941
Miscellaneous Expenses	27,023,548	570,994	35,504,886	786,024
	<u>449,534,157</u>	<u>9,498,411</u>	<u>571,535,186</u>	<u>12,652,926</u>
Schedule XIX				
Interest & Finance Charges				
Hire Purchase & Finance Charges	1,566,413	33,098	7,930,155	175,562
Others	117,783,991	2,488,711	174,432,359	3,861,669
	<u>119,350,404</u>	<u>2,521,809</u>	<u>182,362,514</u>	<u>4,037,231</u>

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

Schedule XX

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) Ramco Systems Australia Pty Ltd., Australia has been de-registered effective January 27, 2010.	Australia	98%	31st March
Affiliates				
1	Redlex 47 (Pty) Limited	South Africa	30%	28th February

1. Contingent Liabilities

Particulars	As at 31.03.2010 Rs. '000	As at 31.03.2010 USD Min.	As at 31.03.2009 Rs. '000	As at 31.03.2009 USD Min.
(a) Estimated amount of contracts remaining to be executed on capital account	7,675	0.17	655	0.01
(b) Bank Guarantees	18,738	0.42	10,773	0.21
(c) Letters of credit	Nil	Nil	720	0.01

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

Ramco Systems Limited, India

Borrowings from the banks for working capital amounting to Rs.10,000 thousands (USD 0.22 million) are secured by a pari-passu first charge on 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 Ramco Industries Limited. Borrowings from the banks for working capital amounting to Rs.70,000 thousands (USD 1.57 million) are secured by a pari-passu first charge on the current assets including stocks and book debts and supported by a Corporate Guarantee from Ramco Industries Limited.

Borrowings from the banks for working capital amounting to Rs.195,000 thousands (USD 3.86 million) during the previous year were 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.

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 Financial Institutions as security.

Of the total unsecured loans of Rs.1,235,000 thousands (USD 27.65 million) (Previous year Rs. 870,086 thousands (USD 17.22 million), Rs. 950,000 thousands (USD 21.27 million) (Previous year Rs.470,086 thousands (USD 9.30 million)) are supported by a Corporate Guarantee from Madras Cements Limited and Rs.200,000 thousands (USD 4.48 million) (Previous year Rs.200,000 thousands (USD 3.96 million)) are supported by a Corporate Guarantee from Ramco Industries Limited.

In the case of subsidiaries, there are no secured and un-secured loans outstanding as on 31.03.2010.

3. Taxation

Ramco Systems Limited, India

No provision for current tax for the Company has been made in view of absence of taxable profits.

No provision for taxation has been made by subsidiaries, other than Ramco Systems Pte. Ltd., Singapore in the absence of taxable profits.

4. Deferred Tax

Ramco Systems Limited, India

The Company has net deferred tax assets as at 31st March 2010, 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.

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 capitalised during the year, as per Schedule 5 to R&D Accounts	Year ended 31.03.2010		Year ended 31.03.2009	
	Rs. '000	USD Mln.	Rs. '000	USD Mln.
Employee compensation	209,651	4.43	195,107	4.32
Administrative and other expenses	19,838	0.42	25,558	0.57
Of the above:				
Shown as "Technology Platform" under Fixed Assets	55,087	1.16	80,944	1.79
Shown as "Product Software" under Fixed Assets	174,402	3.69	139,721	3.10

6. Earnings per share [EPS]

Particulars	Year ended 31.03.2010		Year ended 31.03.2009	
	Rs.	USD	Rs.	USD
A Profit/(Loss) after tax	Rs. 18,783,987	USD 396,895	Rs. 20,207,661	USD 447,367
B Weighted Average Equity shares outstanding (No.)	15,357,986	15,357,986	15,357,986	15,357,986
C EPS-Basic (per share of Rs.10/- each) A/B	Rs. 1.22	USD 0.03	Rs.1.32	USD 0.03
D Diluted Equity shares (No.)	15,846,567	15,846,567	15,357,986	15,357,986
E EPS- Diluted (per share of Rs.10/- each) A/D	Rs. 1.19	USD 0.03	Rs.1.32	USD 0.03

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

7. Proportionate equity in the earnings of the Affiliate Redlex 47 (Pty) Limited for the year Mar 2009-Feb 2010 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:**

1. Shri P R Ramasubrahmaneya Rajha
2. 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):**

1. Rajapalayam Mills Limited
2. Madras Cements Limited
3. Ramco Industries Limited
4. The Ramaraju Surgical Cotton Mills Limited

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

Particulars	Transaction during 2009-2010		Outstanding as at 31.03.2010		Transaction during 2008-2009		Outstanding as at 31.03.2009	
	Rs. '000	USD Mln.						
Income from Sale of goods & services								
Madras Cements Limited	191,151	4.04	5,083	0.11	168,302	3.73	2,717	0.05
Ramco Industries Limited	22,170	0.47	-	-	7,535	0.17	469	0.01
Rajapalayam Mills Limited	4,176	0.09	-	-	1,027	0.02	176	-
The Ramaraju Surgical Cotton Mills Limited	2,037	0.04	-	-	601	0.01	141	-
Loans availed								
Madras Cements Limited	540,000	12.09	85,000	1.90	-	-	200,000	3.96
Ramco Industries Limited	12,500	0.28	-	-	12,500	0.25	-	-
Interest - Expense								
Madras Cements Limited	14,690	0.31	-	-	24,504	0.54	-	-
Ramco Industries Limited	221	-	-	-	743	0.02	-	-
Rent - Expense								
Madras Cements Limited	69,536	1.47	-	-	61,869	1.37	-	-
Rent - Income								
Ramco Industries Limited	-	-	-	-	225	-	-	-
Sale of assets								
Madras Cements Limited	-	-	-	-	750,000	14.84	-	-

Notes: a) Details of corporate guarantees given by the Group are given in Note No.2 above.

b) Details of transactions with Key Management Personnel and Relatives:

- (i) Remuneration paid to Shri P R Venketrama Raja is furnished in Note No.6 to India accounts
- (ii) Sitting fees paid to Shri P R Ramasubrahmaneya Rajha Rs.25 thousands (Previous year Rs.43 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 of Chartered Accountants of India does not apply.

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

Sl. No.	Description	Year ended 31.03.2010		Year ended 31.03.2009	
		Rs. '000	USD Mln.	Rs. '000	USD Mln.
A	Profit on sale of Land and Building at No 86C, Santhome High Road, R.A.Puram Chennai	-	-	664,769	14.72
B	Impairment Loss written off - Technology Platform and product Software	-	-	(229,503)	(5.08)
C	Overseas withholding tax written off	(10,515)	(0.22)	(8,017)	(0.18)
D	Rights Issue Expenses charged off	-	-	(5,468)	(0.12)
	Total	(10,515)	(0.22)	421,781	9.34

11. Obligations towards finance leases:

	2009-2010	2008-2009	2009-2010	2008-2009
	Rs. '000	Rs. '000	USD Mln.	USD Mln.
Reconciliation between total minimum lease payments at the Balance Sheet date and their Present Value:				
Total minimum lease payments at the Balance Sheet Date	14,940	24,899	0.33	0.50
Present Value of the minimum lease payments at the Balance Sheet date	13,410	21,044	0.30	0.42
	1,530	3,855	0.03	0.08
Difference being:				
Interest accrued, but not due at the Balance Sheet Date	277	427	0.01	0.01
Future interest payable during the balance lease term	1,253	3,428	0.02	0.07
Minimum Lease Payments:				
Less than one year	9,960	9,960	0.22	0.20
One to five years	4,980	14,939	0.11	0.30
Later than five years	-	-	-	-
Total	14,940	24,899	0.33	0.50
Present value of minimum Lease Payments:				
Less than one year	8,656	7,634	0.19	0.15
One to five years	4,754	13,410	0.11	0.27
Later than five years	-	-	-	-
Total	13,410	21,044	0.30	0.42

12. Minority Interest: The share of Minority Interest in Ramco Systems Corporation, USA 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 moving average exchange rate prevailing during the reporting period. The resultant gains or losses are taken to the translation reserve.

14. The figures have been rounded off to the nearest rupee / USD, thousand / Mln. and previous year's figures have been regrouped / recast where ever necessary to conform to the current year classifications.

As per our Report Annexed
For **CNGSN & Associates**
Chartered Accountants
Registration No.004915S

C N GANGADARAN
Partner
Membership No.11205

Place : Chennai
Date : 24th May, 2010

P R RAMASUBRAHMANEYA RAJHA
Chairman

P R VENKETRAMA RAJA
Vice Chairman, Managing Director & CEO

SUBRAMANIAN NARAYAN
Company Secretary

S S RAMACHANDRA RAJA

N K SHRIKANTAN RAJA

V JAGADISAN

M M VENKATACHALAM

A V DHARMAKRISHNAN

R S AGARWAL
Directors

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