



Co-creating success

Annual Report 2010 - 2011





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P R Ramasubrahmaneya Rajha P R Venketrama Raja

## Letter to Shareholders

**Dear Shareholders,**

The Cloud, as a platform, is revolutionizing the way software applications are used by organizations for running their businesses. Ramco continues to invest in cloud technologies which bring significant business benefits to customers.

On that note, we are glad to announce that our Company has maintained breakeven across all Quarters this year, despite investing towards marketing initiatives and are adapting our strategies to usher in improvements during the coming year. Over the last year, we have acquired new orders across the globe, implemented projects successfully, and expanded our offerings.

Buoyed by the excellent pan-India success, we have worked our way towards showcasing our technology and products on a larger scale in the international market. We have the advantage of being one of the few companies in the world to provide large, complex solutions in a simple, powerful, easy and cost-effective manner. Moreover, we have been able to deliver our offering on the most appropriate cloud model – public or private – depending upon the need.

One of our main agendas during the year has been embracing change through verticalization. Through this move, we expect to leverage our experience in developing end-to-end solutions for specific domains and to reduce sales cycle time. By making each unit a self-contained entity with the domain expertise to handle the solution end-to-end, we also assure better focus.

Our reputation as a leading enterprise applications provider got a boost with the launch of the SaaS ERP offering late last year. We have also continued to win many strategic orders in Manufacturing, HCM, Banking, Insurance, e-Governance and Logistics verticals and is now concentrating on emerging markets in India, North & South Africa, and South East Asia.

Many global clients and industry influencers have commended the success of our Company's business models and recognized its delivery capabilities. Appreciation from customers, industry bodies and the media serve to corroborate our own confidence in our strengths and capabilities. Three prestigious award-wins during this fiscal year have also given us much encouragement—we know that we are poised for growth and that we are on the right path. At this stage, we need to keep innovating, show utmost perseverance in winning orders, rationalize costs to change, and sustain momentum.

We believe it is a combination of all these factors that have contributed towards creating an environment where the people feel that they own the Company. Our customers, partners and employees have co-created our success in every way.

Overall, it has been a year inspiring positive growth, and we raise a toast to all our stakeholders who have stood by us: you, our shareholders, clients, partners and employees. We thank you for your continued support and look forward to the same in the future.

**P R Ramasubrahmaneya Rajha**  
Chairman

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

## **Corporate Theme**

### **Value Co-creation**

Ramco believes that the best way for a Company to differentiate itself from the others is to adopt 'value creation' as a way of life rather than treating it as a yet another management program. At Ramco, creating value for all the stakeholders has become part of our culture and not just a one-off initiative. In an environment where partnerships are built on trust, where focus is on providing superior services and driving innovation, value creation has become a must. Our management is pursuing strategies that aggressively promote such value creation at all levels.

### **Customers**

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

### **Employees**

Ramco is constantly trying to ensure that everyone in the Organization understands his or her role in creating value for the Organization. This begins at the top and cascades down the entire Organization so that each individual understands the big question, "How does our Company create value?" and the more relevant question, "How do my role and the daily decisions that I make impact value?" It is imperative that all individuals understand their role in value creation.

Working our way towards better employee welfare, Ramco 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 premier engineering and business schools.

### **Partners**

We value the importance of partners and associates in today's globalized business environment. Ramco's ecosystem of partners brings together diverse relationships, resources and communities to help us develop and deliver the next-gen solutions. Fostering collaboration around this need ensures ongoing innovation and value for everyone. 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 61 partners, who are relentlessly pursuing the business across India.

We believe it is a combination of everything which creates an environment where all entities exist harmoniously. Our customers, partners and employees have co-created our success in every way and we believe that the path to success is by Co-creating Value.

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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**

AXIS Bank Limited

IDBI Bank Limited

Canara Bank

Punjab & Sind Bank

Kotak Mahindra Bank Limited

Indian Overseas Bank

The Karur Vysya Bank Limited

HDFC 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](http://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

Ramco Systems Canada Inc., Canada

### **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 Fourteenth Annual Report together with the Audited Accounts of the Company for the year ended 31<sup>st</sup> March, 2011.

### 1. FINANCIAL RESULTS

The consolidated and standalone audited financial results for the year ended 31<sup>st</sup> March, 2011 are as follows:

Particulars	Standalone for the year ended 31 <sup>st</sup> March,		Consolidated for the year ended 31 <sup>st</sup> March,	
	2011 (In Rs. Lakhs)	2010	2011 (In USD Million)	2010
Net Sales/Income from Operations	<b>15,040.20</b>	10,346.15	<b>45.16</b>	35.50
Other Operating Income	<b>733.72</b>	508.88	<b>2.25</b>	1.59
Total Income	<b>15,773.92</b>	10,855.03	<b>47.41</b>	37.09
Expenditure				
- Cost of resale material	<b>600.49</b>	662.47	<b>1.61</b>	1.80
- Staff Cost	<b>6,032.86</b>	3,571.59	<b>20.75</b>	15.94
- Sales & Marketing expenses	<b>1,326.90</b>	700.67	<b>3.85</b>	1.87
- Administration & Other Expenses	<b>3,463.75</b>	2,584.35	<b>11.86</b>	9.50
Total Expenditure	<b>11,424.00</b>	7,519.08	<b>38.07</b>	29.11
Profit / (Loss) Before Interest, Depreciation, Exceptional Items & Tax	<b>4,349.92</b>	3,335.95	<b>9.34</b>	7.98
Interest & Finance Charges	<b>1,349.34</b>	1,184.63	<b>2.99</b>	2.52
Depreciation	<b>2,399.75</b>	2,155.99	<b>5.49</b>	4.74
Exceptional Expenditure / (Income)	-	105.15	-	0.22
Profit / (Loss) Before Tax	<b>600.83</b>	(109.82)	<b>0.86</b>	0.50
Provision for Taxation	<b>(123.81)</b>	-	<b>(0.42)</b>	(0.04)
Minority Interest and Equity in Earnings / (Losses) of Affiliates	-	-	<b>0.07</b>	(0.06)
Net Profit/(Loss) After Tax	<b>477.02</b>	(109.82)	<b>0.51</b>	0.40

### 2. BUSINESS OPERATIONS

Organizations across the world have seen seismic shifts in the way they perceive business processes and growth possibilities. This, coupled with the continuous development of technology, has changed the way we deal with business partners. The year 2010-11 has been marked by product launches, new order wins, and customer acquisitions. We have also made significant progress in strengthening our products and technology. Overall, we have sustained the profitability and positive trend that we witnessed during the previous year.

Our focused approach on key market sectors with matured and proven technologies and significant cost rationalization has ensured that we are on a path of sustainable growth. Our strategy to expand our engagements, invest steadily in R&D, and constantly innovate and improve our cloud-based offering, is helping the Company move up the value chain, resulting in good growth and improved profitability.

Our sustained efforts and investments toward our OnDemand offering have started yielding the desired results, with consistent traction and addition of customers. We are glad to report that we have continued to breakeven for the second consecutive year.

The year began on an optimistic note with the BPO division of Ramco launching the IP3 Framework — Infrastructure, Product, Process and People — to business houses across the globe, to suit their right costing exercise. Within a year of the launch of the framework, our BPO division won recognition at the BPO Excellence Awards 2010-11, held at Mumbai. We received an award for 'Operational Excellence and Quality', for exhibiting successful implementation of the framework, bringing operational excellence and quality to customers. This further reinforces our belief and commitment to quality through our continuous investments in R&D and innovation. Ramco's BPO division has been offering the best of services to customers and helping them in their growth with a robust technology. This award is a testimony to our customers' belief in Ramco and its offerings.

## Ramco Systems Limited, INDIA

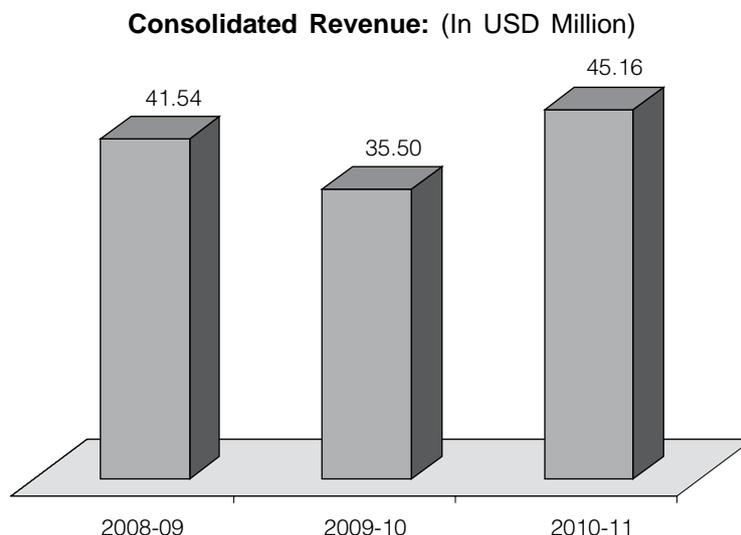
Ramco's **Aviation business** has been picking up momentum this year. Earlier in the year, we entered into a global partnership with IDBLUE™ to provide end-to-end Radio Frequency Identification (RFID) solutions within the aerospace sector. The end of the second Quarter saw us seal some prestigious wins in the Indian aviation sector with National Aviation Company of India Limited (NACIL) (now Air India Limited), and MAS GMR Aerospace Engineering Co. Ltd., for our Airframe Maintenance, Repair & Overhaul (MRO) suite of aviation software offerings. This has given us a significant morale boost. The Series 5 Aviation MRO software has a new client in Aveos, a leading, independent, global provider of MRO services to the aviation industry. Overall, global aviation is progressing with numerous implementations in the US, Europe, India, and Middle East.

With the successful launch of **Ramco OnDemand ERP 2.0**, the Company's venture into cloud computing is on an all time high with notable order wins. With a rich user interface and a unique set of extension/customization capabilities, this powerful ERP addresses the needs of growing businesses across multiple verticals, and is sold and served through an ecosystem of sales and implementation partners. We have been aggressively marketing this offering across India and the brand has gained impressive footing. In a short span of time, Ramco OnDemand has garnered over 3000 users, and is expected to proliferate itself in the coming fiscal.

The **Analytics business** has moved up a significant notch by continuing to grow in the market. Ramco's Banking Analytics, built and delivered on Ramco DecisionWorks, reduces the time and effort needed to integrate and analyze voluminous data. It gives banks a competitive advantage by enabling them to make the right decisions. We also witnessed good traction for Ramco Enterprise Analytics, delivered on the Cloud.

The third Quarter brought good tidings with the prestigious award for 'Innovation in IT Applications' at the 3<sup>rd</sup> India Power Awards, held at New Delhi. Power is a fast-growing sector, and IT plays a crucial role in helping utilities innovate and transform in a deregulated environment. Ramco has been at the leading edge in offering business applications, technology platforms and powerful delivery models, which add significant value to organizations, enable innovation and bring transformation.

Overall, our relevant expertise and experience, backed by advanced technology, has helped us leverage global opportunities and grow significantly. Post the global economic slowdown of the last two years, Ramco Systems revenue has now resurged and grown 27% over the previous year. The knowledge and experience gained over the last few decades in the domestic and global markets has put us in a position to capitalize on the new opportunities that are emerging out of the current market conditions.



### Business Associates

During the year, the Company entered into several partnerships for Sales and Implementation of our Cloud offering. Some of our associates are Aircel, e-People Bespoke Consulting, Vetril Systems, and IRIS UNIPRO, among others. Last year, we entered the growing Bangladesh market, beginning with a partnership with Computer Source Ltd (CSL), a leading technology distributor in Bangladesh.

### 3. INFORMATION ON SUBSIDIARIES

During the year the Company's Subsidiary Ramco Systems Corporation., USA, in which the Company holds ninety eight percent equity stake, incorporated a wholly-owned Subsidiary in Canada named Ramco Systems Canada Inc. Including this step down subsidiary, the Company, as on 31<sup>st</sup> March, 2011, has six Subsidiaries, the other Subsidiaries being Ramco Systems Corporation., USA; Ramco Systems Limited., Switzerland; Ramco Systems Pte. Ltd., Singapore; Ramco Systems Sdn. Bhd., Malaysia; and RSL Enterprise Solutions (Pty) Ltd., South Africa.

### 4. PARTICULARS REQUIRED UNDER SECTION 212 OF THE COMPANIES ACT, 1956

The Global consolidated financial statement for the year ending 31<sup>st</sup> March, 2011 in accordance with the Notification No. 2/2011 dated 8<sup>th</sup> February, 2011 issued by Ministry of Corporate Affairs (MCA) together with the Auditors Report thereon is enclosed.

The MCA had issued a General Circular No. 2/2011 dated 8<sup>th</sup> February, 2011, granting exemption to all companies from the provisions of Section 212, subject to compliance with conditions mentioned in the said Circular. Among other things, the said circular requires the presenting of Audited Consolidated Financial Statement of the Holding Company and all the Subsidiaries in compliance with the applicable Accounting Standards and Listing Agreement in the Annual Report. In line with this, we present the Global Consolidated financial statements as on 31<sup>st</sup> March, 2011 consolidating the financial statements of the Company and its six 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 Canada Inc., Canada (step down subsidiary of Ramco System Corporation., USA). Consequently, we are not attaching the Financial Statements of the Subsidiaries.

Further, the Annual Accounts of the said Subsidiaries and the related detailed information will be made available to the Shareholders of the Company and its Subsidiaries seeking such information at any point of time and the same shall be kept for inspection by any Shareholder at the Corporate Office of the Company.

### 5. CHANGES IN CAPITAL STRUCTURE

During the Financial Year 2010-11, the Share Capital of the Company has undergone change to the extent of allotment of shares to employees of the Company and its subsidiaries under the Company's Employee Stock Option Scheme, 2008 (ESOS 2008). The Company has allotted a total of 1,43,398 equity shares to the employees of the Company and its Subsidiaries during the year pursuant to exercise of the vested options.

The following table presents the allotment of equity shares by the allotment committee of the Board under ESOS-2008 during the year under review:

<b>Date of allotment</b>	<b>No. of Shares allotted</b>
16 <sup>th</sup> April, 2010	16,215
30 <sup>th</sup> April, 2010	12,420
18 <sup>th</sup> May, 2010	10,980
3 <sup>rd</sup> June, 2010	1,185
5 <sup>th</sup> July, 2010	7,125
4 <sup>th</sup> August, 2010	11,248
6 <sup>th</sup> September, 2010	5,257
5 <sup>th</sup> October, 2010	14,492
10 <sup>th</sup> November, 2010	41,065
14 <sup>th</sup> December, 2010	10,842
13 <sup>th</sup> January, 2011	8,390
11 <sup>th</sup> February, 2011	4,179
<b>Total</b>	<b>1,43,398</b>

Consequent to the above the paid up equity share capital of the Company has increased from Rs.15,35,79,860 to Rs.15,50,13,840 divided into 1,55,01,384 equity shares of Rs.10/- each.

# Ramco Systems Limited, INDIA

## 6. RIGHTS ISSUE 2010

During the year under review, the Board of Directors of the Company in its meeting held on 2<sup>nd</sup> August, 2010 approved a Rights Issue of equity shares to raise up to Rs. 40 Crores ("Rights Issue", "Issue") and constituted a Committee of Directors named "Rights Issue (2010) Committee" to finalize the modalities and steps involved in the Rights Issue. The Rights Issue (2010) Committee in its meeting held on 18<sup>th</sup> November, 2010 had approved appointment of M/s. Centrum Capital Limited as Lead Manager to the Issue and M/s. ALMT Legal as Legal Advisor to the Issue and also approved the Draft Letter of Offer dated 18<sup>th</sup> November, 2010 ("DLOF") to be filed with the Securities and Exchange Board of India (SEBI), Bombay Stock Exchange Limited (BSE), National Stock Exchange of India Limited (NSE) and Madras Stock Exchange Limited (MSE), (collectively the "Stock Exchanges").

The Company has received in-principle approvals from BSE, NSE and MSE for listing the Equity Shares arising from this Issue through letters dated 9<sup>th</sup> December, 2010, 8<sup>th</sup> December, 2010 and 24<sup>th</sup> November, 2010 respectively. The SEBI issued its final observations on the DLOF on 2<sup>nd</sup> February, 2011. Subject to favorable market conditions and requisite approvals, the Rights Issue may be completed in the forthcoming financial year 2011-12.

The DLOF is available on the website of SEBI [www.sebi.gov.in](http://www.sebi.gov.in), on the website of the Lead Manager [www.centrum.co.in](http://www.centrum.co.in) and of the Company [www.ramco.com](http://www.ramco.com).

## 7. RESEARCH AND DEVELOPMENT

As in previous years, special emphasis has been placed on R&D in Ramco Systems this year. R&D efforts have been channelized towards providing various enhancements in our 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 the cloud in a Software as a Service (SAAS) Model. Ramco OnDemand ERP is one of the most innovative products developed in India. The product provides a deep and comprehensive solution addressing the needs of internationally growing businesses.

The year 2010-11 saw the launch of Ramco OnDemand ERP 2.0 by Shri. P.R.Venketarama Raja and Chess Grandmaster Shri Vishwanathan Anand. The all new product is offered on the newer platform, Ramco VirtualWorks™ 3.0. The product now has a more visually pleasing flex interface and better maneuverability. Newer tools like Extension Development Kit, Portal Development Kit (EDK/PDK) that helps partners and customers extend the OnDemand ERP was introduced. The newer application provides easy interfacing options with external solutions using web services and these can be easily implemented. The mobile solutions were expanded to HR and Purchasing functions. Management and executive dashboards are introduced to provide incisive and summary information to the senior management of the user organizations.

The Product has now been implemented across the country by organizations belonging to various Industry segments like Automotive Ancillaries, Textiles, Electronics, Original Equipment Manufacturer (OEMs), Manufacturing, Trading, Engineering, Power, Chemicals, Leather etc. Currently the market leader in India, Ramco OnDemand ERP is developed using the Ramco VirtualWorks™ 3.0 Platform and works on a pure Multi-Tenant Architecture. The technology architecture of the Product helps customers to expand and diversify their operations without corresponding investments in Hardware or Software. The customers get automatic upgrades whenever new Business functions are developed.

### Ramco Enterprise Series

Ramco Enterprise Series is a 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.

Ramco Enterprise Series, version 5.0 (ReS 5.0) was released in June 2010 with capability to support Rich User Interfaces. In addition to the technological upgrade (to support windows 2008, SQL 2008), the product was functionally enriched to cater to the requirements of Facilities Management Industry and Container Freight Station along with minor feature additions in other modules. Subsequent to ReS 5.0, Product upgrades were released for specific industry needs. In Human Capital Management (HCM) application, Travel Solution and Performance Management Solution were developed. In addition, critical statutory requirements like Contract Labour Reports, Labour Welfare Fund Reports and Professional Tax Reports were also developed. ReS application is now integrated seamlessly with Ramco portal capability with predefined employee self service portlets for user friendly employee interaction with the application.

Aviation 5 series M&E and MRO application had two product upgrades released to the market, during the last Financial Year. Releases 5.3 and 5.4 incorporated significant improvements in the technical records management capabilities of the application. Reporting functions were also enhanced through specialized dashboards for fleet wide



performance & exception management and supply chain performance monitoring as well as providing a robust framework for consolidated financial reporting.

### **Ramco VirtualWorks™**

Ramco Systems has developed and deployed powerful solutions in various Geographies and Industry Segments for over a decade. At the heart of these offerings is our highly flexible platform - Ramco VirtualWorks™ : a collaborative solution innovation platform. Its unique collaborative co-creation process results in enterprise solutions that fit like a glove, and integrate seamlessly with other technology systems, platforms and applications. Ramco VirtualWorks™ enables enterprises build their next generation enterprise solution with a powerful infrastructure which provides complete control over its software assets, enables reduced time for transformation / development and exceptional quality.

Ramco VirtualWorks™ comprises a Model driven development Environment, a Business Services Repository, Service Oriented Architecture (SOA) based Enterprise Solution Architecture and an Enterprise Event Bus, coupled with the Enterprise Information Management platform. Ramco VirtualWorks™ also provides a comprehensive set of tools for partners as part of the Partner Development Kit (PDK). Extension Development Kit (EDK) has been enhanced for partners to develop extensions on the Cloud for Ramco OnDemand Customers. Query By Example (QBE) is a new tool provided for adhoc querying support through RVW 3.0 framework.

Ramco VirtualWorks™ addresses all the requirements for rapid enterprise application development, deployment and maintenance at the lowest possible Total Cost of Ownership (TCO). Ramco VirtualWorks™ incorporation of concepts such as SOA, Componentization and support for Model driven development, make it the most comprehensive application framework for developing Large enterprise applications.

### **Ramco DecisionWorks**

Ramco DecisionWorks (RDW) 8.0 has been released with enhancements that cover usability, performance, functionality and with significant improvements to the infrastructure layer. With release of 8.0, Ramco DecisionWorks has established itself as an enterprise class application with the capability to handle thousands of users supporting flexible deployment models covering both centralized and decentralized models. Also notable has been the integration of Ramco DecisionWorks to Informatica which is a world leader in data integration capabilities. Richer visualization capabilities like Treemaps, Pivot charts have been utilized across the product. Portlets providing Rich User interface capabilities have been enabled. Ramco DecisionWorks 8.0, offers the distinct advantage of business users themselves to “Discover, Author, Publish and View” their own content with little or no effort from IT.

In addition to providing the robust analytical platform, RDW now comes packaged with prebuilt and engineered industry specific universal data models offering rich insights into the business. This engineered prebuilt content covers various industry verticals like Banking, Aviation, Insurance and Enterprise Solutions. The vertical specific solution comes with pre configured Dashboards, Portlets, Analytical reports, Scorecards which are configured based on roles thus enabling the lower cost of ownership to customer by significantly reducing the time to implement and roll out unlike the traditional Data warehousing/Business Intelligence projects.

## **8. GREEN INITIATIVE IN THE CORPORATE GOVERNANCE**

MCA has implemented “Green Initiative in the Corporate Governance” vide Circular Nos. 17/2011 dated 21<sup>st</sup> April, 2011 and 18/2011 dated 29<sup>th</sup> April, 2011 enabling electronic delivery of Notices for General Meetings, Annual Report containing Balance Sheet, Profit & Loss Account, Auditor’s Report, Directors’ Report, etc., and other communications to the members through E-Mail.

With an intent to participate in the Green Initiative, the Company proposes to send such documents in electronic form to the E-Mail addresses of the members as available with the Depositories. Henceforth, the E-Mail addresses indicated in the respective Depository Participant (DP) accounts, periodically downloaded from National Securities Depository Limited (NSDL) / Central Depository Services (India) Limited (CDSL), will be deemed to be the registered E-Mail address of the members for serving Notices for General Meetings, Annual Report containing Balance Sheet, Profit & Loss Account, Auditor’s Report, Directors’ Report, etc., and other communications. Full text of the above said documents will be also be displayed on the website of the Company, [www.ramco.com](http://www.ramco.com) and all other requirements of the aforesaid MCA circular will be duly complied with.

Members holding shares in electronic mode are therefore requested to ensure to keep their E-Mail addresses updated with the Depository Participant. Members holding shares in physical mode are also requested to provide the E-Mail address, quoting their Folio Number, to our Registrar and Share Transfer Agent, viz., Cameo Corporate Services Limited, (UNIT: Ramco Systems Limited), by writing to them at Subramanian Building, No.1, Club House Road, Mount Road, Chennai 600 002, or by E-Mail to [investor@cameoindia.com](mailto:investor@cameoindia.com).

# Ramco Systems Limited, INDIA

## 9. FIXED DEPOSIT

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

## 10. BOARD OF DIRECTORS AND COMMITTEES

As per Section 255 and 256 of the Companies Act, 1956 Shri P R Ramasubrahmaneya Rajha and Shri M M Venkatachalam, Directors, retire by rotation at the ensuing Annual General Meeting of the Company and being eligible offer themselves for re-appointment. The Board of Directors recommend the above re-appointments for approval of the members.

The brief resume and other details relating to the directors, as stipulated under Clause 49(IV) (G) of the Listing Agreement, are furnished in the Notice of Annual General Meeting being sent to the members along with this Annual Report.

The Company has the following Committees of the Board :

- (a) Audit Committee
- (b) Shareholders Committee
- (c) Remuneration Committee
- (d) Compensation Committee
- (e) Rights Issue (2010) Committee
- (f) Allotment Committee

Details about constitution, composition and terms of reference of the above referred Committees are elaborated in the Report on Corporate Governance which is annexed to, and forms part of, this report.

## 11. 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, offer themselves for re-appointment. The Board of Directors recommend the Auditor's re-appointment.

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

The Particulars as prescribed under Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are annexed to, and forms part of, this report (Refer ANNEXURE A).

## 13. 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, read with Companies (Particulars of Employees) Rules, 1975, as amended from time to time, are included in the Directors' Report by way of an annexure. 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.

## 14. EMPLOYEE STOCK OPTION PLAN / SCHEME AND EMPLOYEE STOCK PURCHASE SCHEME

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

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

The Company has also implemented the following Employee Share Purchase Schemes (ESPS):

- (A) Employee Share Purchase Plan, 1999 (ESPP 1999)
- (B) Employee Stock Purchase Scheme, 2004 (ESPS 2004)

Details regarding the above mentioned schemes along with their status as per the requirements of SEBI (ESOS & ESPS) Guidelines, 1999, are annexed to, and forms part of, this report (Refer ANNEXURE B). Further, a certificate from Statutory Auditors, with respect to implementation of the above Employee's Stock Option Schemes in accordance with SEBI Guidelines and the resolution passed by the members of the Company, would be placed before the Shareholders at the ensuing Annual General Meeting, and a copy of the same shall be available for inspection at the Corporate Office of the Company.

## **15. CORPORATE GOVERNANCE REPORT & AUDITOR'S CERTIFICATE**

The Company is committed to maintaining high standards of Corporate Governance, protecting the Customers', Shareholders' and other Stakeholders' interests. Towards this, the Company has adopted high standards of governance principles, practices and disclosure levels.

A detailed Corporate Governance Report of the Company (Refer ANNEXURE C) along with the Statutory Auditor's Certificate (Refer ANNEXURE D) confirming Compliance with the conditions on Corporate Governance as stipulated in Clause 49 of the Listing Agreement, are annexed to, and form part of, this report.

## **16. MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

In terms of requirement of Clause 49(IV)(F) of the Listing Agreement with the Stock Exchanges, a Management Discussion and Analysis Report elaborating upon the operations of the Company is annexed to, and forms part of, this report (Refer ANNEXURE E).

## **17. MILESTONES ACHIEVED DURING THE YEAR 2010-11**

The Milestones achieved during the year 2010-11 are enclosed (Refer ANNEXURE F).

## **18. DIRECTORS' RESPONSIBILITY STATEMENT**

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

- that the applicable Accounting Standards had been followed along with proper explanation relating to material departures, if any;
- that the selected Accounting Policies were applied consistently and judgments and estimates that are reasonable and prudent were made so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and of the profit of the Company for that period;
- that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- that the Annual Accounts were prepared for the Financial Year ended 31<sup>st</sup> March, 2011 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 : 30<sup>th</sup> May, 2011

**P R RAMASUBRAHMANEYA RAJHA**  
CHAIRMAN

## ANNEXURES TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2011

### ANNEXURE A

In terms of Section 217(1)(e) of the Companies Act, 1956, (as amended) and the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988, the following information is furnished for the year ended 31<sup>st</sup> March, 2011.

(A) Conservation of Energy	:	The operations of the Company are not energy intensive and hence <b>Form A</b> is not presented.
(B) Technology Absorption	:	Particulars given in <b>Form B</b>
(C) Foreign Exchange Earnings and Outgo	:	
i) Activities Relating to export	:	Export of the Computer Software to Middle East, Philippines, Thailand, South Africa and Sudan.
ii) Initiatives taken to increase exports	:	Marketing efforts are being made in the subsidiaries and branches abroad to increase sales and corresponding exports.
iii) Development of new export market for products and services	:	Marketing efforts are being made in countries like South Africa, UAE, Sudan and Canada.
iv) Total Foreign Exchange used (Rs. Lakhs)	:	1,334.16
v) Total Foreign Exchange Earnings (Rs. Lakhs)	:	5,907.44

### 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 standards compliant and supports the business process platform strategy of an enterprise

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

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

1. Ramco Enterprise Series has been enhanced for 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. The latest release has been modified to support a Rich User interface.



2. Ramco OnDemand ERP 2.0, and enhanced version built of the Ramco VirtualWorks™ 3.0 has been launched in the market.
3. Ramco VirtualWorks™ - Partner Development Kit, has been enhanced with various features to facilitate the development of the Ramco Partner community. This has been done with the objective of enabling swift and easy implementation of Ramco OnDemand ERP and Ramco Enterprise Series through partners. The partner development comprises features that facilitate rapid portal development, extension development, Query By Example and creation of quick reports.
4. Several enhancements in Ramco DecisionWorks to provide superior Data Integration capabilities and Rich visualization capabilities.
5. Domain specific content for Banking, Aviation and Enterprise Solution verticals covering key subject areas has also been released on Ramco DecisionWorks

#### **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 add pre-built solution functionalities to cover more vertical segments
2. To develop Database conversion tools that enable delivery of applications of different databases.
3. To develop Code generators that exploit more advanced technologies for Web based solutions
4. Support for Mobile devices and Tablet devices and to address emerging technology trends to keep in step with the market needs
5. To develop an integration framework to enable rapid and seamless integration with external applications
6. 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.

#### **Expenditure on R&D (Refer Schedule 5 to R&D Accounts)**

<b>Particulars</b>	<b>(Rs. Lakhs)</b>
i) Capital	14.32
ii) Recurring	3,815.14
<b>Total</b>	<b>3,829.46</b>
Total R&D expenditure as a percentage of total turnover	26%

## ANNEXURE B

### DETAILS OF EMPLOYEE STOCK OPTION SCHEMES / PLAN

#### (A) Employee Stock Option Plan, 2000 (ESOP 2000)

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

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

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

1. The options other than those vested in the first lot vests on a quarterly basis with the options under the first lot vesting at the end of 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 27<sup>th</sup> July, 2007:

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

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

#### Details of options granted, vested and exercised as on 31<sup>st</sup> March, 2011:

Date of grant	Number of options granted	Vesting Period	Exercise Price	Options exercised and shares issued	Live vested options (net of cancellations and employee separations)
12 <sup>th</sup> April, 2001	1,26,150	2 to 3 years	Rs.254 per option	11,750 shares*	Nil
14 <sup>th</sup> December, 2003	67,700	3 years	Rs.254 per option**	19,950 shares	Nil
4 <sup>th</sup> October, 2006	87,500	3 years	Rs.177 per option	Nil	1,900 exercisable till 3 <sup>rd</sup> October, 2019

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

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

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

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

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

**Details of options granted, vested and exercised as on 31<sup>st</sup> March, 2011:**

Date of grant	Number of options granted	Vesting Period	Exercise Price	Options exercised and shares issued	Live vested options (net of cancellations and employee separations)
14 <sup>th</sup> December, 2003	4,64,500	3 years	Rs.284 per option*	37,975 shares*	Nil
1 <sup>st</sup> December, 2005	9,200	3 years	Rs.266 per option	Nil	Nil
4 <sup>th</sup> October, 2006	2,19,800	3 years	Rs.177 per option	Nil	3,600 exercisable till 3 <sup>rd</sup> October, 2019
14 <sup>th</sup> July, 2007	1,01,100	3 years	Rs.163 per option	Nil	1,000 exercisable till 13 <sup>th</sup> July, 2020

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

**(C) Employee Stock Option Scheme, 2004 (ESOS 2004)**

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

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

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

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

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

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

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

**Details of options granted, vested and exercised as on 31<sup>st</sup> March, 2011:**

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

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

The shareholders at their Extra-Ordinary General Meeting held on 18<sup>th</sup> September, 2008, had approved, an issue of 12,00,000 stock options convertible into equity shares of Rs.10/- each. The Compensation Committee in accordance

## Ramco Systems Limited, INDIA

with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, framed a detailed scheme in this regard. The options granted have a vesting period of 4 years and exercise period of 10 years from the date of the vesting of the final lot. The options other than those vested in the first lot shall vest on a Quarterly basis. The options under the first lot shall vest at the end of one year from the date of grant.

Certain employees, being the option holders under ESOP 2000, ESOS 2003 and ESOS 2004, of the Company have surrendered the options for cancellation, owing to the then unfavorable stock market conditions, against grant of fresh options under ESOS 2008, made by the Compensation Committee of the Board of Directors of the Company, in its meeting held on 11<sup>th</sup> April, 2009. The options were surrendered vide Letter of Release dated 5<sup>th</sup> May, 2009 and the same was accepted by the Company. The surrendered options have been cancelled. Accordingly, no further options under ESOP 2000, ESOS 2003 and ESOS 2004 can be granted and the said schemes have been discontinued in respect of the cancelled options. However, there are few employees holding 6,500 options under the aforementioned schemes, representing the earlier grants under ESOP 2000, ESOS 2003 and ESOS 2004, which have not been tendered for cancellation and these options are exercisable in terms of the original grants under the respective schemes.

At the meeting of the Compensation Committee held on 11<sup>th</sup> April, 2009, 11,28,875 options were granted to the eligible employees at a price of Rs. 53/- per share as per SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, with a vesting period of 4 years and an exercise period of 10 years from the date of vesting of the final lot i.e. till 9<sup>th</sup> April, 2023.

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

#### **ESOS 2009 – Plan A**

The shareholders at the twelfth Annual General Meeting held on 5<sup>th</sup> August, 2009, have approved, an issue of 5,00,000 options convertible into equity shares of Rs.10/- each with the number of options that could be granted to the Non-Executive Directors of the Company not exceeding 20,000 options per year and 1,00,000 options in aggregate. The 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.

#### **ESOS 2009 – Plan B**

The shareholders at the twelfth Annual General Meeting held on 5<sup>th</sup> August, 2009, have approved, an issue of 7,50,000 options convertible into equity shares of Rs.10/- each with the number of options that could be granted to the Non-Executive Directors of the Company not exceeding 25,000 options per year and 1,50,000 options in aggregate. The 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.

The Compensation Committee in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, framed detailed schemes for both Plan A and Plan B in this regard.

#### **Details of options granted, vested and exercised:**

#### **ESOS 2009 – Plan A**

At the meeting of the Compensation Committee held on 27<sup>th</sup> October, 2009, 20,000 stock options were granted to Shri A V Dharmakrishnan, Non-Executive Director of the Company, at an exercise price of Rs.98/- per share as per SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. 14,000 options have vested as at 31<sup>st</sup> March, 2011. The vested options can be exercised till 28<sup>th</sup> February, 2022.

At the meeting of the Compensation Committee held on 2<sup>nd</sup> March, 2010, 3,82,220 stock options were granted to the eligible employees, at an exercise price of Rs. 94/- per option as per SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. 2,67,554 options have vested as at 31<sup>st</sup> March, 2011. The vested options can be exercised till 28<sup>th</sup> February, 2023.

#### **ESOS 2009 – Plan B**

At the meeting of the Compensation Committee held on 2<sup>nd</sup> March, 2010, 5,73,330, options were granted to the eligible employees, at an exercise price of Rs.94/- per share as per SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. 2,00,665 options have vested as at 31<sup>st</sup> March, 2011. The vested options can be exercised till 28<sup>th</sup> February, 2023.

**Status of live ESOS under which options have been granted, as at 31<sup>st</sup> March, 2011:**

Sl. No.	Particulars	ESOS 2008	ESOS 2009 – Plan A	ESOS 2009 – Plan B
1	Total options	12,00,000	5,00,000	7,50,000
2	Total options granted (Net of employee separations)	8,92,295	3,50,060	4,95,090
3	Exercise Price – pricing formulae	Refer para (D) above	Refer para (E) above	Refer para (E) above
4	Total options vested	4,82,965	2,45,042	1,73,281
5	Total options exercised	1,43,398	-	-
6	Options lapsed	-	-	-
7	Variation of terms of options	-	-	-
8	Total number of Shares arising as a result of exercise of options	1,43,398	-	-
9	Unvested options	4,09,330	1,05,018	3,21,809
10	Total money realized by exercise of options	76,00,094	-	-
11	Employee wise details of options granted during the year:			
	(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.	-	-	-
	(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.	-	-	-

The employee compensation cost on account of options granted is accounted on intrinsic value method. If such cost were computed using fair value of the options (using Black Scholes Merton model), then such cost would have been higher by Rs.1,85,34,000 and the standalone profit for the year would have been lower by that amount. On this basis, the basic EPS would have been Rs.1.89 and the diluted EPS would have been Rs.1.81. The weighted average risk free interest rate of 6.79%, weighted average expected life of options of 10 years, weighted average volatility of 3.73% and weighted average market price of Rs.74.23 have been assumed in arriving at the abovementioned fair value of the options. Since no options were granted during the year, the weighted average fair value of grants during the year is not applicable.

**DETAILS OF EMPLOYEE SHARE PURCHASE SCHEME / PLAN**
**(A) Employee Share Purchase Plan, 1999 (ESPP 1999):**

During the year 1999-00, the Company had established Employee Share Purchase Plan (ESPP) which provided for the issuance of 11,00,000 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 11,00,000 shares and offered to pay the balance amount (i.e., Rs.9/- per share) only in respect of 2,50,000 shares. Accordingly, 8,50,000 shares were forfeited. The balance 2,50,000 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 Share Purchase Scheme, 2004 (ESPS 2004):**

The Shareholders at their Extra-Ordinary General Meeting held on 24<sup>th</sup> December, 2004, have approved the issue of 1,00,000 equity shares of Rs.10/- each under the scheme to Senior Key Managerial Personnel including Independent Directors, President, CEO and other employees 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.

## ANNEXURE C

### A. 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 in the functions. The following is a report on the status and progress on major aspects of Corporate Governance for the year ended 31<sup>st</sup> March, 2011.

#### 1. BOARD OF DIRECTORS

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

The Board has an optimum combination of Executive, Non-Executive and Independent Directors, which ensures proper governance and management. The Chairman of the Board is a Non-Executive Promoter Director. As at 31<sup>st</sup> March, 2011, 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 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 and is assisted by the Management Team. The Board reviews and approves strategy and oversees the performance to ensure that the long term objectives of enhancing Stakeholders' value is achieved.

#### a) Composition of the Board

Sl. No.	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 Meetings containing all necessary information / documents are made available to the Board/ Committee, respectively, in advance to enable the Board/Committee to discharge its responsibilities effectively and take informed decisions. The senior executives make presentations to the Board.

The Board of Directors meet at regular intervals and decisions are taken at the Meetings after detailed discussions and evaluation 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 arrived at 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 Meetings of the Board Committees; and
- Minutes of Board Meetings of the Subsidiaries

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

### c) Meetings and Attendance

The Board met four times during the year on 24<sup>th</sup> May, 2010, 2<sup>nd</sup> August, 2010, 25<sup>th</sup> October, 2010 and 10<sup>th</sup> February, 2011. Details of attendance of each Director at the Board Meetings held during the year and at the last Annual General Meeting (AGM) of the Company are as follows:

Name of the Director	Designation	Attendance	
		Board Meetings	Last AGM
Shri P R Ramasubrahmaneya Rajha	Chairman	4	Yes
Shri P R Venketrana Raja	Vice Chairman, Managing Director & CEO	3	Yes
Shri S S Ramachandra Raja	Director	3	Yes
Shri N K Shrikantan Raja	Director	4	Yes
Shri M M Venkatachalam	Director	4	Yes
Shri V Jagadisan	Director	4	Yes
Shri A V Dharmakrishnan	Director	4	Yes
Shri R S Agarwal	Director	4	Yes

Shri M M Venkatachalam, Director and Chairman of the Audit Committee was present at the last Annual General Meeting as required by Section 292A of the Companies Act, 1956.

## 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 Auditor and the Internal Auditor are invited to attend the Meetings of the Committee, as Invitees. The Company Secretary is the Secretary to the Committee.

### b) Terms of Reference in brief

The primary objective of the Committee is to monitor and provide effective supervision of the financial control and reporting system. The Audit Committee reviews the business of the Company 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 comprise of the following:

- Oversight of the Company's Financial Reporting and disclosure of its financial information
- Reviewing with the Management, the Quarterly Financial Results before submission to the Board for its approval
- Reviewing with the Management, the Annual Financial Results / Statements before submission to the Board for its approval
- Reviewing the adequacy of Internal Control Systems
- Discussion with the Internal Auditor 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.

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## c) Meetings and attendance

During the year the Committee met five times, viz., 19<sup>th</sup> May, 2010, 26<sup>th</sup> July, 2010, 22<sup>nd</sup> October, 2010, 29<sup>th</sup> November, 2010 and 1<sup>st</sup> February, 2011. The attendance of the members of the Audit Committee is as follows:

Name of Member	Meetings Attended
Shri M M Venkatachalam	5
Shri S S Ramachandra Raja	3
Shri V Jagadisan	5

## 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

### b) Terms of Reference in brief

The terms of reference of the Committee inter-alia includes the following:

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

### c) Meetings and Attendance

The Quorum for the meeting is presence of two members. The Company Secretary is the Secretary of the Committee. During the year there was no meeting of the Remuneration Committee.

### 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 fixed component and performance linked incentive, along with the performance criteria 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 9<sup>th</sup> 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 each of the Directors per meeting is as follows:

	(Amount in Rs.)
Board	5,000/-
Audit Committee	5,000/-
Shareholders Committee	2,500/-

The details of remuneration paid to Shri P R Venketrama Raja, Vice Chairman, Managing Director & CEO during the year ended 31<sup>st</sup> March, 2011, have been provided under Note No.6 to the Notes on Accounts.

#### f) Directors' Shareholding

The Compensation Committee on 27<sup>th</sup> October, 2009, had granted 20,000 stock options under ESOS 2009 - Plan A to Shri A V Dharmakrishnan, Non-Executive Director of the Company, at an exercise price of Rs. 98/- per share as per SEBI guidelines with a vesting period of 3 years and an exercise period of 10 years from the date of vesting of the final lot, i.e. 25<sup>th</sup> October, 2022. Except as mentioned above, no stock options were granted to any other Directors of the Company and there are no convertible instruments issued by the Company. The details of the Shares held by the Directors of the Company as at 31<sup>st</sup> March, 2011, are as follows:

Name of the Director	No. of Shares Held	Percentage to Capital
Shri P R Ramasubrahmaneya Rajha	3,62,469	2.34
Shri P R Venketrama Raja	12,89,182	8.32
Shri S S Ramachandra Raja	30,158	0.19
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
<b>Total</b>	<b>16,90,995</b>	<b>10.91</b>

#### 4. SHAREHOLDERS COMMITTEE

The Company attaches highest importance to Investor Relations. The Board of Directors of the Company have constituted the Shareholders Committee of the Board to focus on the prompt and effective redressal of the Shareholders grievances and strengthening of Investor Relations.

##### 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 meeting of Shareholders Committee is presence of two members of the Committee. The Company Secretary of the Company will be the Secretary to the Committee.

##### b) Terms of Reference in brief

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 and such other issues relating to investor relations.

##### c) Meetings and attendance

During the year the Committee met eight times, viz., 20<sup>th</sup> April, 2010, 20<sup>th</sup> May, 2010, 2<sup>nd</sup> June, 2010, 9<sup>th</sup> July, 2010, 3<sup>rd</sup> August, 2010, 30<sup>th</sup> August, 2010, 4<sup>th</sup> January, 2011, and 7<sup>th</sup> March, 2011.

# Ramco Systems Limited, INDIA

The attendance of members at the Committee Meetings is as follows:

Name of Member	Meetings Attended
Shri P R Ramasubrahmaneya Rajha	8
Shri P R Venketrama Raja	4
Shri N K Shrikantan Raja	6

## d) Status of Shareholders' Grievances

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

During the year, the Company received 2 (two) Shareholders' Grievances which have been since redressed. There were no Shareholders' Grievances pending as at 31<sup>st</sup> March, 2011.

## e) Name and designation of Compliance Officer

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

## 5. COMPENSATION COMMITTEE

### a) Composition

The Board of Directors of the Company in Compliance with the SEBI (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, constituted a Compensation Committee with three Non-Executive Directors as its members, as mentioned below:

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

The Quorum for meeting of Compensation Committee is presence of two members of the Committee. The Company Secretary of the Company will be the Secretary to the Committee.

### b) Terms of Reference in brief

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, there was no meeting of the Compensation Committee.

## 6. OTHER COMMITTEES OF THE BOARD OF DIRECTORS

### ALLOTMENT COMMITTEE

#### a) Composition

The Board of Directors have constituted an Allotment Committee with the following members:

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

#### b) Terms of Reference in brief

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

### c) Meetings and Attendance

During the year the Allotment Committee met twelve times, viz., 16<sup>th</sup> April, 2010, 30<sup>th</sup> April, 2010, 18<sup>th</sup> May, 2010, 3<sup>rd</sup> June, 2010, 5<sup>th</sup> July, 2010, 4<sup>th</sup> August, 2010, 6<sup>th</sup> September, 2010, 5<sup>th</sup> October, 2010, 10<sup>th</sup> November, 2010, 14<sup>th</sup> December, 2010, 13<sup>th</sup> January, 2011, and 11<sup>th</sup> February, 2011.

Name of Member	Meetings Attended
Shri M M Venkatachalam	10
Shri P R Venketrama Raja	8
Shri V Jagadisan	12

### RIGHTS ISSUE (2010) COMMITTEE

#### a) Composition

The Board of Directors have constituted a Rights Issue (2010) Committee with the following members :

Shri M M Venkatachalam	-	Member
Shri V Jagadisan	-	Member
Shri A V Dharmakrishnan	-	Member
Shri P R Venketrama Raja	-	Member

The Quorum for meeting of Rights Issue (2010) Committee is presence of any two members of the Committee. The Company Secretary of the Company will be the Secretary to the Committee.

#### b) Terms of Reference in brief

The scope of the Committee comprises of overseeing the entire process of the proposed Rights Issue 2010 for which the Company has filed the Draft Letter of Offer with Securities and Exchange Board of India (SEBI) and is in the final stages of getting clearance from SEBI for the issue.

#### c) Meetings and Attendance

During the year under review the Rights Issue (2010) Committee met once on 18<sup>th</sup> November, 2010 and all the four Committee members were present at the meeting.

### 7. GENERAL BODY MEETINGS

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

Date	Meeting	Location	Time
11 <sup>th</sup> August, 2008	AGM	Shri PAC Ramasamy Raja Centenary Community Hall, Sudharsan Gardens, PAC Ramasamy Raja Salai, Rajapalayam-626 108	11.45 AM
18 <sup>th</sup> September, 2008	EGM	47, P.S.K. Nagar, Rajapalayam-626 108	11.30 AM
5 <sup>th</sup> August, 2009	AGM	Shri PAC Ramasamy Raja Centenary Community Hall, Sudharsan Gardens, PAC Ramasamy Raja Salai, Rajapalayam-626 108	11.45 AM.
2 <sup>nd</sup> August, 2010	AGM	Shri PAC Ramasamy Raja Centenary Community Hall, Sudharsan Gardens, PAC Ramasamy Raja Salai, Rajapalayam-626 108	11.45 AM

## Ramco Systems Limited, INDIA

At the Annual General Meeting held on 5<sup>th</sup> August, 2009 four special resolutions were passed by the members in relation to formulation of Employee Stock Option Scheme, 2009 – Plan A and Employee Stock Option Scheme, 2009 – Plan B. At the Extra-Ordinary General Meeting held on 18<sup>th</sup> September, 2008 three special resolutions were passed by the members in relation to formulation of Employee Stock Option Scheme, 2008.

There were no special resolutions passed at the other Meetings stated above.

### 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 31<sup>st</sup> March, 2011. None of the resolutions to be placed at the ensuing Annual General Meeting are required to be passed by the members thorough 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 Senior Management of the Company and the same has been posted on the website of the Company; [www.ramco.com](http://www.ramco.com), in 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.

#### A. Code of Conduct for Directors

Director being a Trustee of the Shareholders shall –

- i. Act always in the best interest of the Shareholders.
- ii. Maintain a high standard of probity in his relations with the Company, its Subsidiaries, Employees, Contractors, Suppliers and Customers.
- iii. Maintain confidentiality of the Company on matters that come to his knowledge as Director, both during his Directorship and thereafter as well.
- iv. Always conduct himself in a manner that befits his position.
- v. Assist the Company to observe the provisions of the Company Law and other laws applicable to the Company, both in letter and in its spirits.
- vi. Not use his position in any manner to his personal advantage or that of his family or friends.

#### B. Code of Conduct for Senior Management Personnel

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

A Senior Managerial 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 31<sup>st</sup> March, 2011. The declaration from Shri P R Venketrama Raja, Vice Chairman, Managing Director & CEO, regarding the affirmation of Compliance with Code of Conduct for the year ended 31<sup>st</sup> March, 2011, 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 persons having access to un-published price sensitive information.

## **10. DISCLOSURES**

There were no 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 the Company at large. The details of 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 Corporate Governance Guidelines recommended by the Ministry of Corporate Affairs. The spirit of the guidelines is ingrained in the Corporate Governance practices of the Company.

## **11. CEO/CFO CERTIFICATION**

The Chief Executive Officer of the Company Shri P R Venketrama Raja along with Shri R Ravi Kula Chandran, General Manager - Finance, who is heading the finance function, have certified compliance with the stipulations of Clause 49(V) of the Listing Agreement in relation to the Annual Financial Statements for the year 2010-11.

## **12. MEANS OF COMMUNICATION**

The Board of Directors of the Company considers and adopts the Un-audited Financial Results in the prescribed format within 45 days of the close of every Quarter and disseminates the results to the Stock Exchanges where the Company's shares are listed. In case of the last Quarter, the Board of Directors considers and adopts the Annual Audited Financial Results within 60 days from the end of the respective Financial Year and disseminates the same to the Stock Exchanges where the Company's shares are listed. The consolidated Quarterly/Annual Financial Results are published within 48 hours in the newspapers viz., Financial Express, Business Standard (English) and Makkal Kural (Tamil) and the Standalone Quarterly/Annual Financial Results are posted on the Company's website.

SEBI vide its Circular No. CIR/CFD/DIL/10/2010 dated 16<sup>th</sup> December, 2010, has mandated every listed Company to maintain a website in order to ensure public dissemination of all basic information about the Company and that it should contain all updated filings with the Stock Exchanges and agreements entered into with Media Companies, if any. In accordance with this, all Statutory filings with the Stock Exchanges like Shareholding Pattern, Annual Reports etc. are placed on the Company's website for information of the Investors. The Company's official website, [www.ramco.com](http://www.ramco.com), has in it a separate page for Investor Relations, wherein the Quarterly Financial Results, Shareholding Patterns, important announcements to the Stock Exchanges are hosted. Press briefings are held after important occasions viz., announcement of Quarterly Results, new tie-up etc., which is disclosed to the Stock Exchanges.

MCA has implemented "Green Initiative in the Corporate Governance" vide Circular Nos. 17/2011 dated 21<sup>st</sup> April, 2011 and 18/2011 dated 29<sup>th</sup> April, 2011 enabling electronic delivery of Notices for General Meetings, Annual Report containing Balance Sheet, Profit & Loss Account, Auditor's Report, Directors' Report, etc., and other communications to the members through E-Mail. More details regarding "Green Initiative in the Corporate Governance" are presented in the Directors' Report.

SEBI had vide Circular No. SEBI/CFD/DIL/LA/4/2007/27/12 dated 27<sup>th</sup> December, 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

# Ramco Systems Limited, INDIA

Exchange of India limited. Further, vide Circular No. CIR/CFD/DCR/3/2010 dated 16<sup>th</sup> April, 2010 SEBI has discontinued the EDIFAR website pursuant to introduction of CFDS. As on date, CFDS is mandatory for Companies which are notified by the Stock Exchanges, under which the Company is not covered. Accordingly, the Company will adopt CFDS disclosure when notified by the Stock Exchanges. Thereafter, the Shareholders are also requested to view the information at [www.corpfilling.co.in](http://www.corpfilling.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. 20:20 MSL as Public Relations 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](mailto:investorcomplaints@rsi.ramco.com) to enable the investors to lodge their complaints. The investors are requested to kindly make use of the same.

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## B. GENERAL SHAREHOLDER INFORMATION

### 1. Details of the forthcoming Fourteenth Annual General Meeting

1. Date 10<sup>th</sup> August, 2011
2. Day Wednesday
3. Time 11.45 A.M.
4. Venue Shri P A C Ramasamy Raja Centenary Community Hall, Sudharsan Gardens, PAC Ramasamy Raja Salai, Rajapalayam - 626 108

### 2. Financial Calendar for 2011-12 (tentative)

The Financial year of the Company is April - March of every year and the tentative details of the financial calendar for the year 2011-12 are as under:

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Financial Results for the Quarter ending 30 <sup>th</sup> June, 2011	Between 15 <sup>th</sup> July & 14 <sup>th</sup> August, 2011
Financial Results for the Quarter ending 30 <sup>th</sup> September, 2011	Between 15 <sup>th</sup> October & 14 <sup>th</sup> November, 2011
Financial Results for the Quarter ending 31 <sup>st</sup> December, 2011	Between 15 <sup>th</sup> January & 14 <sup>th</sup> February, 2012
Financial Results for the Year ending 31 <sup>st</sup> March, 2012	Between 15 <sup>th</sup> May & 30 <sup>th</sup> May, 2012
Fifteenth Annual General Meeting of the Company, for the Year ending 31 <sup>st</sup> March, 2012	July / August, 2012

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### 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 10<sup>th</sup> August, 2011

### 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:

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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

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In line with the provisions of the Listing Agreement with the Stock Exchanges, the listing fees for the financial year 2011-12 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 (NSDL)	Trade World, A wing, 4 <sup>th</sup> & 5 <sup>th</sup> Floors, Kamala Mills Compound, Lower Parel, Mumbai - 400 013.
Central Depository Services (India) Limited (CDSL)	Phiroze Jhejeebhoy Towers, 16 <sup>th</sup> Floor, Dalal Street, Mumbai - 400 001

The Company has paid the custodial charges to the respective Depository for the financial year 2011-12.

## 6. Corporate Identity Number

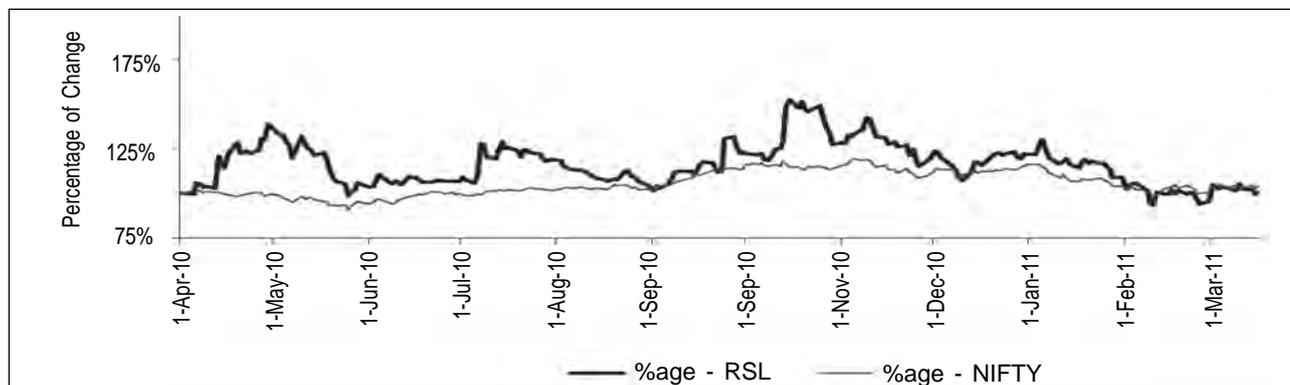
The Corporate Identity Number (CIN), allotted by the Ministry of Corporate Affairs, Government of India is L72300TN1997PLC037550 and our Company registration number is 37550.

With the MCA 21 initiative of the Ministry of Corporate Affairs going live, 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](http://www.mca.gov.in) (MCA21 eServices) using the above mentioned CIN.

### Details of the Share price movements in the National Stock Exchange and Bombay Stock Exchange

Sl. No.	Month	NSE			BSE		
		Volume	High	Low	Volume	High	Low
1	Apr-10	34,40,008	138.90	93.00	18,73,490	139.00	94.25
2	May-10	6,38,155	136.80	94.60	3,82,841	136.55	95.05
3	Jun-10	2,75,487	110.95	99.20	1,10,389	110.00	99.05
4	Jul-10	31,10,609	128.00	101.70	14,14,279	128.00	101.40
5	Aug-10	2,33,616	118.50	99.00	1,52,483	117.00	98.65
6	Sep-10	12,82,694	132.90	96.40	9,02,721	132.75	97.20
7	Oct-10	23,26,532	155.80	113.75	12,29,617	154.90	113.15
8	Nov-10	1,25,573	143.00	106.00	1,18,688	141.45	106.35
9	Dec-10	82,540	121.90	100.30	1,01,115	123.00	99.15
10	Jan-11	1,41,252	129.35	101.60	99,468	129.50	101.00
11	Feb-11	91,371	110.00	86.05	75,753	113.00	87.05
12	Mar-11	2,39,854	118.90	93.05	1,39,027	118.70	94.50
<b>Total</b>		<b>1,19,87,691</b>			<b>65,99,871</b>		

## 7. Relative Performance of Ramco Systems Limited's Share Price in comparison with NSE Nifty



# Ramco Systems Limited, INDIA

## 8. Registrar and Share Transfer Agent

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

M/s. Cameo Corporate Services Limited  
Unit: Ramco Systems Limited  
Subramanian Building, No.1, Club House Road, Mount Road, Chennai – 600 002,  
Tel: 044 - 2846 0390 Fax: 044 - 2846 0129

## 9. Share Transfer System

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

The physical Share Transfers, Transmissions, Transpositions, etc., are processed based on number of requests received and keeping in view the prescribed timeline. The shares lodged for physical Transfer/Transmission/Transposition are registered as per the requirement of the 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 Share Transfers, Transmissions, Transposition etc. the Board of Directors have delegated powers to approve the process to the Shareholder Committee. During the year the Shareholders Committee has approved, inter-alia, the following :

Particulars	Number of Requests	Shares
Dematerialization	28	4,557
Transposition	3	932
Rematerialization	-	-
Split	2	3,136

There is no specific Request/Grievance outstanding on the subject till date.

## 10. Permanent Account Number

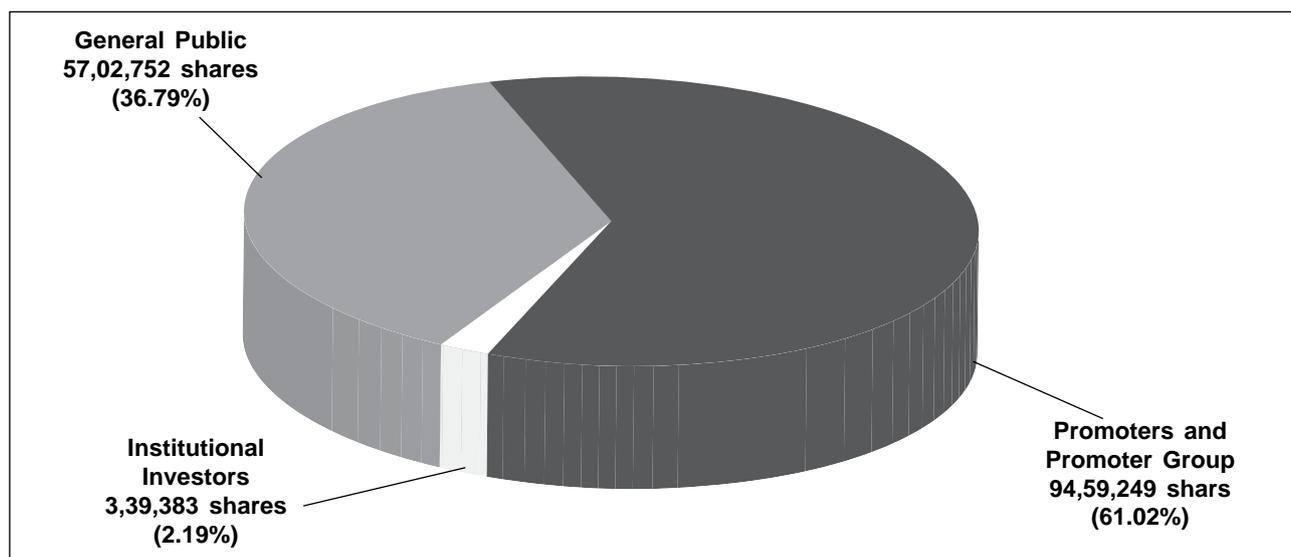
The Securities Exchange Board of India (SEBI) vide its earlier Circulars have made the Permanent Account Number (PAN) as the sole identification number for all participants transacting in the securities market, irrespective the amount of the transaction. Further to this, SEBI had vide its Circular No.MRD\Dop\Cir-05\2009 dated 20<sup>th</sup> May, 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 7<sup>th</sup> January, 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.

**11. Shareholding Pattern and the Distribution of Shareholding as at 31<sup>st</sup> March, 2011:**

Category of Shareholder	Number of Shareholders	Total Shares held	Shares in demat form	Percentage of holding
<b>(A) Promoters and Promoter Group</b>				
Individuals / Hindu Undivided Family	13	24,16,959	23,99,634	15.59
Bodies Corporate	6	69,58,165	69,54,174	44.89
Trusts	1	84,125	-	0.54
<b>Promoters shareholding (A)</b>	<b>20</b>	<b>94,59,249</b>	<b>93,53,808</b>	<b>61.02</b>
<b>(B) Non-Promoters</b>				
<b>Institutional Investors</b>				
Mutual Funds / UTI	2	300	-	-
Financial Institutions / Banks	4	24,950	24,800	0.16
Insurance Companies	1	3,14,133	3,14,133	2.03
<b>Sub Total</b>	<b>7</b>	<b>3,39,383</b>	<b>3,38,933</b>	<b>2.19</b>
<b>General Public</b>				
Bodies Corporate	333	15,63,587	15,63,028	10.09
Indian Public	8,023	36,93,556	33,44,196	23.83
Others Including NRI's, Trusts, Clearing Members Etc.	374	4,45,609	4,26,692	2.87
<b>Sub Total</b>	<b>8,730</b>	<b>57,02,752</b>	<b>53,33,916</b>	<b>36.79</b>
<b>Non-Promoters shareholding (B)</b>	<b>8,737</b>	<b>60,42,135</b>	<b>56,72,849</b>	<b>38.98</b>
<b>Total Shareholding (A)+(B)</b>	<b>8,757</b>	<b>1,55,01,384</b>	<b>1,50,26,657</b>	<b>100.00</b>

**Graphical Representation of Shareholding Pattern as on 31<sup>st</sup> March, 2011:**


# Ramco Systems Limited, INDIA

The Distribution of Shareholding of the Company as at 31<sup>st</sup> March, 2011, is as follows:

Sl. No.	Holding Range	Number of Shareholders	% to Total	Shares	% to Total
1	Between 1 and 100	5,311	60.65	2,48,759	1.61
2	Between 101 and 500	2,382	27.20	5,97,289	3.86
3	Between 501 and 1,000	457	5.22	3,59,789	2.33
4	Between 1,001 and 2,000	265	3.03	3,90,724	2.53
5	Between 2,001 and 3,000	94	1.07	2,32,087	1.49
6	Between 3,001 and 4,000	64	0.73	2,26,084	1.45
7	Between 4,001 and 5,000	35	0.40	1,60,817	1.03
8	Between 5,001 and 10,000	71	0.81	5,21,350	3.36
9	More than 10,000	78	0.89	1,27,64,485	82.34
	<b>Total</b>	<b>8,757</b>	<b>100.00</b>	<b>1,55,01,384</b>	<b>100.00</b>

## 12. Dematerialization of Shares and Liquidity

The Company has entered into Agreements with both NSDL and CDSL to facilitate the shareholders to dematerialize their equity shares with any one of the Depositories. The custodial charges for the year 2011-12 have been paid to NSDL and CDSL as per the Listing Agreement. As at 31<sup>st</sup> March, 2011, 1,50,26,657 equity shares representing 96.94% of the Company's total numbers of shares have been dematerialized.

In view of the SEBI's direction 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.

**13. Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, conversion date and likely impact on Equity** : The Company has no outstanding ADR/GDR/Warrants or any convertible instruments as on 31<sup>st</sup> March, 2011.

**14. Plant Location and R&D Center** : No.64, Sardar Patel Road, Taramani, Chennai - 600 113.

**15. Address for Correspondence & Shareholders queries** : The Company Secretary  
No:64, Sardar Patel Road, Taramani, Chennai - 600 113.  
Phone: 044 - 2235 5558 Fax : 044 - 2235 5078

(or)

M/s. Cameo Corporate Services Limited  
(Unit: Ramco Systems Limited)  
Subramanian Building, No.1, Club House Road,  
Chennai - 600 002,  
Phone: 044 - 2846 0390 Fax: 044 - 2846 0129.

## 16. Other Information to Shareholders

### (a) Reconciliation of Share Capital Audit

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

### (b) Compliance Certificate

Compliance Certificate dated 30<sup>th</sup> May, 2011 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 31<sup>st</sup> March, 2011.

on behalf of the Board of Directors  
**For RAMCO SYSTEMS LIMITED**

Place: Chennai  
Date : 30<sup>th</sup> May, 2011

**P R VENKETRAMA RAJA**  
VICE CHAIRMAN, MANAGING DIRECTOR & CEO

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## **Annexure D**

### **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 31<sup>st</sup> March 2011, 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 : 30<sup>th</sup> May, 2011

**C.N.GANGADARAN**  
Partner  
Membership No.11205

## ANNEXURE E MANAGEMENT DISCUSSION AND ANALYSIS

### Overview

Strengthening our products and services has been the focus for the year 2010-11, with the spotlight being on cloud offerings.

We are seeing the Company grow and expand itself in various new markets, both at the domestic and international levels. Toward making our vision of being a global leader of software solutions and services come true, we have maintained a future-ready approach and remained pro-active. Our efforts towards Image and Brand building have been effective, and as a result, there has been a significant improvement in brand recall. This is a major breakthrough compared to the previous years.

Our OnDemand business is continuing to successfully head toward beneficial results. Through the OnDemand Cluster Series of events, we have been targeting untapped markets all over the country. The aim is to accelerate our efforts toward becoming a major player in the segment in India, and subsequently, across the globe. Also, during the year, we have continued to focus on larger accounts to achieve revenues on annuity basis, so that we can have better revenue predictability. Our focus has paid off—the results have ascertained a positive trend and we hope that this will improve in future.

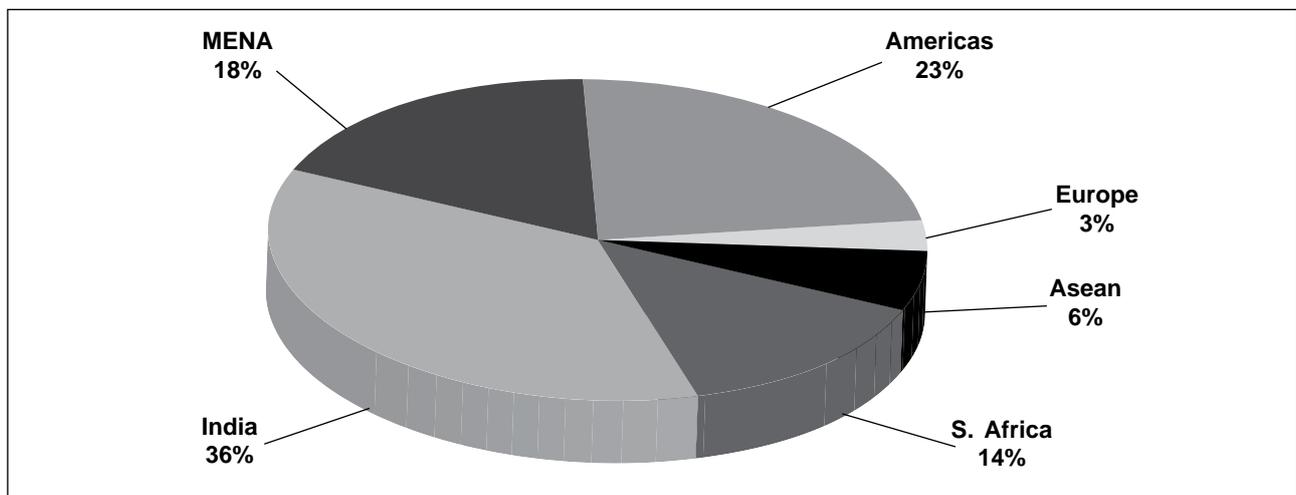
In addition to the successful run of our OnDemand and on premise ERP, we have also been seeing consistent and significant traction from the Banking Analytics practice. During the year, go-lives have been quiet commendable in the region. In all, we are positive about having laid a strong foundation for Ramco OnDemand ERP (RODE) and Banking Analytics in the Indian arena.

For the Middle East & North Africa (MENA) and South African markets, 2010-11 has been a good year with significant order-acquisitions. After the stupendous success of the eThekwini project, South Africa has witnessed a major breakthrough with order-wins from 3 municipalities. We have succeeded in establishing a good base in both the markets. Having accelerated our marketing and promotional efforts, we will be able to deeply penetrate in these maiden markets, in the coming years.

In the Asia Pacific region (Asean), our growth has remained flat through the year. We entered the growing Bangladesh market beginning with a partnership with Computer Source Ltd (CSL), a leading technology distributor in Bangladesh to market our offerings.

The US & Canada markets (Americas) have been witnessing a good deal of breakthroughs in the aviation sector through new orders and partnerships. During the year we launched Ramco Aviation Analytics, a dashboard driven business intelligence tool. This was followed with the launch of Equipment Rental Management Solution for the rental and leasing industry in the US. This offering has great prospects in the US, and we are focusing on effectively marketing it to the target audience.

The share of revenue of USD 45.16 Million from various geographies is depicted as under:





In the year ahead, the Company has taken a strategic step towards Verticalization. This move is to leverage our experience in developing end-to-end solutions for specific needs and to reduce sales cycle time in the process. This restructuring is assured to provide better focus by making each unit a self-contained entity having the domain expertise to handle the complete solution end-to-end.

One of the problem areas that is plaguing our operations is that the Average Collection Time (conforms to Average Sales Outstanding) is quite high in India, Middle East, North Africa and South Africa, than in US and Europe, putting the smooth cash flow to strain. Also, on the Aviation front, a few large deals that we were contemplating have not come through, as the decisions have been deferred indefinitely.

### **Risk Management and Internal Control Systems**

The Company has a suitable Risk Management framework for the purpose of managing risks. It has a comprehensive Budgetary Control System, against which the actual performance is reviewed. It has a well-defined Organization Structure and clear authority levels. Internal Audits are conducted periodically. These are reviewed by the Audit Committee in its Meetings.

### **Opportunities**

We believe our strong brand, robust quality product and access to skilled talent base, places us in a unique position to take advantage of the trend towards providing ERP solutions. 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.

When it comes to technology, we are a pioneer; we have quickly upgraded our offerings to conform to the latest in the field - Cloud Computing. This offers exciting opportunities to the Company, because it eliminates the need for customers to work with multiple vendors to address their diverse business requirements.

For the Americas, we have our eyes on markets for Component Manufacturing, an extension of the Aviation sector and Equipment Manufacturing.

Our G-to-M (Go-to-Market) strategy devised last year has helped us further strengthen our growth path this year. This has given us clear visibility in terms of our product positioning. Today, all functions of the Company are completely aligned to market dynamics. This effort is now paying good dividends.

### **Partnerships & Alliances**

We firmly believe 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. Whether it is presales, sales, implementation, or support, partners add great value. Major Telecom, Managed Services and Global BPO companies have expressed interest in partnering with us for RODE. The number of retail partners currently adds up to 61.

### **People Initiatives**

For us, providing opportunities for continuous growth and learning are of prime importance. Having the right resources with the right ideas can go a long way in delivering value to customers.

We have been actively involved in Talent Acquisition, initiated through campus recruitment from premier Engineering and Management Institutes, and also in Talent Retention through stock options. However, employee retention continues to remain a challenge. To handle this, we have been working on retention tools that align employees with our long-term goals.

During the year, outbound learning programs were conducted to foster team work and enhance individual/team effectiveness. A revisal of compensation was carried out throughout the Company, with an average rise of 15% across the Company, from top to bottom. We have designed our compensation to attract and retain top quality talent and motivate higher levels of performance. We have devised individual performance linked incentive programs that we believe will more accurately link performance to compensation for each employee. We measure our compensation packages against industry standards and seek to match or exceed them, year after year.

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*The Reports presented above 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.*

## ANNEXURE F

### 2010-11 Milestones

**12<sup>th</sup> April, 2010:** Ramco BPO launches **IP3 Framework** — Infrastructure, Product, Process and People to the business houses across the globe to suit their right costing exercise.

**2<sup>nd</sup> June, 2010:** Launch of **Ramco Aviation Analytics**, a dashboard driven business intelligence tool that presents essential information, mined from existing enterprise transaction systems, necessary for successfully viewing and managing an Organization's performance.

**26<sup>th</sup> July, 2010:** Global partnership with **IDBLUE™** to provide end-to-end RFID solutions within the aerospace sector for the purpose of MRO, aircraft and component, data identification, tracking, enhanced line maintenance and performance based utilization.

**9<sup>th</sup> September, 2010:** Launch of **Ramco OnDemand ERP 2.0** that offers customers a rich user interface and a unique set of extension / customization capabilities, by Grand Master & World Chess Champion **Shri Vishwanathan Anand**.

**25<sup>th</sup> September, 2010:** Order-win from **National Aviation Company of India Limited (NACIL), now Air India Limited**, for Maintenance, Repair & Overhaul (MRO) suite of Aviation software offerings. As per the Agreement, Ramco Systems will provide its complete suite of MRO offerings to NACIL which operates Air India, Indian Airlines, Air India Express and Alliance.

**11<sup>th</sup> October, 2010:** Order-win from **Gulf Precast Concrete Company L.L.C. (GPCC)**, to offer our full-suite of on-premise ERP - Ramco Enterprise Series 5.0.

**18<sup>th</sup> October, 2010:** Launch of **Hospital-Medical Maintenance Management Solutions** which will enable healthcare customers to obtain a real-time view of compliance, operational efficiency and cost control, while reducing risk.

**9<sup>th</sup> November, 2010:** Order-win from **Gulf Petrochem**, a fast-growing oil refining and trading Company based in Sharjah's Hamriyah Free Trade Zone. Ramco's enterprise solution will address all operations of Gulf Petrochem including oil refining, trading, leasing and storage, grease manufacturing and oil terminal operations. In addition, Ramco's solution will be accessed by users across UAE, South Asia, Asia Pacific, East Africa and other parts of the world.

**11<sup>th</sup> November, 2010:** Awarded the prestigious '**Innovation in IT Applications**' at the **3<sup>rd</sup> India Power Awards** held at the India Habitat Centre, New Delhi.

**18<sup>th</sup> November, 2010:** Launch of **Equipment Rental Management Solution** for the rental and leasing industry.

**29<sup>th</sup> November, 2010:** **Aveos**, a leading, independent, global provider of MRO services to the aviation industry, selected Ramco Systems, Canada to provide the Series 5 Aviation MRO software, including Financials and Aviation Analytics.

**13<sup>th</sup> December, 2010:** Our entry into the growing Bangladesh market with its suite of ERP offerings. We have entered into a partnership with **Computer Source Ltd. (CSL)**, a leading technology distributor in Bangladesh to market our offerings.

**4<sup>th</sup> January, 2011:** Order-win from **MAS GMR Aerospace Engineering Co. Ltd.** for our Airframe Maintenance, Repair & Overhaul (MRO) suite of Aviation software offerings.

**28<sup>th</sup> February, 2011:** Awarded for '**Operational Excellence and Quality**' at the **BPO Excellence Awards 2010-11**, held at the Taj Lands End, Mumbai for exhibiting successful implementation of our acclaimed IP3 Framework, in bringing operational excellence and quality to customers.



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

1. We have audited the attached Balance Sheet of Ramco Systems Limited, as at 31<sup>st</sup> March, 2011 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.
2. 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.
3. 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.
4. 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 Section 211 of the Companies Act, 1956;
  - e) On the basis of written representation received from the Directors, as on 31<sup>st</sup> March, 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified, as on 31<sup>st</sup> March, 2011 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 31<sup>st</sup> March, 2011;
    - (2) in the case of the Profit and Loss Account, of the profit for the year ended on that date;
    - (3) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

**For CNGSN & ASSOCIATES**  
Chartered Accountants  
Registration No.004915S

**C N GANGADARAN**  
Partner  
Membership No.11205

Place: Chennai  
Date : 30<sup>th</sup> May, 2011

## 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.1,20,20,00,000 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.12,00,00,000 and the maximum outstanding during the year is Rs. 20,00,00,000. 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 and Cess and other material statutory dues as applicable to it.

- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income tax, Wealth tax, Sales tax, Service tax, Customs duty, Excise duty and Cess were in arrears as at 31<sup>st</sup> March, 2011 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.
- (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 explanations 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.11205

Place: Chennai

Date : 30<sup>th</sup> May, 2011

# Ramco Systems Limited, INDIA

## BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2011

	Schedule	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
<b>I. SOURCES OF FUNDS</b>			
<b>1. Shareholders' Funds</b>			
a) Share Capital	I	155,367,730	153,933,750
b) Reserves & Surplus	II	1,948,912,360	1,942,746,246
		<u>2,104,280,090</u>	<u>2,096,679,996</u>
<b>2. Loan Funds</b>			
a) Secured Loans	III	93,867,242	94,652,914
b) Unsecured Loans	IV	1,470,798,356	1,235,000,000
		<u>1,564,665,598</u>	<u>1,329,652,914</u>
<b>TOTAL</b>		<u>3,668,945,688</u>	<u>3,426,332,910</u>
<b>II. APPLICATION OF FUNDS</b>			
<b>1. Fixed Assets</b>			
Gross Block	V	2,673,457,503	2,353,199,668
Less : Depreciation		1,156,742,065	921,572,157
Net Block		<u>1,516,715,438</u>	<u>1,431,627,511</u>
<b>2. Investments</b>	VI	1,221,947,967	1,222,089,434
<b>3. Current Assets, Loans &amp; Advances</b>			
a) Inventories	VII	1,041,081	482,309
b) Sundry Debtors	VIII	703,057,318	362,273,438
c) Cash & Bank Balances	IX	23,464,341	42,108,917
d) Loans & Advances	X	349,326,429	261,222,840
e) Other Current Assets	XI	33,726,692	39,301,994
		<u>1,110,615,861</u>	<u>705,389,498</u>
<b>Less: Current Liabilities and Provisions</b>			
a) Current Liabilities	XII	524,096,488	344,473,377
b) Provisions	XIII	68,554,035	48,319,186
		<u>592,650,523</u>	<u>392,792,563</u>
<b>Net Current Assets</b>		<u>517,965,338</u>	<u>312,596,935</u>
<b>4. Profit &amp; Loss account</b>		<u>412,316,945</u>	<u>460,019,030</u>
<b>TOTAL</b>		<u>3,668,945,688</u>	<u>3,426,332,910</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 : 30<sup>th</sup> May, 2011

**P R RAMASUBRAHMANEYA RAJHA**  
Chairman

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

**G VENKATRAM**  
Company Secretary

**S S RAMACHANDRA RAJA**

**N K SHRIKANTAN RAJA**

**V JAGADISAN**

**M M VENKATACHALAM**

**A V DHARMAKRISHNAN**

Directors



**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2011**

	Schedule	Year ended 31.03.2011 Rs.	Year ended 31.03.2010 Rs.
<b>INCOME</b>			
Sales	XIV	1,504,020,114	1,034,615,551
Other Income	XV	<u>73,371,933</u>	<u>50,887,991</u>
		<b>1,577,392,047</b>	<b>1,085,503,542</b>
<b>EXPENDITURE</b>			
Cost of Resale Material (Refer Note No.15)		60,049,029	66,247,556
Employee Compensation & Benefits	XVI	603,286,822	357,159,232
Sales & Marketing Expenses	XVII	132,689,675	70,066,879
Administrative & Other Expenses	XVIII	<u>346,374,699</u>	<u>258,434,821</u>
		<b>1,142,400,225</b>	<b>751,908,488</b>
<b>Profit / (Loss) Before Interest, Depreciation, Exceptional Items &amp; Tax</b>		<b>434,991,822</b>	<b>333,595,054</b>
Interest & Finance Charges	XIX		
- For R&D activities		106,024,406	98,722,257
- For Others		<u>28,909,306</u>	<u>19,740,981</u>
		<b>134,933,712</b>	<b>118,463,238</b>
<b>Profit / (Loss) Before Depreciation, Exceptional Items &amp; Tax</b>		<b>300,058,110</b>	<b>215,131,816</b>
Depreciation			
- on Technology Platform & Product Software		176,195,930	153,247,018
- on other fixed assets		<u>63,779,419</u>	<u>62,352,152</u>
		<b>239,975,349</b>	<b>215,599,170</b>
<b>Profit / (Loss) Before Exceptional Items &amp; Tax</b>		<b>60,082,761</b>	<b>(467,354)</b>
Exceptional Income / (Expense) (Refer Note No.18)		-	<u>(10,514,703)</u>
<b>Profit / (Loss) Before Tax</b>		<b>60,082,761</b>	<b>(10,982,057)</b>
Provision for Taxation (Refer Note No.7)			
- Current Taxation		(12,380,676)	-
- Deferred Taxation		-	-
<b>Profit / (Loss) After Tax</b>		<b>47,702,085</b>	<b>(10,982,057)</b>
Balance in Profit & Loss Account brought forward from previous year		<u>(460,019,030)</u>	<u>(449,036,973)</u>
<b>Balance in Profit &amp; Loss Account</b>		<b>(412,316,945)</b>	<b>(460,019,030)</b>
Earnings Per Share (Face value of shares @ Rs.10/- each) (Refer Note No. 11)			
- Basic EPS		3.09	(0.72)
- Diluted EPS		2.99	(0.72)

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 : 30<sup>th</sup> May, 2011

**P R RAMASUBRAHMANEYA RAJHA**  
Chairman

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

**G VENKATRAM**  
Company Secretary

**S S RAMACHANDRA RAJA**

**N K SHRIKANTAN RAJA**

**V JAGADISAN**

**M M VENKATACHALAM**

**A V DHARMAKRISHNAN**

Directors

# Ramco Systems Limited, INDIA

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2011

	Year ended 31.03.2011 Rs.	Year ended 31.03.2010 Rs.
<b>A. Cash Flow From Operating Activities:</b>		
<b>Net Profit/(Loss) before tax &amp; exceptional items</b>	<b>60,082,761</b>	(467,354)
<b>Adjustments for:</b>		
Depreciation	239,975,349	215,599,170
Interest & Finance Charges	134,933,712	118,463,238
Unrealised foreign exchange fluctuation (gain)/loss	6,562,774	7,188,893
(Profit)/Loss on sale of fixed assets – Net	4,435,381	731,939
Interest income	(1,224,579)	(390,197)
Dividend income	(1,599)	(4,538)
<b>Operating Profit/(Loss) before Working Capital Changes</b>	<b>444,763,799</b>	341,121,151
<b>Working Capital Changes:</b>		
(Increase)/Decrease in Trade and other receivables	(441,257,890)	(26,861,388)
(Increase)/Decrease in Inventories	(558,772)	(332,603)
(Increase)/Decrease in Other current assets [other than Cash and Bank]	5,575,303	(21,701,718)
Increase/(Decrease) in Current liabilities and provisions	187,477,284	(138,459,659)
<b>Cash generated from operations</b>	<b>195,999,724</b>	153,765,783
Fringe Benefit Tax	-	(595,810)
<b>Cash Flow before exceptional items</b>	<b>195,999,724</b>	153,169,973
Overseas withholding tax (Refer Note No.18)	-	(10,514,703)
<b>Net Cash (used in)/generated from operating activities</b>	<b>195,999,724</b>	142,655,270
<b>B. Cash Flow from Investing Activities:</b>		
Purchase of Fixed assets – for R&D activities	(1,431,782)	(194,119)
Purchase of Fixed assets – for others	(58,369,383)	(39,350,436)
Investment in R&D activities	(270,621,711)	(229,489,119)
Investment in Mutual Funds – Net	141,467	(4,538)
Loans to Subsidiaries – Net	12,370,420	(12,370,420)
Proceeds from sale of other fixed assets	924,219	1,299,632
Interest income	1,224,579	390,197
Dividend income	1,599	4,538
<b>Net cash (used in)/generated from Investing Activities</b>	<b>(315,760,592)</b>	(279,714,265)
<b>C. Cash Flow from Financing Activities:</b>		
Proceeds from issue of Share Capital	7,600,094	-
Proceeds from long term borrowings	11,657,597	850,000
Proceeds from short term borrowings	3,322,798,356	1,802,500,000
Repayment of long term borrowings	(12,443,269)	(228,188,927)
Repayment of short term borrowings	(3,087,000,000)	(1,217,585,616)
Working capital changes – Net	-	(115,000,000)
Interest & Finance Charges	(134,933,712)	(118,463,238)
<b>Net Cash (used in)/generated from financing activities</b>	<b>107,679,066</b>	124,112,219
<b>Net Increase/(Decrease) in cash and cash equivalents (A+B+C)</b>	<b>(12,081,802)</b>	(12,946,776)
<b>Cash and Cash equivalents at the beginning of the year</b>	<b>42,108,917</b>	62,244,586
Effect of Unrealised foreign exchange fluctuation gain/(loss)	(6,562,774)	(7,188,893)
<b>Cash and Cash equivalents at the end of the year</b>	<b>23,464,341</b>	42,108,917

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

**C N GANGADARAN**  
Partner  
Membership No:11205

Place : Chennai  
Date : 30<sup>th</sup> May, 2011

**P R RAMASUBRAHMANEYA RAJHA**  
Chairman

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

**G VENKATRAM**  
Company Secretary

**S S RAMACHANDRA RAJA**

**N K SHRIKANTAN RAJA**

**V JAGADISAN**

**M M VENKATACHALAM**

**A V DHARMAKRISHNAN**

Directors



**SCHEDULES TO BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2011**

	<b>As at 31.03.2011</b>	As at 31.03.2010
	<b>Rs.</b>	Rs.
<b>Schedule I</b>		
<b>Share Capital</b>		
<b>Authorised</b>		
50,000,000 equity Shares of Rs.10/- each (Previous year 50,000,000 equity Shares of Rs.10/- each)	<u><b>500,000,000</b></u>	<u>500,000,000</u>
<b>Issued</b>		
15,850,562 equity Shares of Rs.10/- each (Previous year 15,707,164 equity Shares of Rs.10/- each)	<u><b>158,505,620</b></u>	<u>157,071,640</u>
<b>Subscribed</b>		
15,850,562 equity Shares of Rs.10/- each (Previous year 15,707,164 equity Shares of Rs.10/- each)	<u><b>158,505,620</b></u>	<u>157,071,640</u>
<b>Paid up</b>		
15,501,384 equity Shares of Rs.10/- each fully paid up (Previous year 15,357,986 equity Shares of Rs.10/- each fully paid up)	<u><b>155,013,840</b></u>	<u>153,579,860</u>
Add: Forfeited Shares	<u><b>353,890</b></u>	<u>353,890</u>
	<u><b>155,367,730</b></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 24 <sup>th</sup> 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 10 <sup>th</sup> November, 1999 and by the Reserve Bank of India.		
	<b>As at 31.03.2011</b>	As at 31.03.2010
	<b>Rs.</b>	Rs.
<b>Schedule II</b>		
<b>Reserves &amp; Surplus</b>		
Share Premium	<u><b>1,948,800,450</b></u>	<u>1,942,634,336</u>
Add: Forfeited Shares	<u><b>111,910</b></u>	<u>111,910</u>
	<u><b>1,948,912,360</b></u>	<u>1,942,746,246</u>
<b>Schedule III</b>		
<b>Secured Loans</b>		
a) Bank Borrowings	<u><b>80,000,000</b></u>	<u>80,000,000</u>
b) Obligations under Finance Lease (Refer Note No.19)	<u><b>4,754,333</b></u>	<u>13,410,197</u>
c) Hire Purchase Loans	<u><b>9,112,909</b></u>	<u>1,242,717</u>
(For security details, Refer Note No.2)	<u><b>93,867,242</b></u>	<u>94,652,914</u>
<b>Schedule IV</b>		
<b>Unsecured Loans</b>		
Short Term Loans - from Banks	<u><b>1,350,798,356</b></u>	<u>1,150,000,000</u>
Short Term Loans - from Others	<u><b>120,000,000</b></u>	<u>85,000,000</u>
(For security details, Refer Note No.2)	<u><b>1,470,798,356</b></u>	<u>1,235,000,000</u>



**SCHEDULES TO BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2011**

	As at 31.03.2011	As at 31.03.2010
	Rs.	Rs.
<b>Schedule VIII</b>		
<b>Sundry Debtors</b>		
(Unsecured, Considered Good)		
a) Debts Outstanding for period exceeding six months		
(i) From Subsidiaries	-	59,183,536
(ii) Others	117,133,224	57,392,457
b) Other debts		
(i) From Subsidiaries	182,126,261	17,037,780
(ii) Others	403,797,833	228,659,665
(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>703,057,318</u>	<u>362,273,438</u>
<b>Schedule IX</b>		
<b>Cash and Bank Balances</b>		
Cash on hand	60,013	83,991
Balances with Scheduled Banks in:		
a) Current Accounts	7,978,810	21,806,585
b) Deposit Accounts	2,144,540	825,939
Balances with other Banks in Current Accounts:		
a) Dresdner Bank, Germany (Maximum balance Rs.4,294,429 (Previous Year Rs.1,573,828))	12,407	899,629
b) HSBC Bank, United Kingdom (Maximum balance Rs.128,244 (Previous Year Rs.131,969))	128,244	121,253
c) State Bank of India, United Kingdom (Maximum balance Rs.3,227,722 (Previous Year Rs.5,295,571))	1,301,827	1,813,774
d) Citi Bank, Dubai (Maximum balance Rs.14,710,772 (Previous Year Rs.2,504,447))	1,203,227	232,585
e) National Bank of Dubai, Dubai (Maximum balance Rs.57,600,128 (Previous Year Rs.16,227,907))	9,751,083	16,227,907
f) Citi Bank, India (Maximum balance Rs.65,860 (Previous Year Rs.195,706))	65,860	93,306
g) Standard Chartered Bank, India (Maximum balance Rs.3,948 (Previous Year Rs.3,948))	3,948	3,948
h) Kotak Mahindra Bank Ltd., India (Maximum balance Rs.6,099,810 (Previous Year Nil))	814,382	-
	<u>23,464,341</u>	<u>42,108,917</u>
<b>Schedule X</b>		
<b>Loans and Advances</b>		
(Unsecured, Considered Good)		
Advance recoverable in Cash or kind or value to be received		
a) From Subsidiaries	-	12,370,420
b) From Others	281,648,770	133,715,328
Tax deducted at Source	61,336,551	106,143,818
Deposits with Government Departments and Others	6,341,108	8,993,274
(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>349,326,429</u>	<u>261,222,840</u>
<b>Schedule XI</b>		
<b>Other Current Assets</b>		
Software Work In Progress	12,970,850	27,596,194
Prepaid expenses	20,744,038	11,538,572
Interest Accrued	11,804	167,228
	<u>33,726,692</u>	<u>39,301,994</u>
<b>Schedule XII</b>		
<b>Current Liabilities</b>		
For Purchases	66,926,568	12,706,767
For Expenses		
a) To Subsidiaries	171,005,779	156,455,039
b) To Others	284,718,642	175,034,998
Interest accrued but not due on loans	1,445,499	276,573
	<u>524,096,488</u>	<u>344,473,377</u>
<b>Schedule XIII</b>		
<b>Provisions</b>		
Provision for staff benefit schemes (Refer Note No.20)	56,173,359	48,319,186
Provision for Taxation (Refer Note No.7)	12,380,676	-
	<u>68,554,035</u>	<u>48,319,186</u>

# Ramco Systems Limited, INDIA

## SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2011

	Year ended 31.03.2011 Rs.	Year ended 31.03.2010 Rs.
<b>Schedule XIV</b>		
<b>Sales</b>		
Software Revenues (Licensing & Services)	1,359,974,543	922,308,201
Value Added Resale Software & Hardware Materials	19,078,094	84,765,477
Royalty	124,967,477	27,541,873
	<u>1,504,020,114</u>	<u>1,034,615,551</u>
<b>Schedule XV</b>		
<b>Other Income</b>		
Interest Income (TDS Rs.7,772/- (Previous year Rs.9,514/-))	13,798,330	390,197
Profit on Sale of Fixed Assets	109,990	864,809
Rent Income	45,350,682	45,483,252
Dividend from Investment in Mutual Fund Units	1,599	4,538
Recovery of Billable Expenses	8,980,538	3,904,930
Miscellaneous Income	5,130,794	240,265
	<u>73,371,933</u>	<u>50,887,991</u>
<b>Schedule XVI</b>		
<b>Employee Compensation &amp; Benefits</b>		
Salaries, Bonus etc.	522,337,987	294,578,605
Gratuity & Superannuation	23,711,357	11,753,904
Provident Fund	29,803,769	23,424,611
Staff Welfare	27,433,709	27,402,112
	<u>603,286,822</u>	<u>357,159,232</u>
<b>Schedule XVII</b>		
<b>Sales &amp; Marketing Expenses</b>		
Advertisement & Sales Promotion	128,908,631	69,542,119
Sales Commission	3,781,044	524,760
	<u>132,689,675</u>	<u>70,066,879</u>
<b>Schedule XVIII</b>		
<b>Administrative &amp; Other Expenses</b>		
Consultancy Charges	14,957,568	9,888,290
Bank Charges	2,931,910	1,953,965
Insurance	1,615,774	1,044,010
Loss on sale of Fixed assets	4,545,371	1,596,748
Communication Expenses	17,617,310	14,578,048
Power & Fuel	10,920,593	9,836,401
Printing & Stationery	2,491,685	2,184,833
Rates & Taxes	4,453,590	2,653,188
Rent	131,731,477	120,249,863
Repairs - Buildings	187,644	2,255,395
Repairs - Plant & Machinery	10,422,038	12,089,619
Repairs - Others	10,510,201	6,494,358
Travel & Conveyance	102,091,769	62,884,900
Bad Debts Written off	6,935,898	5,765,000
Foreign Exchange Fluctuation	3,978,103	(11,192,045)
Miscellaneous Expenses	20,983,768	16,152,248
	<u>346,374,699</u>	<u>258,434,821</u>
<b>Schedule XIX</b>		
<b>Interest &amp; Finance Charges</b>		
Interest on loans taken for R&D activities	106,024,406	98,722,257
Interest on other loans		
a) Hire Purchase & Finance Charges	1,754,512	1,566,413
b) Others	27,154,794	18,174,568
	<u>134,933,712</u>	<u>118,463,238</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 Account.

In respect of Assets leased prior to 1<sup>st</sup> April, 2001, the lease rentals paid during the year are charged to Profit & Loss Account. In respect of assets leased on or after 1<sup>st</sup> 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 Account. Exchange difference in respect of foreign currency liabilities incurred for acquiring fixed assets on or before accounting period commencing after 7<sup>th</sup> December, 2006 is added to the cost of respective fixed assets.

## VII. Translation of Financial Statements of Foreign Branch

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

## 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 contribution / 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.

Minimum Alternative Tax (MAT) credit asset is recognised only when and to the extent there is convincing evidence that the Company will pay normal Income Tax during the specified period. The carrying amount of MAT credit asset is reviewed at each Balance Sheet date.

## 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 31.03.2011	(Rs. '000) As at 31.03.2010
<b>1. Contingent Liabilities</b>		
a) Estimated amount of contracts remaining to be executed on capital account and not provided for	4,768	7,675
b) Bank Guarantees	77,154	18,738
c) Letters of Credit	2,797	Nil

Note: The Company is engaged in development of software products, which are marketed by the Company and its overseas subsidiaries. The intellectual property rights are held by the Company. There are in-built warranties for performance and support. Claims which may arise out of these are not quantifiable and hence not provided for.

### 2. Secured & Unsecured Loans

Borrowings from the banks for working capital amounting to Rs.10,000 thousands (previous year 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 (previous year 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.

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.1,470,798 thousands (previous year Rs.1,235,000 thousands), Rs.1,150,000 thousands (Previous year Rs.950,000 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, Small and Medium Enterprises, to whom the Company owes dues as at 31<sup>st</sup> March, 2011 and on 31<sup>st</sup> March, 2010. 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 31.03.2011	Year ended 31.03.2010
(Rs. '000)		
<b>A) CIF Value of Imports</b>		
Resale Materials	4,325	2,962
Capital goods	1,602	705
<b>TOTAL</b>	<b>5,927</b>	<b>3,667</b>
<b>B) Expenditure in Foreign Currency on account of:</b>		
Professional / consultation fees	8,676	6,869
Travelling	33,561	23,129
Patents	1,880	5,057
Remittance to overseas subsidiaries	18,840	129,359
Remittance to overseas branch	59,137	27,019
Others	5,395	1,395
<b>TOTAL</b>	<b>127,489</b>	<b>192,828</b>
<b>C) Number of Non-resident shareholders</b>	<b>80</b>	<b>87</b>
<b>D) Earnings in Foreign Exchange</b>		
Export of goods & Services on F.O.B basis	465,777	320,159
Royalty	124,967	27,542
<b>TOTAL</b>	<b>590,744</b>	<b>347,701</b>

## Ramco Systems Limited, INDIA

E) Value of consumption of imported and Indigenous raw materials and spare parts	Year ended 31.03.2011		Year ended 31.03.2010	
	(Rs.'000)	%	(Rs.'000)	%
<b>Raw Materials</b>				
Imported	4,325	7.20	2,963	4.47
Indigenous	55,724	92.80	63,285	95.53

### 5. Fees paid to Statutory Auditors (excluding service tax)

Sl. No.	Particulars	(Rs. '000)	
		Year ended 31.03.2011	Year ended 31.03.2010
a)	Statutory Audit	750	750
b)	Tax Audit	150	150
c)	Independent Auditor's report under AS-21	200	200
d)	Rights Issue certification	500	-
e)	Other certification	293	380
f)	Reimbursement of out of pocket expenses	31	46
	<b>TOTAL</b>	<b>1,924</b>	<b>1,526</b>

The fee against Sl.No. (d) above is in connection with the proposed Rights Issue, which would be adjusted against Share Premium Account upon realization of the proceeds of the said Rights Issue and the rest are included under the head "Consultancy Charges".

### 6. Managerial Remuneration

The Board of Directors of the Company in its meeting held on 28<sup>th</sup> 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 23<sup>rd</sup> February, 2010, on the same terms and conditions as were applicable before the re-appointment.

Computation of Profits as per Sec. 349 of the Companies Act, 1956 for remuneration to VCMD & CEO for the year ended 31<sup>st</sup> March, 2011 :

	(Rs.)
Profit / (Loss) After Tax	47,702,085
Add: a) Directors Sitting Fees	235,000
b) Vice Chairman, Managing Director & CEO's Remuneration	1,166,400
c) Tax on book profits	12,380,676
	<u>13,782,076</u>
Profit after above adjustments	61,484,161
Less: Accumulated losses as on 31 <sup>st</sup> March, 2010, adjusted to the extent of above profit	(61,484,161)
Profit arrived for the purpose of Managerial Remuneration	Nil
5% of the above	Nil

The Company's VCMD & CEO is also the Vice Chairman & Managing Director of Ramco Industries Limited. As per the provisions of the Companies Act, 1956 read with Schedule XIII, the total remuneration payable should not exceed the higher 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:

	Year ended 31.03.2011	(Rs.) Year ended 31.03.2010
Basic pay	720,000	720,000
House Rent Allowance	360,000	360,000
Contribution to Provident Fund	86,400	86,400
<b>Total</b>	<b>1,166,400</b>	<b>1,166,400</b>

This remuneration has been adjusted in the overall maximum remuneration of Rs.35,173,049/- (Previous Year Rs.36,070,426/-) payable by Ramco Industries Limited at 5% of its net profits computed in accordance with the provisions of the said Act.

## 7. Taxation

Current taxation for the year represents the provision made for tax on the book profits, computed under Sec.115JB of the Income Tax Act, 1961. The Company has net deferred tax assets as on 31<sup>st</sup> March, 2011 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 separately.

### 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:

	Year ended 31.03.2011	Year ended 31.03.2010
<b>Total Research &amp; Development expenditure capitalized during the year as per Schedules 3 &amp; 4 to R&amp;D Accounts:</b>		(Rs. '000)
Employee compensation	249,798	209,651
Administrative & other expenses	20,824	19,838
<b>Total</b>	<b>270,622</b>	<b>229,489</b>
Of the above,		
Shown as "Technology Platform" under Fixed Assets	67,669	55,087
Shown as "Product Software" under Fixed Assets	202,953	174,402
	<b>270,622</b>	<b>229,489</b>

## 9. Sundry Debtors and Loans & Advances

A) These include dues from overseas subsidiaries as given below: (Rs. '000)

Sl. No.	Subsidiary	Outstanding as at		Maximum amount due during	
		31.03.2011	31.03.2010	2010-11	2009-10
<b>i)</b>	<b>Sundry Debtors</b>				
a)	Ramco Systems Corporation, USA	4,931	25	29,902	191
b)	Ramco Systems Limited, Switzerland	562	182	10,062	107,607
c)	Ramco Systems Pte Ltd., Singapore	11,237	4,178	14,986	55,331
d)	RSL Enterprise Solutions (Pty) Ltd., South Africa	127,605	71,836	150,197	71,836
e)	Ramco Systems Canada Inc., Canada	37,791	N A	37,791	N A
	<b>Total</b>	<b>182,126</b>	<b>76,221</b>		
<b>ii)</b>	<b>Loans &amp; Advances</b>				
a)	RSL Enterprise Solutions (Pty) Ltd., South Africa	Nil	12,370	20,923	12,370

B) Advance recoverable in cash or kind or value to be received - from others includes Rs.183,883 thousands (Previous year Rs.64,185 thousands) towards unbilled revenues.

# Ramco Systems Limited, INDIA

## 10. Equity and Share Premium

Pursuant to the exercise of options under ESOS 2008, 143,398 shares were allotted on various dates during the year. Consequent to the said allotments, the paid up capital and share premium have increased as below:

	(Rs. '000)	
<b>Increase on account of:</b>	<b>Share capital</b>	<b>Share premium</b>
Opening balance as on 1 <sup>st</sup> April, 2010	153,934	1,942,746
Allotment of 143,398 shares during the year under ESOS 2008	1,434	6,166
Closing Balance as on 31 <sup>st</sup> March, 2011	155,368	1,948,912

## 11. Earnings per share (EPS)

	<b>Year ended 31.03.2011</b>	Year ended 31.03.2010
a) Profit / (Loss) after tax and prior period expenses (Rs.)	<b>47,702,085</b>	(10,982,057)
b) Weighted average Equity Shares outstanding - Basic (No.)	<b>15,439,768</b>	15,357,986
c) Weighted average Equity Shares outstanding - Diluted (No.)	<b>15,966,742</b>	15,846,567
d) EPS - Basic (per share of Rs.10/- each) (Rs.) (a/b)	<b>3.09</b>	(0.72)
e) EPS - Diluted (per share of Rs.10/- each) (Rs.) (a/c)	<b>2.99</b>	(0.72)

12. 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.

13. The Company has branches in United Kingdom, Germany and Dubai. The United Kingdom branch has made a turnover of Rs.5,029 thousands for the year ended 31<sup>st</sup> March, 2011 (previous year Rs.5,587 thousands), Germany branch has made a turnover of NIL for the year ended 31<sup>st</sup> March, 2011 (previous year Rs.18,429 thousands) and the Dubai branch has made a turnover of Rs.258,959 thousands for the year ended 31<sup>st</sup> March, 2011 (previous year Rs.1,08,335 thousands).

14. Amounts recovered from Subsidiaries towards expenses incurred on account of on-site employees to the extent of Rs.25,006 thousands (previous year Rs.30,975 thousands) have been netted of from expenses.

15. Cost of resale materials for the year includes Rs.48,722 thousands (previous year Rs.25,995 thousands), towards sub-contracting charges. Increase / (decrease) in resale material for the year is Rs.559 thousands (previous year Rs.333 thousands) and value of purchase of resale material for the year is Rs.11,886 thousands (previous year Rs.40,586 thousands).

## 16. 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   | 4. Ramco Systems Pte Ltd., Singapore   |
| 2. Ramco Systems Ltd., Switzerland  | 5. RSL Enterprise Solutions (Pty) Ltd., South Africa   |
| 3. Ramco Systems Sdn Bhd., Malaysia | 6. Ramco Systems Canada Inc., Canada (wholly owned subsidiary of Ramco Systems Corporation, USA) |

### 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                  | 6. Sandhya Spinning Mill Limited        |
| 2. Madras Cements Limited                     | 7. Thanjavur Spinning Mill Limited      |
| 3. Ramco Industries Limited                   | 8. Rajapalayam Spinners Private Limited |
| 4. The Ramaraju Surgical Cotton Mills Limited | 9. Sri Harini Textiles Limited          |
| 5. Sri Vishnu Shankar Mills Limited           |   |

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

(Rs. '000)

Particulars	Transaction during 2010-2011	Outstanding as at 31.03.2011	Transaction during 2009-2010	Outstanding as at 31.03.2010
<b>Income from Sale of goods &amp; services</b>				
Ramco Systems Corporation, USA	48,248	1,763	86,944	25
Ramco Systems Limited, Switzerland	5,656	562	34,986	182
Ramco Systems Sdn. Bhd., Malaysia	1,905	-	5,086	-
Ramco Systems Pte. Ltd., Singapore	17,835	4,771	26,059	4,178
RSL Enterprise Solutions (Pty) Ltd., South Africa	180,601	127,605	40,009	71,836
Ramco Systems Canada Inc., Canada	56,093	37,791	N A	N A
Madras Cements Limited	117,412	5,963	191,151	5,083
Ramco Industries Limited	11,244	507	22,170	-
Rajapalayam Mills Limited	1,310	96	4,176	-
The Ramaraju Surgical Cotton Mills Limited	320	-	2,037	-
Sri Vishnu Shankar Mills Limited	612	-	1,232	-
Sandhya Spinning Mill Limited	529	-	753	-
Thanjavur Spinning Mill Limited	280	-	468	-
Rajapalayam Spinners Private Limited	109	-	877	-
Sri Harini Textiles Limited	65	-	475	-
<b>Income from royalty</b>				
Ramco Systems Corporation, USA	63,325	3,168	7,375	-
Ramco Systems Limited, Switzerland	15,257	-	2,423	-
Ramco Systems Sdn. Bhd., Malaysia	7,938	-	7,012	-
Ramco Systems Pte. Ltd., Singapore	21,223	6,466	10,732	-
Ramco Systems Canada Inc., Canada	17,223	-	N A	N A
<b>Cost of services availed</b>				
Ramco Systems Corporation, USA	3,163	119,003	10,697	105,025
Ramco Systems Limited, Switzerland	-	28,530	4,097	34,679
Ramco Systems Sdn. Bhd., Malaysia	-	11,637	-	16,751
Ramco Systems Pte. Ltd., Singapore	11,836	11,836	-	-
<b>Loans availed</b>				
Madras Cements Limited	1,202,000	120,000	540,000	85,000
Ramco Industries Limited	-	-	12,500	-
<b>Loans given</b>				
RSL Enterprise Solutions (Pty) Ltd., South Africa	6,931	-	1,773	12,153
<b>Interest – Expense</b>				
Madras Cements Limited	10,448	-	14,690	-
Ramco Industries Limited	-	-	221	-
<b>Interest – Income</b>				
RSL Enterprise Solutions (Pty) Ltd., South Africa	999	-	323	217
<b>Rent – Expense</b>				
Madras Cements Limited	70,923	-	69,536	-

**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 fee paid to Shri P R Ramasubrahmaneya Rajha Rs.40 thousands (Previous year Rs.25 thousands)

# Ramco Systems Limited, INDIA

## 17. 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.

18. Exceptional Expense of Rs.10,515 thousands in the previous year represents overseas withholding tax written off. During the year, such overseas withholding tax, after adjusting against the liability for tax under Sec.115JB of the Income Tax Act, 1961, amounting to Rs.2,035 thousands has been grouped under "Administrative and Other Expenses".

## 19. Obligations towards finance leases:

	As at 31.03.2011	(Rs. '000) As at 31.03.2010
<b>Reconciliation between total minimum lease payments at the Balance Sheet date and their Present Value:</b>		
Total minimum lease payments at the Balance Sheet Date	4,980	14,940
Present Value of the minimum lease payments at the Balance Sheet date	4,754	13,410
	<u>226</u>	<u>1,530</u>
<b>Difference being:</b>		
Interest accrued, but not due at the Balance Sheet Date	98	277
Future interest payable during the balance lease term	128	1,253
<b>Minimum Lease Payments:</b>		
Less than one year	4,980	9,960
One to five years	-	4,980
Total	<u>4,980</u>	<u>14,940</u>
<b>Present value of minimum Lease Payments:</b>		
Less than one year	4,754	8,656
One to five years	-	4,754
Total	<u>4,754</u>	<u>13,410</u>

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

	Year Ended 31.03.2011	(Rs. '000) Year Ended 31.03.2010
<b>a) Defined Contribution Plan:</b>		
Employer's Contribution to Provident Fund	29,804	23,425
Employer's Contribution to Superannuation Fund	10,717	9,864

## b) Defined Benefit Plan: (Rs. '000)

Particulars	As at 31.03.2011		As at 31.03.2010	
	Gratuity (Funded)	Leave encashment (Unfunded)	Gratuity (Funded)	Leave encashment (Unfunded)
<b>Reconciliation of opening and closing balances of defined benefit plan:</b>				
Defined Benefit obligation as on 01 <sup>st</sup> April	62,256	43,626	62,869	42,181
Current Service Cost	21,379	3,870	9,038	3,390
Interest Cost	4,804	3,007	4,754	3,134
Actuarial (gain) / loss	(7,930)	10,715	(7,529)	913
Benefits paid	(4,403)	(12,075)	(6,876)	(5,992)
Defined Benefit obligation as on 31 <sup>st</sup> March	76,106	49,143	62,256	43,626

Particulars	As at 31.03.2011		As at 31.03.2010	
	Gratuity (Funded)	Leave encashment (Unfunded)	Gratuity (Funded)	Leave encashment (Unfunded)
<b>Reconciliation of opening and closing balances of fair value of plan assets:</b>				
Fair value of plan assets as on 01 <sup>st</sup> April	57,563	-	49,865	-
Expected return on plan assets	4,855	-	4,122	-
Actuarial (gain)/loss	404	-	252	-
Employer contribution	10,657	-	10,200	-
Benefits paid	(4,403)	-	(6,876)	-
Fair value of plan assets as on 31 <sup>st</sup> March	69,076	-	57,563	-
Actual return on plan assets	5,259	-	4,374	-
<b>Reconciliation of fair value of assets and obligations:</b>				
Fair value of plan assets	69,076	-	57,563	-
Present value of obligation	(76,106)	(49,143)	(62,256)	(43,626)
Amount recognized in Balance Sheet	(7,030)	(49,143)	(4,693)	(43,626)
<b>Expense recognized during the year:</b>				
Current Service Cost	21,379	3,870	9,038	3,390
Interest Cost	4,804	3,007	4,754	3,134
Expected return on plan assets	(4,855)	-	(4,122)	-
Actuarial (gain) / loss	(8,334)	10,715	(7,781)	913
Net Cost	12,994	17,592	1,889	7,437
<b>Investment Details:</b>				
GOI Securities	-	-	-	-
State Government Securities	-	-	-	-
High Quality Corporate Bonds	-	-	-	-
Funds with LIC	100%	-	100%	-
Others	-	-	-	-
<b>Actuarial assumptions:</b>				
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%

21. 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 : 30<sup>th</sup> May, 2011

**P R RAMASUBRAHMANEYA RAJHA**  
Chairman

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

**G VENKATRAM**  
Company Secretary

**S S RAMACHANDRA RAJA**  
**N K SHRIKANTAN RAJA**

**V JAGADISAN**

**M M VENKATACHALAM**

**A V DHARMAKRISHNAN**

Directors

# Ramco Systems Limited, INDIA

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

BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2011

	Schedule	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
<b>I. SOURCES OF FUNDS</b>			
1. Loan Funds		1,331,660,000	1,054,720,000
2. Head Office Contra Account		2,269,498,044	2,163,509,848
<b>TOTAL</b>		<b>3,601,158,044</b>	<b>3,218,229,848</b>
<b>II. APPLICATION OF FUNDS</b>			
1. Fixed Assets	1		
Gross Block		2,158,397,424	1,886,343,931
Less : Depreciation		846,244,152	665,490,498
Net Block		<u>1,312,153,272</u>	<u>1,220,853,433</u>
2. Current Assets		-	-
Less: Current Liabilities and Provisions		<u>17,929</u>	-
<b>Net Current Assets / (Liabilities)</b>		<b>(17,929)</b>	-
3. Revenue Expenditure relating to Research	2	2,289,022,701	1,997,376,415
<b>TOTAL</b>		<b>3,601,158,044</b>	<b>3,218,229,848</b>

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

**C N GANGADARAN**  
Partner  
Membership No:11205  
Place : Chennai  
Date : 30<sup>th</sup> May, 2011

**P R RAMASUBRAHMANEYA RAJHA**  
Chairman

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

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Company Secretary

**S S RAMACHANDRA RAJA**  
**N K SHRIKANTAN RAJA**

**V JAGADISAN**

**M M VENKATACHALAM**

**A V DHARMAKRISHNAN**

Directors



**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2011**

	Schedule	Year ended 31.03.2011 Rs.	Year ended 31.03.2010 Rs.
<b>INCOME</b>			
Profit on sale of fixed assets		-	864,809
<b>EXPENDITURE</b>			
Employee Compensation & Benefits	3	1,861,490	2,298,823
Administrative & Other Expenses	4	3,006,736	3,784,665
Interest		106,024,406	98,722,257
Depreciation			
- on Technology Platform & Product Software		176,195,930	153,247,018
- on other R&D Fixed Asset		4,557,724	5,158,238
<b>Total Expenditure</b>		<b>291,646,286</b>	263,211,001
<b>Profit / (Loss) before Exceptional Items</b>		<b>(291,646,286)</b>	(262,346,192)
<b>Exceptional Income / (Expense)</b>		-	-
<b>Net profit / (Loss)</b>		<b>(291,646,286)</b>	(262,346,192)

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

**C N GANGADARAN**  
Partner  
Membership No:11205  
Place : Chennai  
Date : 30<sup>th</sup> May, 2011

**P R RAMASUBRAHMANEYA RAJHA**  
Chairman

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

**G VENKATRAM**  
Company Secretary

**S S RAMACHANDRA RAJA**

**N K SHRIKANTAN RAJA**

**V JAGADISAN**

**M M VENKATACHALAM**

**A V DHARMAKRISHNAN**

Directors

# Ramco Systems Limited, INDIA

## SCHEDULES TO BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2011

### Schedule 1 - Fixed Assets

Rs.

Asset Description	Gross Block				Depreciation Block				Net Block	
	As at 01.04.10	Additions	Withdrawals	As at 31.03.11	Up to 01.04.10	For the year	Withdrawals	Up to 31.03.11	As at 01.04.10	As at 31.03.11
Technology Platform	567,120,089	67,668,427	-	634,788,516	210,438,675	56,712,009	-	267,150,684	356,681,414	367,637,832
Product Software	1,194,839,208	202,953,284	-	1,397,792,492	347,141,137	119,483,921	-	466,625,058	847,698,071	931,167,434
Plant & Machinery										
EDP	83,645,933	949,988	-	84,595,921	68,855,281	4,019,837	-	72,875,118	14,790,652	11,720,803
Software	40,619,701	481,794	-	41,101,495	38,984,768	532,234	-	39,517,002	1,634,933	1,584,493
Electrical Items	119,000	-	-	119,000	70,637	5,653	-	76,290	48,363	42,710
<b>Total</b>	<b>1,886,343,931</b>	<b>272,053,493</b>	<b>-</b>	<b>2,158,397,424</b>	<b>665,490,498</b>	<b>180,753,654</b>	<b>-</b>	<b>846,244,152</b>	<b>1,220,853,433</b>	<b>1,312,153,272</b>
Previous year	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

As at 31.03.2011  
Rs.

As at 31.03.2010  
Rs.

### Schedule 2 : Revenue Expenditure relating to Research

Transferred from Profit & Loss Account

(291,646,286)

(262,346,192)

Balance brought forward from previous year

(1,997,376,415)

(1,735,030,223)

(2,289,022,701)

(1,997,376,415)

## SCHEDULE TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2011

Year ended 31.03.2011  
Rs.

Year ended 31.03.2010  
Rs.

### Schedule 3 : Employee compensation & benefits

Salaries, Bonus, contributions etc.,

249,798,245

209,651,491

Staff welfare

1,861,490

2,298,823

Gross cost

251,659,735

211,950,314

Less: Product Research and Development Expenditure Capitalised

(249,798,245)

(209,651,491)

1,861,490

2,298,823

### Schedule 4 : Administrative and other expenses

Communication Expenses

1,467,242

2,178,024

Power & Fuel

20,823,468

19,837,628

Travel & Conveyance

119,112

52,789

Loss on sale of fixed assets

-

454,337

Miscellaneous Expenses

1,420,382

1,099,515

Gross cost

23,830,204

23,622,293

Less: Product Research and Development Expenditure Capitalised

(20,823,468)

(19,837,628)

3,006,736

3,784,665

### Schedule 5 : Calculation of Total R&D Expenditure

i) Capital Expenditure for R&D

(exclusive of Product Research &

Development Expenditure capitalised) (Refer Schedule 1)

1,431,782

194,119

ii) Recurring R&D Expenditure:

Employee Compensation & benefits-gross (Refer Schedule 3)

251,659,735

211,950,314

Administrative & Other Expenses-gross (Refer Schedule 4)

23,830,204

23,622,293

Interest (Refer Profit & Loss Account)

106,024,406

98,722,257

Profit on sale of fixed assets (Refer Profit & Loss Account)

-

(864,809)

Sub-total

381,514,345

333,430,055

**Total R&D expenditure (i) + (ii)**

**382,946,127**

**333,624,174**



## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

### I. REGISTRATION DETAILS

Registration No: 

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

 State Code 

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

Balance Sheet Date 

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

 (Refer Code List)

Date                      Month                      Year

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

Public Issue 

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

 Rights Issue 

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

Bonus Issue 

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

 Private Placement 

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

Others 

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

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

Total Liabilities 

3	6	6	8	9	4	6
---	---	---	---	---	---	---

 Total Assets 

3	6	6	8	9	4	6
---	---	---	---	---	---	---

**Sources of Funds**

Paid up Capital 

	1	5	5	3	6	8
--	---	---	---	---	---	---

 Reserves & Surplus 

1	9	4	8	9	1	3
---	---	---	---	---	---	---

Secured Loans 

		9	3	8	6	7
--	--	---	---	---	---	---

 Unsecured Loans 

1	4	7	0	7	9	8
---	---	---	---	---	---	---

**Application of Funds**

Net Fixed Assets 

1	5	1	6	7	1	5
---	---	---	---	---	---	---

 Investments 

1	2	2	1	9	4	8
---	---	---	---	---	---	---

Net Current Assets 

	5	1	7	9	6	5
--	---	---	---	---	---	---

 Miscellaneous Expenditure 

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

Profit and Loss Account 

4	1	2	3	1	7
---	---	---	---	---	---

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

Turnover and Other Income 

1	5	7	7	3	9	2
---	---	---	---	---	---	---

 Total Expenditure 

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

Profit Before Tax and Exceptional Items 

	6	0	0	8	3
--	---	---	---	---	---

 Profit After Tax and

Earnings Per Share in Rs. (Basic) 

		3	.	0	9
--	--	---	---	---	---

 Exceptional Items 

	4	7	7	0	2
--	---	---	---	---	---

Dividend Rate % 

N	A
---	---

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

(as per monetary terms)

Item Code No. (ITC Code) 

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

Product Description 

C	O	M	P	U	T	E	R
S	O	F	T	W	A	R	E

**P R RAMASUBRAHMANEYA RAJHA**  
Chairman

**S S RAMACHANDRA RAJA**  
Director

**V JAGADISAN**  
Director

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

**N K SHRIKANTAN RAJA**  
Director

**M M VENKATACHALAM**  
Director

Place : Chennai  
Date : 30<sup>th</sup> May, 2011

**G VENKATRAM**  
Company Secretary

**A V DHARMAKRISHNAN**  
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
6. Ramco Systems Canada Inc., Canada

**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 31<sup>st</sup> March, 2011, 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.238,075,488/- as at 31<sup>st</sup> March, 2011 and total revenues of Rs.485,553,157/- 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. The financial statements of the Affiliate for the year ended 28<sup>th</sup> February, 2011 have not been audited.

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 31<sup>st</sup> March, 2011;
- 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 : 30<sup>th</sup> May, 2011

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

## CONSOLIDATED BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2011

	SCHEDULE	As at 31.03.2011		As at 31.03.2010	
		Rs.	USD	Rs.	USD
<b>I. SOURCES OF FUNDS</b>					
<b>1. Shareholders' Funds</b>					
a) Share Capital	I	155,367,730	3,559,835	153,933,750	3,527,920
b) Reserves & Surplus	II	1,989,713,420	44,633,687	1,968,382,997	43,766,305
		<u>2,145,081,150</u>	<u>48,193,522</u>	<u>2,122,316,747</u>	<u>47,294,225</u>
<b>2. Minority Interest</b>		<b>3,409,704</b>	<b>81,146</b>	3,144,009	75,267
<b>3. Loan Funds</b>					
a) Secured	III	93,867,242	2,122,253	94,652,914	2,118,937
b) Unsecured	IV	1,470,798,356	33,253,411	1,235,000,000	27,647,191
		<u>1,564,665,598</u>	<u>35,375,664</u>	<u>1,329,652,914</u>	<u>29,766,128</u>
<b>4. Deferred Tax Liability</b>		<b>1,196,404</b>	<b>27,050</b>	-	-
<b>TOTAL</b>		<u><b>3,714,352,856</b></u>	<u><b>83,677,382</b></u>	<u>3,455,113,670</u>	<u>77,135,620</u>
<b>II. APPLICATION OF FUNDS</b>					
<b>1. Fixed Assets</b>					
Gross Block	V	3,847,862,706	86,996,670	3,515,904,261	78,708,401
Less : Depreciation		<u>1,324,302,971</u>	<u>29,941,284</u>	<u>1,074,072,816</u>	<u>24,044,610</u>
Net Block		<u>2,523,559,735</u>	<u>57,055,386</u>	<u>2,441,831,445</u>	<u>54,663,791</u>
<b>2. Investments</b>	VI	<b>5,191,101</b>	<b>117,366</b>	1,795,013	40,184
<b>3. Deferred Tax Asset</b>		-	-	1,519,804	34,022
<b>4. Current Assets, Loans &amp; Advances</b>					
a) Inventories	VII	1,041,081	23,538	482,309	10,797
b) Sundry Debtors	VIII	875,759,145	19,800,116	424,976,482	9,513,690
c) Cash & Bank Balances	IX	79,500,549	1,797,435	70,180,646	1,571,091
d) Loans & Advances	X	434,686,389	9,827,863	436,973,744	9,782,264
e) Other Current Assets	XI	40,435,038	914,199	45,272,965	1,013,498
		<u>1,431,422,202</u>	<u>32,363,151</u>	<u>977,886,146</u>	<u>21,891,340</u>
<b>Less: Current Liabilities and Provisions</b>					
a) Current Liabilities	XII	564,711,862	12,767,620	335,538,428	7,511,493
b) Provisions	XIII	106,746,711	2,413,445	81,094,345	1,815,410
		<u>671,458,573</u>	<u>15,181,065</u>	<u>416,632,773</u>	<u>9,326,903</u>
<b>Net Current Assets</b>		<b>759,963,629</b>	<b>17,182,086</b>	561,253,373	12,564,437
<b>5. Profit &amp; Loss Account</b>		<b>425,638,391</b>	<b>9,322,544</b>	448,714,035	9,833,186
<b>TOTAL</b>		<u><b>3,714,352,856</b></u>	<u><b>83,677,382</b></u>	<u>3,455,113,670</u>	<u>77,135,620</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**

Place : Chennai  
Date : 30<sup>th</sup> May, 2011

**G VENKATRAM**  
Company Secretary

**A V DHARMAKRISHNAN**

Directors



**CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2011**

	SCHEDULE	Year Ended 31.03.2011		Year Ended 31.03.2010	
		Rs.	USD	Rs.	USD
<b>INCOME</b>					
Sales	XIV	2,040,567,735	45,155,694	1,680,302,974	35,503,885
Other Income	XV	101,581,434	2,247,894	75,321,536	1,591,503
		<u>2,142,149,169</u>	<u>47,403,588</u>	<u>1,755,624,510</u>	<u>37,095,388</u>
<b>EXPENDITURE</b>					
Cost of Resale Material (Refer Note No.14)		72,587,057	1,606,278	85,357,454	1,803,556
Employee Compensation & Benefits	XVI	937,687,425	20,750,071	754,212,427	15,936,097
Sales & Marketing Expenses	XVII	174,095,586	3,852,559	88,427,846	1,868,432
Administrative & Other Expenses	XVIII	535,911,878	11,859,185	449,534,157	9,498,411
		<u>1,720,281,946</u>	<u>38,068,093</u>	<u>1,377,531,884</u>	<u>29,106,496</u>
<b>Profit/(Loss) Before Interest, Depreciation, Exceptional Items &amp; Tax</b>		421,867,223	9,335,495	378,092,626	7,988,892
Interest & Finance Charges	XIX	135,035,789	2,988,205	119,350,404	2,521,809
<b>Profit/(Loss) Before Depreciation, Exceptional Items &amp; Tax</b>		286,831,434	6,347,290	258,742,222	5,467,083
Depreciation					
- On Technology Platform & Product Software		176,195,930	3,899,037	153,247,018	3,238,025
- On other fixed assets		71,860,655	1,590,203	71,250,051	1,505,475
		<u>248,056,585</u>	<u>5,489,240</u>	<u>224,497,069</u>	<u>4,743,500</u>
<b>Profit/(Loss) Before Exceptional Items &amp; Tax</b>		38,774,849	858,050	34,245,153	723,583
Exceptional Income / (Expense) (Refer Note No.11)		-	-	(10,514,703)	(222,172)
<b>Profit/(Loss) Before Tax</b>		38,774,849	858,050	23,730,450	501,411
Provision for Taxation					
- Current Taxation (Refer Note No.3)		(16,238,347)	(359,338)	(1,698,852)	(35,896)
- Deferred Taxation (Refer Note No.4)		(2,732,489)	(60,467)	(83,351)	(1,761)
Minority Interest		(265,696)	(5,880)	(1,263,873)	(26,705)
Equity in Earnings / (Losses) of Affiliates		3,537,327	78,277	(1,900,387)	(40,154)
<b>Profit/(Loss) After Tax</b>		<u>23,075,644</u>	<u>510,642</u>	<u>18,783,987</u>	<u>396,895</u>
Balance in Profit & Loss Account brought forward from previous year		(448,714,035)	(9,833,186)	(467,498,022)	(10,230,081)
Balance in Profit & Loss Account		<u>(425,638,391)</u>	<u>(9,322,544)</u>	<u>(448,714,035)</u>	<u>(9,833,186)</u>
Earnings Per Share (Refer Note No.7) (Face value of shares @ Rs.10/- each)					
- Basic EPS		1.49	0.03	1.22	0.03
- Diluted EPS		1.44	0.03	1.19	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 : 30<sup>th</sup> May, 2011

**P R RAMASUBRAHMANEYA RAJHA**  
Chairman

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

**G VENKATRAM**  
Company Secretary

**S S RAMACHANDRA RAJA**  
**N K SHRIKANTAN RAJA**

**V JAGADISAN**

**M M VENKATACHALAM**

**A V DHARMAKRISHNAN**

Directors

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

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2011

	Year ended 31.03.2011 Rs.	Year ended 31.03.2011 USD	Year ended 31.03.2010 Rs.	Year ended 31.03.2010 USD
<b>A. Cash Flow From Operating Activities</b>				
<b>Net Profit/(Loss) before tax &amp; exceptional items</b>	<b>38,774,849</b>	<b>858,050</b>	34,245,153	723,583
<b>Adjustments for:</b>				
Depreciation	248,056,585	5,489,240	224,497,069	4,743,500
Interest & Finance Charges	135,035,789	2,988,205	119,350,404	2,521,809
Unrealised foreign exchange fluctuation (gain)/loss	6,562,774	145,228	7,188,893	151,897
(Profit)/Loss on sale of fixed assets-Net	4,435,381	98,150	731,939	15,465
Interest income	(787,876)	(17,435)	(557,948)	(11,789)
Dividend income	(1,599)	(35)	(28,540)	(603)
<b>Operating Profit before Working Capital Changes</b>	<b>432,075,903</b>	<b>9,561,403</b>	385,426,970	8,143,862
<b>Working Capital Changes:</b>				
(Increase)/Decrease in Trade and Other receivables	(431,058,725)	(9,975,207)	(211,950,272)	(8,042,824)
(Increase)/Decrease in Inventories	(558,772)	(12,741)	(332,603)	(7,834)
(Increase)/Decrease in Other current assets [other than Cash and Bank]	4,837,928	99,299	(7,829,584)	(272,485)
Increase/(Decrease) in Current liabilities and Provisions	238,247,335	5,479,204	(36,130,963)	365,024
<b>Cash generated from operations</b>	<b>243,543,669</b>	<b>5,151,958</b>	129,183,548	185,743
Tax paid (including Dividend Distribution Tax) (Refer Note No.3)	(2,165,792)	(40,062)	1,215,868	19,312
<b>Cash Flow before exceptional items</b>	<b>241,377,877</b>	<b>5,111,896</b>	130,399,416	205,055
Overseas withholding tax (Refer Note No.11)	-	-	(10,514,703)	(222,172)
<b>Net Cash (used in)/generated from operating activities</b>	<b>241,377,877</b>	<b>5,111,896</b>	119,884,713	(17,117)
<b>B. Cash Flow from Investing Activities:</b>				
Purchase of Fixed assets - for R&D activities	(1,431,782)	(32,371)	(194,119)	(4,346)
Purchase of Fixed assets - for Others	(62,873,627)	(1,421,516)	(43,492,137)	(973,633)
Investment in R&D activities	(270,621,711)	(6,118,510)	(229,489,119)	(5,137,433)
Net Investment in Companies/Mutual Funds	(3,396,089)	(77,182)	1,895,363	32,850
Proceeds from Sale of other fixed assets	924,218	23,027	1,554,956	35,731
Interest income	787,876	17,435	557,948	11,789
Dividend income	1,599	35	28,540	603
Equity in Earnings/(Losses) of Affiliates	3,537,327	78,277	(1,900,387)	(40,154)
<b>Net cash (used in)/generated from Investing Activities</b>	<b>(333,072,189)</b>	<b>(7,530,805)</b>	(271,038,955)	(6,074,593)
<b>C. Cash Flow from Financing Activities</b>				
Proceeds from Issue of Share Capital	7,600,094	169,150	-	-
Proceeds from long term borrowings	11,657,597	263,568	850,000	26,108
Proceeds from short term borrowings	3,322,798,356	75,125,443	1,802,500,000	40,351,466
Repayment of long term borrowings	(12,443,269)	(278,068)	(228,188,927)	(4,487,155)
Repayment of short term borrowings	(3,087,000,000)	(69,519,223)	(1,217,585,616)	(25,569,615)
Working capital changes - Net	-	17,816	(115,000,000)	(2,068,183)
Interest & Finance Charges	(135,035,789)	(2,988,205)	(119,350,404)	(2,521,809)
<b>Net cash (used in)/generated from financing activities</b>	<b>107,576,989</b>	<b>2,790,481</b>	123,225,053	5,730,812
<b>Net Increase/(Decrease) in cash and cash equivalents (A+B+C)</b>	<b>15,882,677</b>	<b>371,572</b>	(27,929,189)	(360,898)
<b>Cash and Cash equivalents at the beginning of the year</b>	<b>70,180,646</b>	<b>1,571,091</b>	105,298,728	2,083,886
Effect of Unrealised foreign exchange fluctuation gain/(loss)	(6,562,774)	(145,228)	(7,188,893)	(151,897)
<b>Cash and Cash equivalents at the end of the year</b>	<b>79,500,549</b>	<b>1,797,435</b>	70,180,646	1,571,091

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

**C N GANGADARAN**  
Partner  
Membership No:11205

Place : Chennai  
Date : 30<sup>th</sup> May, 2011

**P R RAMASUBRAHMANEYA RAJHA**  
Chairman

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

**G VENKATRAM**  
Company Secretary

**S S RAMACHANDRA RAJA**  
**N K SHRIKANTAN RAJA**

**V JAGADISAN**

**M M VENKATACHALAM**

**A V DHARMAKRISHNAN**

Directors

**SCHEDULES TO CONSOLIDATED BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2011**

	As at 31.03.2011		As at 31.03.2010	
	Rs.	USD	Rs.	USD
<b>Schedule I</b>				
<b>Share Capital</b>				
<b>Authorised</b>				
50,000,000 equity Shares of Rs.10/- each (Previous year 50,000,000 equity Shares of Rs.10/- each)	<u>500,000,000</u>		<u>500,000,000</u>	
<b>Issued</b>				
15,850,562 equity shares of Rs.10/- each (Previous year 15,707,164 equity Shares of Rs.10/- each)	<u>158,505,620</u>	<u>3,633,175</u>	<u>157,071,640</u>	<u>3,601,260</u>
<b>Subscribed</b>				
15,850,562 equity shares of Rs.10/- each (Previous year 15,707,164 equity Shares of Rs.10/- each)	<u>158,505,620</u>	<u>3,633,175</u>	<u>157,071,640</u>	<u>3,601,260</u>
<b>Paid up</b>				
15,501,384 equity Shares of Rs.10/- each fully paid up (Previous year 15,357,986 equity Shares of Rs.10/- each fully paid up)	<u>155,013,840</u>	<u>3,551,567</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>155,367,730</u>	<u>3,559,835</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 24<sup>th</sup> 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 10<sup>th</sup> November, 1999 and by the Reserve Bank of India.

	As at 31.03.2011		As at 31.03.2010	
	Rs.	USD	Rs.	USD
<b>Schedule II</b>				
<b>Reserves &amp; Surplus</b>				
Share Premium	<u>1,948,912,360</u>	<u>45,088,408</u>	<u>1,942,746,246</u>	<u>44,951,173</u>
Translation Reserve a/c (Refer Accounting Policy No.III)	<u>40,801,060</u>	<u>(454,721)</u>	<u>25,636,751</u>	<u>(1,184,868)</u>
	<u>1,989,713,420</u>	<u>44,633,687</u>	<u>1,968,382,997</u>	<u>43,766,305</u>
<b>Schedule III</b>				
<b>Secured Loans</b>				
a) Bank Borrowings	<u>80,000,000</u>	<u>1,808,727</u>	<u>80,000,000</u>	<u>1,790,911</u>
b) Hire Purchase Loans	<u>9,112,909</u>	<u>206,035</u>	<u>1,242,717</u>	<u>27,820</u>
c) Obligations under Finance Lease (Refer Note No.12) (For security details, Refer Note No.2)	<u>4,754,333</u>	<u>107,491</u>	<u>13,410,197</u>	<u>300,206</u>
	<u>93,867,242</u>	<u>2,122,253</u>	<u>94,652,914</u>	<u>2,118,937</u>
<b>Schedule IV</b>				
<b>Unsecured Loans</b>				
Long Term Loans - From Banks	<u>1,350,798,356</u>	<u>30,540,320</u>	<u>1,150,000,000</u>	<u>25,744,348</u>
Short Term Loans - From Banks & Others (For security details, Refer Note No.2)	<u>120,000,000</u>	<u>2,713,091</u>	<u>85,000,000</u>	<u>1,902,843</u>
	<u>1,470,798,356</u>	<u>33,253,411</u>	<u>1,235,000,000</u>	<u>27,647,191</u>

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

## Schedule V - Fixed Assets

Asset Description	Gross Block						Depreciation Block						Net Block							
	As at 01.04.2010		Additions/Reserve Adjustments		Withdrawals		As at 31.03.2011		Up to 01.04.2010		Additions/Reserve Adjustments		Withdrawals		Up to 31.03.2011		As at 01.04.2010		As at 31.03.2011	
	Rs.	USD	Rs.	USD	Rs.	USD	Rs.	USD	Rs.	USD	Rs.	USD	Rs.	USD	Rs.	USD	Rs.	USD	Rs.	USD
Goodwill	994,508,931	22,263,464	-	221,477	-	-	994,508,931	22,484,941	-	-	-	-	-	-	-	-	994,508,931	22,263,464	994,508,931	22,484,941
Technology Platform	567,120,089	12,695,771	67,668,427	1,656,219	-	-	634,788,516	14,351,990	210,438,675	4,710,962	56,712,009	1,329,072	-	-	267,150,684	6,040,034	356,681,414	7,984,809	367,637,832	8,311,966
Product Software	1,194,839,208	26,748,135	202,953,284	4,854,680	-	-	1,397,792,492	31,602,815	347,141,137	7,771,237	119,483,921	2,778,730	-	-	466,625,058	10,549,967	847,888,071	18,976,898	931,167,434	21,062,848
Patents	6,889,023	154,220	1,658,694	39,036	-	-	8,547,717	193,256	279,423	6,255	771,610	17,508	-	-	1,051,033	23,763	6,609,600	147,965	7,496,684	169,493
Building	3,116,859	69,775	-	694	-	-	3,116,859	70,469	1,247,990	27,938	104,103	2,632	-	-	1,352,083	30,570	1,868,869	41,837	1,764,766	39,899
Plant & Machinery																				
- EDP	351,791,964	7,875,352	31,511,830	790,798	2,030,331	45,904	381,273,463	8,620,246	243,949,473	5,468,909	38,199,530	916,605	1,805,578	40,822	280,183,425	6,334,692	107,942,491	2,416,443	101,090,088	2,265,554
- Software	268,627,522	6,013,600	18,826,143	485,465	-	-	287,453,665	6,499,065	192,111,171	4,300,875	29,981,805	720,645	-	-	222,092,976	5,021,320	76,516,351	1,712,925	65,360,689	1,477,745
- Others	9,672,650	216,536	(955,422)	(19,447)	49,395	1,117	8,667,833	195,972	8,413,526	188,348	131,818	4,854	33,669	761	8,511,676	192,441	1,259,124	28,188	156,156	3,531
Furniture																				
- Furniture	60,730,555	1,359,538	4,524,290	115,814	3,232,614	73,086	62,022,231	1,402,266	44,865,071	1,006,605	4,361,094	108,615	1,424,016	32,196	47,902,149	1,083,024	15,765,484	352,933	14,120,082	319,242
- Office Equipments	11,981,473	288,446	1,062,404	26,690	54,550	1,233	12,999,327	293,903	9,916,913	222,004	2,236,285	52,768	28,947	654	12,124,251	274,118	2,074,560	46,442	875,076	19,785
Electrical Items	41,710,914	933,757	5,003,933	122,423	2,294,243	51,871	44,420,604	1,004,309	14,314,604	320,452	2,246,268	53,974	530,557	11,995	16,030,315	362,431	27,396,310	613,305	28,390,289	641,878
Vehicles	4,905,073	109,807	9,869,903	224,242	2,503,908	56,611	12,271,068	277,438	1,394,833	31,225	867,155	19,916	982,676	22,217	1,279,312	28,924	3,510,240	78,582	10,991,756	248,514
<b>Total</b>	<b>3,515,904,261</b>	<b>78,708,401</b>	<b>342,123,486</b>	<b>8,518,091</b>	<b>10,165,041</b>	<b>229,822</b>	<b>3,847,862,706</b>	<b>86,996,670</b>	<b>1,074,072,816</b>	<b>24,044,610</b>	<b>255,035,598</b>	<b>6,005,319</b>	<b>4,805,443</b>	<b>108,645</b>	<b>1,324,302,971</b>	<b>29,941,284</b>	<b>2,441,831,445</b>	<b>54,663,791</b>	<b>2,523,559,735</b>	<b>57,055,386</b>
Previous year	3,276,786,960	64,848,347	257,931,936	14,281,246	18,814,635	421,192	3,515,904,261	78,708,401	879,811,531	17,407,710	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	2,441,831,445	54,663,791

Notes: 1) Gross Block includes assets purchased under Hire Purchase Rs.10,216,915 USD 230,995 (Previous year Rs.2,716,490 USD 60,815), Net Block as on 31.03.2011 Rs.9,320,883 USD 210,737 (Previous year Rs.2,095,875 USD 46,919).

2) Gross Block includes assets purchased under Hire Purchase Rs.10,216,915 USD 230,995 (Previous year Rs.2,716,490 USD 60,815), Net Block as on 31.03.2011 Rs.9,320,883 USD 210,737 (Previous year Rs.2,095,875 USD 46,919).  
 Gross Block Rs.7,196,364 USD 945,693 (Previous year Rs.15,243,439 USD 8,165,835),  
 Depreciation Block Rs.6,979,010 USD 516,079 (Previous year Rs.13,508,067 USD 2,263,396).

3) Gross Block includes assets purchased under Finance Lease Rs.25,290,967 USD 571,806 (Previous year Rs.25,290,967 USD 566,173), Net Block as on 31.03.2011 Rs.15,440,537 USD 349,096 (Previous year Rs.19,540,203 USD 437,435).

**SCHEDULES TO CONSOLIDATED BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2011**

	As at 31.03.2011		As at 31.03.2010	
	Rs.	USD	Rs.	USD
<b>Schedule VI</b>				
<b>Investments</b>				
<b>Trade-Unquoted (Long Term)</b>				
300 shares of face value ZAR 1 each in Redlex 47 (Pty) Limited, South Africa	5,191,101	117,366	1,653,546	37,017
<b>Non-Trade - Unquoted (Short Term)</b>				
Investments In Mutual Funds				
Nil (Previous year 141.437 units purchased under Standard Chartered Liquidity Manager Plus - Daily Dividend Plan)	-	-	141,467	3,167
	<u>5,191,101</u>	<u>117,366</u>	<u>1,795,013</u>	<u>40,184</u>
<b>Schedule VII</b>				
<b>Inventories</b>				
Resale Hardware & Software Materials (Valued at Cost or Net realisable value whichever is lower and as certified by management)	1,041,081	23,538	482,309	10,797
<b>Schedule VIII</b>				
<b>Sundry Debtors (Unsecured)</b>				
a) Debts Outstanding for period exceeding six months Less: Provision for Bad & Doubtful Debts	129,235,330 (35,060,658)	2,921,893 (792,690)	95,114,431 (5,705,925)	2,129,269 (127,734)
b) Other debts considered good	94,174,672 781,584,473	2,129,203 17,670,913	89,408,506 335,567,976	2,001,535 7,512,155
	<u>875,759,145</u>	<u>19,800,116</u>	<u>424,976,482</u>	<u>9,513,690</u>
<b>Schedule IX</b>				
<b>Cash and Bank Balances</b>				
Cash on hand	419,112	9,476	192,187	4,302
Balances with Scheduled Banks in:				
a) Current Accounts	24,221,383	547,623	21,806,585	488,171
b) Deposit Accounts	2,144,540	48,486	825,939	18,490
Balances with Other Banks in Current Account:				
a) Bank of America, USA	18,520,297	418,727	10,097,808	226,053
b) Commerce Bank, USA	633,164	14,315	200,224	4,482
c) CIBC Bank of Canada	107,275	2,425	108,343	2,425
d) UBS AG, Switzerland	6,016,122	136,020	4,426,350	99,090
e) Credit Suisse, Switzerland	126,684	2,864	119,129	2,667
f) Australia & New Zealand Banking Group Ltd., Singapore	1,715,169	38,778	-	-
g) RBS Bank, Singapore	-	-	3,509,013	78,554
h) CIMB Bank, Malaysia	3,614,499	81,721	5,092,761	114,009
i) RBS Bank, Malaysia	1,971,937	44,584	2,868,346	64,212
j) Bank of Baroda, South Africa	604,059	13,657	248,990	5,574
k) The Standard Bank, South Africa	6,125,330	138,488	1,292,569	28,936
l) Dresdner Bank, Germany	12,407	281	899,629	20,139
m) HSBC Bank, United Kingdom	128,244	2,899	121,253	2,714
n) State Bank of India, United Kingdom	1,301,827	29,433	1,813,774	40,604
o) Citi Bank, Dubai	1,203,227	27,204	232,585	5,207
p) National Bank of Dubai, Dubai	9,751,083	220,463	16,227,907	363,284
q) Standard Chartered Bank, India	3,948	89	3,948	89
r) Citi Bank, India	65,860	1,489	93,306	2,089
s) Kotak Mahindra Bank Ltd., India	814,382	18,413	-	-
	<u>79,500,549</u>	<u>1,797,435</u>	<u>70,180,646</u>	<u>1,571,091</u>

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

## SCHEDULES TO CONSOLIDATED BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2011

	As at 31.03.2011		As at 31.03.2010	
	Rs.	USD	Rs.	USD
<b>Schedule X</b>				
<b>Loans and Advances</b>				
(Unsecured, Considered Good)				
Advance recoverable in Cash or in kind or for value to be received	359,608,467	8,130,420	282,581,992	6,325,990
Tax deducted at Source	61,336,551	1,386,764	106,143,818	2,376,177
Deposits with Government Departments and Others	11,251,742	254,391	48,247,934	1,080,097
Advance Tax	2,489,629	56,288	-	-
(Unsecured, Considered doubtful)				
Advance recoverable in Cash or in kind or for value to be received	706,164	15,966	706,164	15,808
Less: Provision for doubtful advances	(706,164)	(15,966)	(706,164)	(15,808)
	<u>434,686,389</u>	<u>9,827,863</u>	<u>436,973,744</u>	<u>9,782,264</u>
<b>Schedule XI</b>				
<b>Other Current Assets</b>				
Prepaid expenses	27,452,384	620,673	17,509,543	391,975
Software Work in Progress	12,970,850	293,259	27,596,194	617,779
Interest Accrued	11,804	267	167,228	3,744
	<u>40,435,038</u>	<u>914,199</u>	<u>45,272,965</u>	<u>1,013,498</u>
<b>Schedule XII</b>				
<b>Current Liabilities</b>				
For Purchases	108,032,103	2,442,507	25,500,738	570,869
For Expenses	455,234,260	10,292,432	309,761,117	6,934,433
Interest accrued but not due on loans	1,445,499	32,681	276,573	6,191
	<u>564,711,862</u>	<u>12,767,620</u>	<u>335,538,428</u>	<u>7,511,493</u>
<b>Schedule XIII</b>				
<b>Provisions</b>				
Provision for Taxation	17,187,842	388,601	609,375	13,642
Provision for staff benefit schemes	89,558,869	2,024,844	80,484,970	1,801,768
	<u>106,746,711</u>	<u>2,413,445</u>	<u>81,094,345</u>	<u>1,815,410</u>

## SCHEDULES TO CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2011

	Year Ended 31.03.2011		Year Ended 31.03.2010	
	Rs.	USD	Rs.	USD
<b>Schedule XIV</b>				
<b>Sales</b>				
Software Revenues (Licensing & Services)	2,021,489,641	44,733,515	1,595,537,497	33,712,837
Value Added Resale Software & Hardware Materials	19,078,094	422,179	84,765,477	1,791,048
	<u>2,040,567,735</u>	<u>45,155,694</u>	<u>1,680,302,974</u>	<u>35,503,885</u>

**SCHEDULES TO CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2011**

	Year Ended 31.03.2011		Year Ended 31.03.2010	
	Rs.	USD	Rs.	USD
<b>Schedule XV</b>				
<b>Other Income</b>				
Dividend Income	1,599	35	28,540	603
Interest Income	13,361,627	295,679	557,948	11,789
Profit on sale of Fixed assets	109,990	2,434	864,809	18,273
Recovery of Billable Expenses	36,323,071	803,793	24,172,008	510,741
Miscellaneous Income	51,785,147	1,145,953	49,698,231	1,050,097
	<u>101,581,434</u>	<u>2,247,894</u>	<u>75,321,536</u>	<u>1,591,503</u>
<b>Schedule XVI</b>				
<b>Employee Compensation &amp; Benefits</b>				
Salaries, Bonus etc.	814,723,787	18,029,011	645,010,288	13,628,716
Gratuity & Superannuation	41,428,673	916,774	27,073,677	572,052
Provident Fund & others	32,570,334	720,748	26,327,386	556,283
Staff Welfare	48,964,631	1,083,538	55,801,076	1,179,046
	<u>937,687,425</u>	<u>20,750,071</u>	<u>754,212,427</u>	<u>15,936,097</u>
<b>Schedule XVII</b>				
<b>Sales &amp; Marketing Expenses</b>				
Advertisement & Sales Promotion	129,941,743	2,875,479	82,420,593	1,741,502
Sales Commission	44,153,843	977,080	6,007,253	126,930
	<u>174,095,586</u>	<u>3,852,559</u>	<u>88,427,846</u>	<u>1,868,432</u>
<b>Schedule XVIII</b>				
<b>Administrative &amp; Other Expenses</b>				
Consultancy Charges	31,570,008	698,612	24,883,494	525,775
Bank Charges	3,830,740	84,770	3,247,915	68,627
Insurance	7,267,706	160,827	8,777,715	185,468
Loss on sale of fixed assets	4,545,371	100,584	1,596,748	33,738
Communication Expenses	34,155,292	755,822	39,046,016	825,021
Power & Fuel	12,223,848	270,501	11,311,321	239,002
Printing & Stationery	2,962,904	65,566	2,910,035	61,487
Rates & Taxes	12,137,297	268,586	5,365,605	113,372
Rent	156,533,687	3,463,932	147,988,809	3,126,923
Repairs - Buildings	187,644	4,152	2,255,395	47,655
Repairs - Plant & Machinery	10,422,038	230,629	12,089,619	255,447
Repairs - Others	11,818,122	261,523	6,461,522	136,528
Travel & Conveyance	176,793,297	3,912,256	143,313,562	3,028,137
Bad Debts Written off	8,299,773	183,666	17,050,763	360,273
Provision for Doubtful Debts	26,996,632	597,408	-	-
Foreign Exchange Fluctuation	5,193,374	114,924	(3,982,910)	(84,157)
Miscellaneous Expenses	30,974,145	685,427	27,218,548	575,115
	<u>535,911,878</u>	<u>11,859,185</u>	<u>449,534,157</u>	<u>9,498,411</u>
<b>Schedule XIX</b>				
<b>Interest &amp; Finance Charges</b>				
Hire Purchase & Finance Charges	1,754,512	38,826	1,566,413	33,098
Others	133,281,277	2,949,379	117,783,991	2,488,711
	<u>135,035,789</u>	<u>2,988,205</u>	<u>119,350,404</u>	<u>2,521,809</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 Affiliate as given below:

S.No.	Name	Country	% holding	Year ending on
<b>Subsidiaries</b>				
a)	Ramco Systems Corporation	USA	98%	31 <sup>st</sup> March
b)	Ramco Systems Limited	Switzerland	100%	31 <sup>st</sup> March
c)	Ramco Systems Sdn. Bhd.	Malaysia	100%	31 <sup>st</sup> March
d)	Ramco Systems Pte. Limited	Singapore	100%	31 <sup>st</sup> March
e)	RSL Enterprise Solutions (Pty) Limited	South Africa	100%	31 <sup>st</sup> March
f)	Ramco Systems Canada Inc., (Incorporated as 100% subsidiary of Ramco Systems Corporation, USA on 30 <sup>th</sup> September, 2010)	Canada	98%	31 <sup>st</sup> March
<b>Affiliate</b>				
a)	Redlex 47 (Pty) Limited	South Africa	30%	28 <sup>th</sup> February

## 1. Contingent Liabilities

Particulars	As at	As at	As at	As at
	31.03.2011 (Rs. '000)	31.03.2011 (USD Mln.)	31.03.2010 (Rs. '000)	31.03.2010 (USD Mln.)
a) Estimated amount of contracts remaining to be executed on capital account	4,768	0.11	7,675	0.17
b) Bank Guarantees	77,154	1.74	18,738	0.42
c) Letters of Credit	2,797	0.06	Nil	Nil

Note: The Company is engaged in development of software products, which are marketed by the Company and its overseas subsidiaries. The intellectual property rights are held by the Company. There are in-built warranties for performance and support. Claims which may arise out of this are not quantifiable and hence not provided for.

## 2. Secured and Un-secured Loans

### Ramco Systems Limited, India

Borrowings from the banks for working capital amounting to Rs.10,000 thousands (USD 0.23 Mln.) (previous year Rs.10,000 thousands USD 0.22 Mln.) 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 1.58 Mln.) (previous year Rs.70,000 thousands USD 1.57 Mln.) 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.

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.1,470,798 thousands (USD 33.25 Mln.) (Previous year Rs.1,235,000 thousands USD 27.65 Mln.), Rs.1,150,000 thousands (USD 26.00 Mln.) (Previous year Rs.950,000 thousands USD 21.27 Mln.) are supported by a Corporate Guarantee from Madras Cements Limited and Rs.200,000 thousands (USD 4.52 Mln.) (Previous year Rs.200,000 thousands USD 4.48 Mln.) 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 31.03.2011, other than those obtained, if any, from the parent Company.

## 3. Taxation

### Ramco Systems Limited, India

Current taxation represents the provision made for tax on the book profits, computed under Sec.115JB of the Income Tax Act, 1961. No provision for tax for the Company (including its Branches at United Kingdom and Germany) has been made in view of absence of taxable profits. Profits of the Dubai Branch are tax free.

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

## 4. Deferred Tax

### Ramco Systems Limited, India

The Company has net deferred tax assets as at 31<sup>st</sup> March 2011, which arise mainly on account of carry forward losses. However, the Company has not taken credit for such net deferred tax assets.

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

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

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

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

Research & development expenditure capitalized during the year, as per Schedule 5 to R&D Accounts	Year ended 31.03.2011		Year ended 31.03.2010	
	(Rs. '000)	(USD Mln.)	(Rs. '000)	(USD Mln.)
Employee compensation	249,798	5.65	209,651	4.43
Administrative and other expenses	20,824	0.47	19,838	0.42
Of the above:				
Shown as "Technology Platform" under Fixed Assets	67,669	1.53	55,087	1.16
Shown as "Product Software" under Fixed Assets	202,953	4.59	174,402	3.69

### 6. Equity and Share Premium

Pursuant to the exercise of options under ESOS 2008, 143,398 shares were allotted on various dates during the year. Consequent to the said allotments, the paid up capital and share premium have increased as below:

Increase on account of	Share capital		Share premium	
	(Rs. '000)	(USD Mln.)	(Rs. '000)	(USD Mln.)
Opening balance	153,934	3.53	1,942,746	44.95
Allotment of 143,398 shares under ESOS 2008	1,434	0.03	6,166	0.14
Closing Balance	155,368	3.56	1,948,912	45.09

### 7. Earnings per share [EPS]

Particulars	Year ended 31.03.2011		Year ended 31.03.2010	
a) Profit/(Loss) after tax	Rs.23,075,644	USD 510,642	Rs.18,783,987	USD 396,895
b) Weighted Average Equity shares outstanding Basic (No.)	15,439,768	15,439,768	15,357,986	15,357,986
c) Weighted Average Equity shares outstanding Diluted (No.)	15,966,742	15,966,742	15,846,567	15,846,567
d) EPS-Basic (per share of Rs.10/- each) (a/b)	Rs.1.49	USD 0.03	Rs.1.22	USD 0.03
e) EPS-Diluted (per share of Rs.10/- each) (a/c)	Rs.1.44	USD 0.03	Rs.1.19	USD 0.03

8. Advance recoverable in cash or kind or value to be received - from others includes Rs.255,253 thousands USD 5.77 Mln. (Previous year Rs.209,376 thousands USD 4.69 Mln.) towards unbilled revenues.

9. **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
5. Sri Vishnu Shankar Mills Limited
6. Sandhya Spinning Mill Limited
7. Thanjavur Spinning Mill Limited
8. Rajapalayam Spinners Private Limited
9. Sri Harini Textiles Limited

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

Particulars	Transaction during 2010-2011		Outstanding as at 31.03.2011		Transaction during 2009-2010		Outstanding as at 31.03.2010	
	(Rs. '000)	(USD Mln.)						
<b>Income from Sale of goods &amp; services</b>								
Madras Cements Limited	117,412	2.60	5,963	0.13	191,151	4.04	5,083	0.11
Ramco Industries Limited	11,244	0.25	507	0.01	22,170	0.47	-	-
Rajapalayam Mills Limited	1,310	0.03	96	-	4,176	0.09	-	-
The Ramaraju Surgical Cotton Mills Limited	320	0.01	-	-	2,037	0.04	-	-
Sri Vishnu Shankar Mills Limited	612	0.01	-	-	1,232	0.03	-	-
Sandhya Spinning Mill Limited	529	0.01	-	-	753	0.02	-	-
Thanjavur Spinning Mill Limited	280	0.01	-	-	468	0.01	-	-
Rajapalayam Spinners Private Limited	109	-	-	-	877	0.02	-	-
Sri Harini Textiles Limited	65	-	-	-	475	0.01	-	-
<b>Loans availed</b>								
Madras Cements Limited	1,202,000	27.18	120,000	2.71	540,000	12.09	85,000	1.90
Ramco Industries Limited	-	-	-	-	12,500	0.28	-	-
<b>Interest - Expense</b>								
Madras Cements Limited	10,448	0.23	-	-	14,690	0.31	-	-
Ramco Industries Limited	-	-	-	-	221	-	-	-
<b>Rent - Expense</b>								
Madras Cements Limited	70,923	1.57	-	-	69,536	1.47	-	-

**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 :
  - (i) Remuneration paid to Shri P R Venketrama Raja is furnished in Note No.6 to India accounts.
  - (ii) Sitting fee paid to Shri P R Ramasubrahmaneya Rajha Rs.40 thousands (Previous year Rs.25 thousands).

**10. 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.

11. Exceptional Expense of Rs.10,515 thousands (USD 0.22 Mln.) in the previous year represents overseas withholding tax written off. During the year, such overseas withholding tax, after adjusting against the liability for tax under Sec.115JB of the Income Tax Act, 1961, amounting to Rs.2,035 thousands (USD 0.05 Mln.) has been grouped under "Administrative and Other Expenses".

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

## 12. Obligations towards finance leases:

	As at 31.03.2011		As at 31.03.2010	
	(Rs. '000)	(USD Mln.)	(Rs. '000)	(USD Mln.)
<b>Reconciliation between total minimum lease payments at the Balance Sheet date and their Present Value:</b>				
Total minimum lease payments at the Balance Sheet date	4,980	0.11	14,940	0.33
Present Value of the minimum lease payments at the Balance Sheet date	4,754	0.11	13,410	0.30
	<u>226</u>	<u>-</u>	<u>1,530</u>	<u>0.03</u>
<b>Difference being:</b>				
Interest accrued, but not due at the Balance Sheet Date	98	-	277	0.01
Future interest payable during the balance lease term	128	-	1,253	0.02
<b>Minimum Lease Payments:</b>				
Less than one year	4,980	0.11	9,960	0.22
One to five years	-	-	4,980	0.11
	<u>4,980</u>	<u>0.11</u>	<u>14,940</u>	<u>0.33</u>
<b>Present value of minimum Lease Payments:</b>				
Less than one year	4,754	0.11	8,656	0.19
One to five years	-	-	4,754	0.11
Total	<u>4,754</u>	<u>0.11</u>	<u>13,410</u>	<u>0.30</u>

## 13. Minority Interest / Equity in Earnings:

The share of Minority Interest in the subsidiaries Ramco Systems Corporation, USA, and in Ramco Systems Canada Inc., Canada has been shown separately in the Balance Sheet.

Proportionate equity in the earnings of the Affiliate Redlex 47 (Pty) Limited for the year Mar 2010-Feb 2011 is clubbed with the value of investment.

14. Cost of resale materials for the year includes Rs.61,094 thousands (USD 1.35 Mln.) (previous year Rs.44,836 thousands USD 0.95 Mln.), towards sub-contracting charges. Increase / (decrease) in resale material for the year is Rs.559 thousands (USD 0.01 Mln.) (previous year Rs.333 thousands USD 0.01 Mln.) and value of purchase of resale material for the year is Rs.12,052 thousands (USD 0.27 Mln.) (previous year Rs.40,855 thousands USD 0.87 Mln.).

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

16. The figures have been rounded off to the nearest rupee / USD, thousand / Mln. 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 : 30<sup>th</sup> May, 2011

**P R RAMASUBRAHMANEYA RAJHA**  
Chairman

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

**G VENKATRAM**  
Company Secretary

**S S RAMACHANDRA RAJA**  
**N K SHRIKANTAN RAJA**

**V JAGADISAN**

**M M VENKATACHALAM**

**A V DHARMAKRISHNAN**

Directors

## INFORMATION WITH REGARD TO SUBSIDIARY COMPANIES

The Ministry of Corporate Affairs (MCA) had issued a General Circular No. 2/2011 dated 8<sup>th</sup> February, 2011, granting exemption to all companies from the provisions of Section 212, subject to compliance with conditions mentioned in the said Circular. Pursuant to that the following informations are provided :

(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	2010-2011	105,740	31,859	137,598	137,598	430	356,509	1,474	-	1,474	-	44.23	45.19
	2009-2010	105,740	32,468	138,208	138,208	-	488,218	40,923	-	40,923	-	44.67	47.33
Ramco Systems Ltd., Switzerland	2010-2011	29,327	975	129,596	129,596	-	65,343	(48,559)	-	(48,559)	-	47.95	44.34
	2009-2010	29,327	43,643	72,970	72,970	-	87,382	(28,482)	-	(28,482)	-	41.65	44.19
Ramco Systems Sdn. Bhd, Malaysia	2010-2011	18,217	6,693	24,910	24,910	-	33,887	(657)	-	(657)	-	14.79	14.50
	2009-2010	18,217	5,660	23,877	23,877	-	37,143	1,836	-	1,836	-	13.83	13.73
Ramco Systems Pte. Ltd., Singapore	2010-2011	18,616	(12,228)	18,616	18,616	-	93,899	1,152	112	1,040	-	34.96	33.66
	2009-2010	18,616	(13,544)	18,616	18,616	-	110,051	17,320	1,699	15,621	-	31.79	32.92
RSL Enterprise Solutions (Pty) Ltd., South Africa	2010-2011	1	41,547	64,953	64,953	4	292,424	11,045	2,076	8,969	-	6.31	6.13
	2009-2010	1	25,748	38,119	38,119	4	109,285	(9,203)	83	(9,287)	-	5.93	5.86
Ramco Systems Canada Inc., Canada	2010-2011	430	12,394	12,824	12,824	-	114,360	14,238	4,403	9,835	-	45.36	44.03
	2009-2010	N A	N A	N A	N A	N A	N A	N A	N A	N A	N A	N A	N A
Ramco Systems Australia Pty Ltd., Australia	2010-2011	N A	N A	N A	N A	N A	N A	N A	N A	N A	N A	N A	N A
	2009-2010	-	-	-	-	-	-	9,618	-	9,618	-	40.65	39.39

Note: a) Ramco Systems Australia Pty Ltd., Australia had been de-registered effective 27<sup>th</sup> January, 2010.

b) Ramco Systems Canada Inc., Canada has been incorporated as 100% subsidiary of Ramco Systems Corporation, USA on 30<sup>th</sup> September, 2010.

**P R RAMASUBRAHMANEYA RAJHA**  
Chairman

**S S RAMACHANDRA RAJA**  
Director

**V JAGADISAN**  
Director

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

**N KSHRIKANTAN RAJA**  
Director

**M M VENKATACHALAM**  
Director

Place : Chennai  
Date : 30<sup>th</sup> May, 2011

**G VENKATRAM**  
Company Secretary

**A V DHARMAKRISHNAN**  
Director



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**RAMCO SYSTEMS LIMITED**

