



## RAMCO SYSTEMS LIMITED

Our Company was incorporated as Ramco Systems Limited, a public company limited by shares under the Companies Act, 1956 on February 19, 1997 in the State of Tamil Nadu with registration number 18-037550. Our Corporate Identification Number is L72300TN1997PLC037550. The Certificate of Commencement of Business was issued by the Registrar of Companies, Tamil Nadu on June 19, 1997. For further details please refer to "History and Certain Corporate Matters" on page 75 of this Draft Letter of Offer.

**Registered Office:** 47, PSK Nagar, Rajapalayam 626108, Tamil Nadu; Tel: +91 45 6323 5688; Fax: +91 45 6323 6773

**Corporate Office:** 64, Sardar Patel Road, Taramani, Chennai 600 113; Tel: +91 44 2235 4510; Fax: +91 44 2235 5078

**Contact Person:** Mr. G. Venkatram, Company Secretary and Compliance Officer

**Email:** rightsissue2013@ramco.com; **Website:** www.ramco.com

**Our Promoters:** Mr. P.R. Ramasubrahmaneya Rajha and Mr. P.R. Venketrama Raja

### FOR PRIVATE CIRCULATION TO THE ELIGIBLE EQUITY SHAREHOLDERS OF RAMCO SYSTEMS LIMITED (THE "COMPANY" OR THE "ISSUER") ONLY

#### DRAFT LETTER OF OFFER

ISSUE OF [●] EQUITY SHARES OF FACE VALUE OF ₹ 10/- EACH, FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE (INCLUDING A PREMIUM OF ₹ [●] PER EQUITY SHARE) AGGREGATING UPTO ₹ 1250 MILLION BY RAMCO SYSTEMS LIMITED, TO THE EXISTING ELIGIBLE EQUITY SHAREHOLDERS OF THE COMPANY ON RIGHTS BASIS IN THE RATIO OF [●] EQUITY SHARES FOR EVERY [●] FULLY PAID UP EQUITY SHARES HELD ON THE RECORD DATE, i.e. [●] ("THE ISSUE"). THE ISSUE PRICE OF EACH EQUITY SHARE IS [●] TIMES THE FACE VALUE OF THE EQUITY SHARE. FOR MORE DETAILS, PLEASE REFER TO THE SECTION TITLED "TERMS OF THE ISSUE" ON PAGE 186 OF THIS DRAFT LETTER OF OFFER.

#### GENERAL RISKS

Investments in equity and equity related securities involve a degree of risk and Investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the Risk Factors carefully before taking an investment decision in relation to this Issue. For taking an investment decision, Investors must rely on their own examination of our Company and the Issue including the risks involved. The securities being offered in this Issue have not been recommended or approved by the Securities and Exchange Board of India, ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of this Draft Letter of Offer. **Investors are advised to refer to the section titled "Risk Factors" on page xiii of this Draft Letter of Offer before making an investment in this Issue.**

#### ISSUER'S ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Letter of Offer contains all information with regard to our Company and this Issue, which is material in the context of this Issue, that the information contained in this Draft Letter of Offer is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Draft Letter of Offer as a whole or any such information or the expression of any such opinions or intentions misleading in any material respect.

#### LISTING

Our existing Equity Shares are listed on the BSE Limited, ("BSE"), the National Stock Exchange of India Limited, ("NSE") and the Madras Stock Exchange Limited, ("MSE"). The Equity Shares offered through this Draft Letter of Offer are proposed to be listed on the BSE, NSE and MSE. We have received in-principle approvals from BSE, NSE and MSE for listing the Equity Shares arising from this Issue through letters dated [●], [●] and [●] respectively. For the purposes of this Issue, the Designated Stock Exchange shall be BSE.

#### LEAD MANAGER TO THE ISSUE

##### Centrum Capital Limited

Centrum House, Vidyasagar Marg, CST Road,  
Kalina, Santacruz (East), Mumbai - 400098

**Tel:** +91 22 4215 9000

**Fax:** +91 22 4215 9707

**E-mail:** ramco.rights@centrum.co.in

**Investor Grievance Id:** igmbd@centrum.co.in

**Website:** www.centrum.co.in

**Contact Person:** Ms. Aanchal Wagle

**SEBI Registration No.:** INM000010445

#### REGISTRAR TO THE ISSUE



##### CAMEO

##### Cameo Corporate Services Limited

Subramanian Building, No.1, Club House Road,  
Chennai - 600002

**Tel:** +91 44 2846 0390

**Fax:** +91 44 2846 0129

**Email:** investor@cameoindia.com

**Website:** www.cameoindia.com

**Contact Person:** Mr. R.D. Ramasamy

**SEBI Registration Number:** INR000003753

#### ISSUE PROGRAMME

ISSUE OPENS ON	LAST DATE FOR REQUEST FOR SPLIT APPLICATION FORMS	ISSUE CLOSURES ON
[●]	[●]	[●]

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## SECTION I – GENERAL

### DEFINITIONS AND ABBREVIATIONS

*Unless the context otherwise requires, the terms defined and abbreviations expanded herein below shall have the same meaning given below in this Draft Letter of Offer.*

*The following list of defined terms is intended for the convenience of the reader only and is not exhaustive.*

#### Company Related Terms

<b>Term</b>	<b>Description</b>
“RSL” or “the Company” or “our Company” or “we” or “us” or “our”	: Ramco Systems Limited, a public limited company incorporated under the provisions of the Companies Act, having its registered office at 47, PSK Nagar, Rajapalayam 626108, Tamil Nadu, India
Articles/ Articles of Association/AoA	: Our Articles of Association
Associate	: CityWorks (Pty) Limited (earlier known as Redlex 47 Pty Limited,) South Africa
Auditor/Statutory Auditor	: Our statutory auditor, namely, M/s CNGSN & Associates, Chartered Accountants, Chennai
Board / Board of Directors	: Our board of directors /or a committee thereof
Compliance Officer	: Mr. G. Venkatram, Company Secretary
Corporate Office	: Our corporate office situated at No. 64, Sardar Patel Road, Taramani, Chennai 600 113
Director(s)	: Any or all of our director(s) on the Board, as the context may require
ESOP 2000	: Our Employee Stock Option Plan, 2000 including the amendments made to the scheme from time to time
ESOS 2003	: Our Employee Stock Option Scheme, 2003 including the amendments made to the scheme from time to time
ESOS 2004	: Our Employee Stock Option Scheme, 2004 including the amendments made to the scheme from time to time
ESOS 2008	: Our Employee Stock Option Scheme, 2008 including the amendments made to the scheme from time to time
ESOS 2009 Plan A	: Our Employee Stock Option Scheme, 2009 Plan A including the amendments made to the scheme from time to time
ESOS 2009 Plan B	: Our Employee Stock Option Scheme, 2009 Plan B including the amendments made to the scheme from time to time
ESOS 2013	: Our proposed Employee Stock Option Scheme, 2013 (The terms and conditions of the proposed scheme have been approved by the shareholders at the AGM dated July 29, 2013. However, the detailed scheme will be framed by the Compensation Committee)
Equity Share(s)	: Our equity share(s) having a face value of ₹10 each, inter alia including such equity shares outstanding and fully-paid up, as on the Record Date, unless otherwise specified in the context thereof

<b>Term</b>	<b>Description</b>
Memorandum/Memorandum of Association/MoA	: Our Memorandum of Association, as amended from time to time
Overseas Direct Branches	: Our branch offices in United Arab Emirates, United Kingdom and Germany,
Promoter(s)	: Mr. P.R. Ramasubrahmaneya Rajha and Mr. P.R. Venketrama Raja
Promoter Group	: Unless the context requires otherwise, the entities forming part of our Promoter Group in accordance with the SEBI Regulations and which are disclosed by us to the Stock Exchanges from time to time
Registered Office	: Our registered office is located at 47, PSK Nagar, Rajapalayam 626108, Tamil Nadu, India
Subsidiary or Subsidiaries	: Our subsidiaries being, (i) Ramco Systems Corporation, USA (ii) Ramco Systems Limited, Switzerland; (iii) Ramco Systems SDN BHD, Malaysia; (iv) Ramco Systems Pte Limited, Singapore; (v) RSL Enterprise Solutions (Pty) Limited, South Africa; (vi) Ramco Systems FZ-LLC, Dubai; (vii) RSL Software Company Limited, Sudan; (viii) Ramco Systems Australia Pty Ltd., Australia and (ix) Ramco Systems Canada Inc., Canada (100% subsidiary of Ramco Systems Corporation, USA) and the word “Subsidiary” shall be construed accordingly
RCL / Ramco Cements Limited (formerly known as MCL)	: The Ramco Cements Limited ( <i>formerly known as Madras Cements Limited</i> ), a company incorporated pursuant to the Companies Act and being a entity forming part of the Promoter Group
RIL	: Ramco Industries Limited, a company incorporated pursuant to the Companies Act and being a entity forming part of the Promoter Group

#### **Business related Terms**

<b>Term</b>	<b>Description</b>
BFSI	: Banking, Financial Services and Insurance
BPO	: Business Process Outsourcing
BBR	Bank Base Rate
CIF	Cost Insurance & Freight
CRM	Customer Relation Management
EAM	: Enterprise Asset Management
ES	: Enterprise Solutions
ERP	: Enterprise Resource Planning
FBD	: Foreign Bills Discounting
FBP	: Foreign Bills Purchase
FOB	: Free on Board
HCM	: Human Capital Management
ISV	: Independent Software Vendors
MEA	: Middle East and Africa

<b>Term</b>	<b>Description</b>
MRO	: Maintenance Repair and Overhaul
M&E	: Maintenance & Engineering
MUSIC	Mobility, User Interface, Social, In-memory, Context-aware
REOC	: Ramco ERP On Cloud
R&D	: Research and Development
SCM	Supply Chain Management
SDLC	: Software Development Life Cycle
SMB	: Small and Medium Business
SaaS	: Software as a Service
SOA	: Service Oriented Architecture

#### **Conventional and General Terms**

<b>Term</b>	<b>Description</b>
AIF	: A fund in term of section 2(1)(b) of the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
Companies Act	: The Companies Act, 1956, as amended from time to time
Copyright Act	: The Copyright Act, 1955, as amended from time to time
Depository	: A depository registered with SEBI under the SEBI (Depository and Participant) Regulations, 1996, as amended from time to time
Depositories Act	: The Depositories Act, 1996, as amended from time to time.
Depository Participant/DP	A depository participant as defined under the Depositories Act
Foreign Currencies	: Any official currency of the countries other than India
Financial Year/Fiscal	: The period of 12 months beginning April 1 and ending March 31 of that particular year, unless otherwise stated
IFRS	: International Financial Reporting Standards
IT Act	: The Income Tax Act, 1961, as amended from time to time
Indian GAAP	: The Generally Accepted Accounting Principles in India
Listing Agreement	: The equity listing agreements signed between us and the Stock Exchanges
Rupees or Rs. or INR or ₹	: The lawful currency of the Republic of India
₹ 1 million/million	: ₹ 10 Lakhs
SEBI Act	: The Securities and Exchange Board of India Act, 1992, as amended from time to time

<b>Term</b>	<b>Description</b>
SEBI Regulations/ICDR Regulations	: The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended from time to time
Takeover Code, 2011	: The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 as amended from time to time
Trademarks Act	: The Trademarks Act, 1999, as amended from time to time
You	: Prospective investors in the Issue
U.S./ USA/ United States	: United States of America, including the territories or possessions thereof.
US GAAP	: Generally Accepted Accounting Principles in United States

#### **Issue Related Terms**

<b>Term</b>	<b>Description</b>
Abridged Letter of Offer	: The abridged letter of offer to be sent to our Eligible Equity Shareholders with respect to this Issue in accordance with SEBI Regulations
Allottee(s)	: The successful applicant(s) to whom Equity Shares are Allotted pursuant to this Issue
Allotment/Allotted	: Unless the context otherwise requires, the allotment of Equity Shares pursuant to this Issue to the Allottees
Allotment Date	: The date on which Allotment was made
Application	: Application made by the Investor(s) between the Issue Opening Date and the Issue Closing Date, whether submitted by way of CAF or in the form of a plain-paper, to subscribe to the Equity Shares issued pursuant to the Issue at the Issue Price, including applications by way of the ASBA process
Application Money	: The aggregate amount payable in respect of the Equity Shares applied for in the Issue at the Issue Price
Applicant(s)	Any Investor applying for Equity Shares offered in this Issue
ASBA/Application Supported by Blocked Amount	: The application (whether physical or electronic) used by a ASBA Investor to subscribe by authorizing the SCSB to block the amount payable on application in his/her/its specified bank account
ASBA Account	: An account maintained by an ASBA Investor with an SCSB which will be blocked by such SCSB to the extent of the Application Money, as specified in the Application
ASBA Investor	: Eligible Equity Shareholders proposing to subscribe to the Issue through ASBA process and (i) who are holding our Equity Shares in dematerialized form as on the Record Date and have applied for their Rights Entitlements and/ or additional Equity Shares in dematerialized form; (ii) who have not renounced their Rights Entitlements in full or in part; (iii) who are not Renouncees; and (iv) who are applying through blocking of funds in a bank account maintained with SCSBs. It is clarified that QIBs, Non-Institutional Investors and other investors whose application value exceeds ₹ 200,000, can participate in the Issue

<b>Term</b>	<b>Description</b>
	only through the ASBA process subject to complying with the above conditions. Further all QIB applicants and Non-Institutional Investors are mandatorily required to use ASBA, even if application amount does not exceed ₹ 200,000, subject to complying with the above conditions.
Bankers to this Issue/Collecting Bank	: The bankers to this Issue being [●]
Composite Application Form/CAF	: The form used by an Investor to make an application for Allotment of Equity Shares pursuant to this Issue
Consolidated Certificate	: The single certificate issued by our Company to each Allotee(single folio) to whom Equity Shares are allotted in physical form pursuant to the Issue
Controlling Branches	: Such branches of the SCSBs which coordinate applications under this Issue by the ASBA Investors with the Registrar to the Issue and the Stock Exchanges and a list of which is available at <a href="http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries">http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries</a> and/or such other website(s) as may be prescribed by the SEBI / Stock Exchange(s) from time to time
Designated Branches	: Such branches of the SCSBs which shall collect the Composite Application forms used by ASBA Investors and a list of which is available on <a href="http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries">http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries</a>
Designated Stock Exchange	: BSE
Draft Letter of Offer	: This draft letter of offer dated August 30, 2013, filed with SEBI for its observations and issued by our Company in accordance with SEBI Regulations
Eligible Equity Shareholder(s)/ Shareholder(s)	: The holder(s) of Equity Shares as on the Record Date
Group Companies	: Includes those companies, firms and ventures that are promoted by our Promoters, irrespective of whether these entities are covered under Section 370(1)(B) of the Companies Act
Investor(s)	: Eligible Equity Shareholders and Renounees applying in this Issue
Issue / Rights Issue	: The issue of [●] Equity Shares of face value of ₹ 10/- each, for cash at a price of ₹ [●] per Equity Share (including a premium of ₹ [●] per Equity Share) aggregating up to ₹ 1250 million to the Eligible Equity Shareholders on rights basis in the ratio of [●] Equity Share(s) for every [●] Equity Share(s) held as on the Record Date, i.e. [●]
Issue Closing Date	: [●]
Issue Opening Date	: [●]
Issue Price	: ₹ [●] per Equity Share
Issue Proceeds/Gross	: Proceeds of this Issue received pursuant to Allotment

<b>Term</b>	<b>Description</b>
Proceeds	
Lead Manager	: Centrum Capital Limited
Letter of Offer	: The letter of offer dated [●] filed with the Stock Exchanges after incorporating SEBI comments on the Draft Letter of Offer
Net Proceeds	The Issue Proceeds/Gross Proceeds less the Issue related expenses. For further details please refer to the section ‘Objects of the Issue’ on page 56 of this Draft Letter of Offer
Non – ASBA Investor	: All Investors other than ASBA Investors who intent to apply in the Issue otherwise than through the ASBA process. It is clarified that only Retail Individual Investors and Retail Individual Shareholders can be Non – ASBA Investors
Non-Institutional Investors	: All Investors, whether resident in India or otherwise, including sub-accounts of FIIs registered with SEBI, which are foreign corporate or foreign individuals, that are not QIBs or Retail Individual Investors and : who have applied for Equity Shares for a cumulative amount of more than ₹ 2,00,000/- in this Rights Issue.
Qualified Foreign Investor or QFIs	Non-resident investors, other than SEBI registered FIIs or sub-accounts or SEBI registered FVCIs, who meet “know your client” requirements prescribed by SEBI and who fulfills the following criteria:  i. Resident in a country that is a member of Financial Action Task Force (“FATF”) or a member of a group which is a member of FATF; and ii. Resident in a country that is a signatory to International organization of Securities Commission’s Multilateral Memorandum of Understanding or a signatory of a bilateral Memorandum of Understanding with SEBI.  Provided that the person is not resident in a country listed in the public statements issued by FATF from time to time on: (a) jurisdictions having a strategic Anti-Money Laundering / Combating the Financing of Terrorism (“AML / CFT”) deficiencies to which counter measures apply; (b) jurisdictions that have not made sufficient progress in addressing the deficiencies or have not committed to an action plan developed with the FATF to address the deficiencies;
Qualified Institutional Buyers or QIBs	Public financial institutions as specified in Section 4A of the Companies Act, scheduled commercial banks, mutual fund registered with SEBI, FII and sub-account registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual, multilateral and bilateral development financial institution, AIF registered with SEBI , foreign venture capital investor registered with SEBI, state industrial development corporation, insurance company registered with Insurance Regulatory and Development Authority, provident fund with minimum corpus of ₹ 250 million, pension fund with minimum corpus of ₹ 250 million, insurance funds set up and managed by the Department of Posts, India, National Investment Fund set up by resolution No. F.No.2/3/2005/DDII dated November 23, 2005 of the Government of India published in the gazette of India Government of India and insurance funds set up and managed by army, navy or air force of the Union of India
Record Date	[●]
Refund Bank	[●]



<b>Term</b>	<b>Description</b>
Refund through electronic transfer of funds	Refunds through NECS, Direct Credit, NEFT or ASBA process, as applicable
Registrar to the Issue/ Registrar and Transfer Agent	: Cameo Corporate Services Limited
Renouneece(s)	: Any person(s) who have/has acquired Rights Entitlements from Eligible Equity Shareholders
Retail Individual Investors	: Individual Investors who have applied for Equity Shares for an amount less than or equal to ₹ 200,000/- in the Issue (including HUFs applying through the Karta)
Retail Individual Shareholders	: Eligible Equity Shareholders who have applied for Equity Shares for an amount less than or equal to ₹ 200,000/- in the Issue
Rights Entitlement	: The number of Equity Shares that an Eligible Equity Shareholder is entitled to in proportion to the number of Equity Shares held by such Eligible Equity Shareholder in our Company as on the Record Date
SAF(s)	: Split Application Form(s)
Self Certified Syndicate Bank or SCSB	: The banks which are registered with SEBI under the SEBI (Bankers to an Issue) Regulations, 1994 and offers services of ASBA, including blocking of bank account and a list of which is available on SEBI's website <a href="http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries">http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries</a> and/or such other website(s) as may be prescribed by the SEBI / Stock Exchange(s) from time to time
Share Certificate	The certificate in respect of the Equity Shares allotted to a folio
Stock Exchange(s)	: BSE, NSE and MSE where our Equity Shares are presently listed.

#### **Abbreviations**

<b>Term</b>	<b>Description</b>
AGM	: Annual General Meeting
APAC	: Asia Pacific
AS	: Accounting Standards, as issued by the ICAI from time to time and notified by the Central Government
BSE	: BSE Limited
CDSL	: Central Depository Services (India) Limited
CIT	: Commissioner of Income Tax
DP ID	: Depository Participant's Identity
DSIR	: Department of Scientific and Industrial Research
EBIDTA	: Earnings Before Interest, Depreciation, Taxes & Amortization
EGM	: Extraordinary General Meeting

<b>Term</b>	<b>Description</b>
EPS	: Earnings Per Share
FCNR Account	: Foreign Currency (Non-Resident) Account
FDI	: Foreign Direct Investment
FEMA	: Foreign Exchange Management Act, 1999, as amended from time to time and any circulars, notifications, rules and regulations issued pursuant to the provisions thereof
FI	: Financial Institution
FII(s)	: Foreign Institutional Investors registered with SEBI under applicable laws
FIPB	: Foreign Investment Promotion Board
FY/Fiscal	: Financial Year / Period of twelve months ended 31 March of that particular year
HUF	: Hindu Undivided Family
ICAI	: Institute of Chartered Accountants of India
IPO	: Indian Patent Office
ISIN	: International Securities Identification Number
ITA	: Income Tax Appeal
IT Act	: The Income Tax Act, 1961
ITAT	: Income Tax Appellate Tribunal
IT	: Information Technology
MICR	: Magnetic Ink Character Recognition
MSE	: Madras Stock Exchange Limited
N.A.	: Not Applicable
NAV	: Net Asset Value
NBFC	: Non Banking Finance Company
NECS	: National Electronic Clearing Service
NEFT	: National Electronic Fund Transfer
NR	: Non Resident
NRE Account	: Non-Resident External Rupee Account
NRI(s)	: Non Resident Indians, as defined in the Foreign Exchange Management (Deposit) Regulations, 2000, as amended from time to time
NRO Account	: Non-Resident Ordinary Rupee Account
NSDL	: National Securities Depository Limited

<b>Term</b>	<b>Description</b>
NSE	: The National Stock Exchange of India Limited
OCB(s)	: a company, partnership firm, society and other corporate body owned directly or indirectly to the extent of at least sixty per cent by Non-Resident Indians and includes overseas trust in which not less than sixty percent beneficial interest is held by Nonresident Indians directly or indirectly but irrevocably
PAN	: Permanent Account Number
PAT	: Profit after tax
RBI	: Reserve Bank of India
RoC	: Registrar of Companies, Tamil Nadu at Chennai
RTGS	: Real Time Gross Settlement
SEBI	: Securities and Exchange Board of India
STT	: Securities Transaction Tax
USPTO	United States Patent and Trademarks Office
USD or US\$	: United States Dollar
VAT	: Value Added Tax
w.e.f.	: With effect from
WC DL	: Working Capital Demand Loan

The words and expressions used but not defined herein shall have the same meaning as is assigned to such terms under the Companies Act, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 and the rules and regulations made there under.

Notwithstanding the foregoing, terms in chapters titled “History and Corporate Structure”, “Statement of Tax Benefits” and “Financial Statements” on pages 75, 60 and 95 respectively of this Draft Letter of Offer, shall have the meanings given to such terms in these respective chapters.

## OVERSEAS SHAREHOLDERS

The distribution of this Draft Letter of Offer and the Issue of the Equity Shares aggregating up to ₹ 1250 million by us on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Draft Letter of Offer, Letter of Offer / Abridged Letter of Offer or CAF may come are required to inform themselves about and observe such restrictions. We are making this Issue of Equity Shares aggregating up to ₹ 1250 million on a rights basis to our Eligible Equity Shareholders and will dispatch this Draft Letter of Offer / Abridged Letter of Offer and Composite Application Form (“CAF”) to our overseas shareholders who have an Indian address. Equity Shareholders in foreign jurisdiction need to provide an Indian address update our records with their Indian address or the address of their duly authorized representative in India, if not provided earlier, to receive this Draft Letter of Offer/ Abridged Letter of Offer and CAFs. Our Equity Shares are listed only in India.

No action has been or will be taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that this Draft Letter of Offer has been filed with SEBI for observations.

Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and this Draft Letter of Offer may not be distributed, in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Draft Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, in those circumstances, this Draft Letter of Offer must be treated as sent for information only and should not be copied or redistributed. Accordingly, persons receiving a copy of this Draft Letter of Offer should not, in connection with the issue of the Equity Shares or with the Rights Entitlements, distribute or send this Draft Letter of Offer in or into the United States or any other jurisdiction where to do so would or might contravene local securities laws or regulations. If this Draft Letter of Offer is received by any person in any such territory, or by their agent or nominee, they must not seek to subscribe to the Equity Shares or the Rights Entitlements referred to in this Draft Letter of Offer. Envelopes containing a CAF should not be dispatched from any jurisdiction where it would be illegal to make an offer, and all persons subscribing for the Equity Shares in this Issue must provide an Indian address

Any person who makes an application to acquire rights and the Equity Shares offered in this Issue will be deemed to have declared, represented, warranted and agreed that he is authorized to acquire the rights and the Equity Shares in compliance with all applicable laws and regulations prevailing in his jurisdiction. We, the Registrar, the Lead Manager or any other person acting on behalf of us reserve the right to treat any CAF as invalid where we believe that CAF is incomplete or acceptance of such CAF may infringe applicable legal or regulatory requirements and we shall not be bound to allot or issue any Equity Shares or Rights Entitlement in respect of any such CAF.

Neither the delivery of this Draft Letter of Offer nor any sale hereunder shall under any circumstances create any implication that there has been no change in our affairs from the date hereof or that the information contained herein is correct as at any time subsequent to this date.

**The contents of this Draft Letter of Offer should not be construed as legal, tax or investment advice. Prospective investors may be subject to adverse foreign, state or local tax or legal consequences as a result of the offer of Equity Shares. As a result, each investor should consult its own counsel, business advisor and tax advisor as to the legal, business, tax and related matters concerning the offer of Equity Shares. In addition, neither our Company nor the Lead Manager is making any representation to any Investor or purchaser of the Equity Shares regarding the legality of an investment in the Equity Shares by such Investor or purchaser under any applicable laws or regulations.**

## PRESENTATION OF FINANCIAL INFORMATION AND CURRENCY OF PRESENTATION

Unless stated otherwise, the financial information and data in this Draft Letter of Offer is derived from our audited financial statements as on and for the years ended March 31, 2013, March 31, 2012 and March 31, 2011. Our fiscal year commences on April 1 and ends on March 31 of the following calendar year, so all references to a particular fiscal year are to the twelve-month period ended March 31 of that calendar year. We are an Indian listed company and prepare our financial statements in accordance with Indian GAAP, the Companies Act and Indian Accounting Standards. Indian GAAP differs significantly in certain respects from IFRS and US GAAP. Neither the information set forth in the financial statements nor the format in which it is presented should be viewed as comparable to information prepared in accordance with IFRS or any accounting principles other than principles specified in the Indian Accounting Standards. We do not provide a reconciliation of our financial statements to IFRS or US GAAP financial statements. In this Draft Letter of Offer, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding-off, and unless otherwise specified, all financial numbers in parenthesis represent negative figures.

Unless stated otherwise, financial data in this Draft Letter of Offer with respect to our Company is derived from our audited unconsolidated and consolidated financial statements for Fiscal 2013, Fiscal 2012 and Fiscal 2011.

In this Draft Letter of Offer, the unconsolidated and audited consolidated financial statements for Fiscal 2013 and the unconsolidated and unaudited consolidated limited review financial results for the three months period ended June 30, 2013 have been included. We have also included our working results, on an unconsolidated basis, for the three months period from April 1, 2013 till June 30, 2013.

### Currency of Presentation

All references to “India” contained in this Draft Letter of Offer are to the Republic of India. All references to ‘Rupees’, “INR” or “Rs.” or “₹” are to Indian Rupees, the official currency of the Republic of India. In this Draft Letter of Offer, references to the singular also refers to the plural and one gender also refers to any other gender, wherever applicable, and the words ‘million’ or “millions” mean “10 lakhs” and; a “billion” or “billions” means a 10,000 lakhs”.

### Exchange Rates

Unless stated otherwise, the following table sets forth, for each of the periods indicated, information concerning the number of Rupees for which one unit of the said currency could be exchanged at the reference rates published by the Reserve Bank of India. Additionally, disclosure in relation of other foreign currency such as GBP and EUR has also been set out hereunder. No representation is made that the Rupee amounts actually represent such amounts in these currencies or could have been or could be converted into these currencies at the rates indicated, at any other rates or at all.

Exchange rates in ₹	April - June, 2013				Fiscal - 2013			
	High	Low	Closing rate (June 2013)	Average rate	High	Low	Closing rate (March 2013)	Average rate
United States Dollar (USD)	60.59	53.74	59.70	55.95	57.22	49.15	54.39	54.14
British Pound Sterling (GBP)	92.92	82.05	91.14	85.96	89.54	77.97	82.32	85.55
Euro (EUR)	79.19	69.59	77.98	73.09	73.13	65.09	69.54	69.80

Source: [www.rbi.org.in](http://www.rbi.org.in)

Note: The information under column titled “Average” in the table above is the average of all the rates available during the period, similarly the information under the column titled “High” and “Low” are the maximum and the minimum of all the rates available during the period respectively the “Closing rate” provides information on the closing rate available for the last date of the months ended June 2013 and March 2013 respectively.

## FORWARD LOOKING STATEMENTS

Certain statements in this Draft Letter of Offer are not historical facts but are “forward-looking” in nature. Forward looking statements appear throughout this Draft Letter of Offer, including, without limitation, under the chapters “Risk Factors”.

We have included statements in this Draft Letter of Offer which contain words or phrases such as “may”, “will”, “aim”, “believe”, “expect”, “will continue”, “anticipate”, “estimate”, “intend”, “plan”, “seek to”, “future”, “objective”, “goal”, “project”, “should”, “potential” and similar expressions or variations of such expressions, that are or may be deemed to be forward looking statements. Forward-looking statements include statements concerning our plans, objectives, goals, strategies, future events, future revenues or financial performance, capital expenditures, financing needs, plans or intentions, our competitive strengths and weaknesses, our business strategy, the trends we anticipate in the industry, the political and legal environment, and geographical locations, in which we operate, and other information that is not historical information.

All forward looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Actual results may differ materially from those suggested by the forward looking statements due to risks or uncertainties associated with our expectations with respect to, but not limited to, factors affecting:

- Our ability to compete effectively in the industry in which we operate our business;
- Our ability to meet substantial working capital requirements or maintain existing credit facilities;
- The conditions and restrictions imposed by our financing agreements, client agreements and partnership agreements
- Indian governmental policies regarding the information technology industry, various duties and taxes, the monetary and interest rate policies and other policies affecting our business;
- Our ability to meet the consistent quality requirements of customers or a change in customer preferences;
- Our ability to upgrade our products with change in technology;
- Regulatory changes pertaining to the industries in India to which we cater and our ability to respond to them;
- Our ability to successfully implement our strategy;
- Our ability to develop new products that appeal to consumers;
- Our exposure to market risks;
- General economic and political conditions in India and globally, which have an impact on our business activities;
- Our ability to attract and retain qualified personnel;
- The monetary and fiscal policies of India;
- Unanticipated turbulence in interest rates;
- Equity prices or other rates or prices, the performance of the financial markets in India and globally;
- Changes in foreign exchange control regulations in India; and
- Currency fluctuation risks
- The performance of the financial markets in India and globally; and
- Any adverse outcome in the legal proceedings in which we are involved.

For a further discussion of factors that could cause our actual results to differ, please refer to the section titled “**Risk Factors**” on page xiii of this Draft Letter of Offer. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated.

Neither we, nor our Directors, the Lead Manager nor any of our respective affiliates nor affiliates of Lead Manager nor advisors have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI / Stock Exchanges’ requirements, we and the Lead Manager will ensure that Investors are informed of material developments until the time of the grant of listing and trading permission for the Equity Shares by the Stock Exchanges.

## SECTION II - RISK FACTORS

*An investment in Equity Shares involves a degree of risk. Prior to investing, investors should carefully consider the risks described below, in addition to the other information contained in this Draft Letter of Offer, before making any investment decisions relating to our Equity Shares. Investors should carefully consider all the information contained in the section titled "Financial Information" on page 95 of this Draft Letter of Offer, for the information related to our financial performance. The occurrence of any of the following events could have a material adverse effect on our business, results of operation, financial condition and prospects and cause the market price of our Equity Shares to fall significantly and you may lose all or part of your investment.*

*Our business operations could also be affected by additional factors that are not presently known to us or that we currently consider to be immaterial to our operations which may result in decreased revenues, increased expenses or other events that could result in a decline in the value of the Equity Shares Unless otherwise stated in the relevant risk factors set forth below, we are not in a position to specify or quantify the financial or other implications of any of the risks mentioned herein. You are advised to read the following risk factors carefully before making an investment in the Equity Shares offered in this Issue. You must rely on your own examination of our Company and this Issue, including the risks and uncertainties involved. The Equity Shares have not been recommended or approved by SEBI nor does SEBI guarantee the accuracy or adequacy of this Draft Letter of Offer.*

*Financial information of our Company provided herein as at and for the period up to March 31, 2013, March 31, 2012 and March 31, 2011 on consolidated and unconsolidated basis has been derived from audited numbers, however financial information for the period beyond March 31, 2013 and as at June 30, 2013 on consolidated and unconsolidated basis have been derived from financial results which have been subjected to limited review by our Auditors.*

### INTERNAL RISK FACTORS

1. ***Ramco Cements Limited (formerly known as Madras Cements Limited), a Promoter Group entity, the Cement Manufacturers Association and 11 other cement manufacturing companies are party to proceedings before the Competition Appellate Tribunal in respect of an order passed by the Competition Commission of India .***

The Competition Commission of India, pursuant to an order dated June 20, 2012, imposed a penalty of approximately ₹ 63,173.2 million after finding the Cement Manufacturers Association and 12 other cement manufacturing companies including our Promoter Group entity Ramco Cements Limited, guilty of indulging in monopolistic and restrictive trade practices in the cement industry. Of the total penalty imposed, the penalty determined against Ramco Cements Limited is approximately ₹ 2,586.3 million. Each of the aggrieved parties has preferred an appeal against the said order before the Competition Appellate Tribunal, Delhi. The matter is presently pending adjudication. In the event of the judicial authorities finally passing an order against the appellants, Ramco Cements Limited's operations and financial condition may be adversely affected.

2. ***We are involved in certain legal proceedings which, if determined against us may have an adverse impact on our business operations, profitability and financial condition***

We are party to various legal proceedings including suits, consumer related proceedings, tax disputes etc. These proceedings are pending at different levels of adjudication before the appropriate forums and if determined against us, may have an adverse impact on our business operations, profitability and financial condition. The table below summarises the legal proceedings that we are party to:

Category	Company	
	Total number of Cases	Amount Involved in ₹ in million (where quantifiable)
<b>Civil proceedings</b>	5	5.15
<b>Criminal proceedings</b>	2	2.59
<b>Tax proceedings*</b>	14	19.02
<b>Consumer cases</b>	4	9.9
<b>Total</b>	<b>25</b>	<b>36.66</b>

\*Tax proceedings typically pertain to disallowance of expenses and not further tax claims. Should any of the Tax proceedings be decided against us, expenses or exemptions that we have claimed will not be allowed, hence reducing taxable loss claimed by us. The amount of disputed tax liability is provided herein.

Should any new development arise, such as a change in the Indian law or rulings against us by appellate courts or tribunals, we may need to make provisions in our financial statements, which may increase our expenses and current liabilities. We can give no assurance that these legal proceedings will be decided in our favour. For further information relating to these proceedings, see “Outstanding Litigation and other Defaults” on page 167 of this Draft Letter of Offer.

**3. *Our Company has incurred losses in the past. We cannot assure you that the same would not continue or occur in the future.***

Our profitability has reduced in Fiscal 2013 and Fiscal 2012 from Fiscal 2011. Our profit/ (loss) in Fiscal 2013, 2012 and 2011 on consolidated and unconsolidated basis are aggregated as under.

Particulars	(₹ in million)		
	Fiscal 2013	Fiscal 2012	Fiscal 2011
Consolidated Profit/(Loss )	(404.37)	(89.27)	23.08
Unconsolidated Profit/(Loss)	(188.09)	(29.58)	47.70

The losses were on account of various reasons including higher interests costs, higher fixed operational costs like employee and administrative expenses and due to adverse business conditions. There can be no assurance that we will not incur losses in the future. Our failure to generate profits may adversely affect the market price of our Equity Shares going forward, restrict our ability to pay dividends and impair our ability to raise capital and expand our business.

**4. *We have had negative cash flow from our operations and investments (as per consolidated financial statements) in the past 3 years. Any negative cash flow in the future could adversely affect our business, results of operations and financial condition.***

We had negative cash flow from our operating and investing activities in the past 3 years. Our cash flows from operating and investing activities for the past 3 years are detailed in the table below:

Particulars	Fiscal 2013 ₹ In million	Fiscal 2012 ₹ In million	Fiscal 2011 ₹ In million
Operating activities	(61.99)	206.74	228.04
Investing activities	(519.67)	(417.03)	(334.08)

There can be no assurance that our cash flow will be positive in the future. Any negative cash flows in future could adversely affect our business, results of operations and financial condition.

**5. *We intend to utilize [●] % of the Issue proceeds for general corporate purposes including and our management will have the discretion to deploy the funds to this end. We cannot assure you that the proceeds earmarked for general corporate purposes may be utilized in a manner which may yield positive returns.***

We intend to use [●]% of the Issue Proceeds for general corporate purposes including but not limited to, brand building, strategic initiatives, strengthening marketing capabilities, prepayment or repayment of debt, meeting working capital requirements, meeting R&D costs and loans to subsidiaries/ or meeting exigencies or any other purposes as may be approved by the Board of Directors. The manner of deployment and allocation of such funds is entirely at the discretion of our management and our Board, subject to compliance with the necessary provisions of the Companies Act. We cannot assure you that the proceeds earmarked for general corporate purposes may be utilized in a manner which may yield positive returns.

**6. *Our client contracts can be terminated with / without cause and by giving adequate notice period in accordance with the contractual terms, which could negatively impact our revenues and profitability.***

Our clients usually retain us through non-exclusive service agreements. Most of our client contracts can be terminated with or without cause and by giving adequate notice period in accordance with the contractual terms and without termination related penalties. Our business is dependent on the decisions and actions of our clients, and there are a number of factors relating to our clients that are outside our control that might result in the termination of a project or the loss of a client. The clients may demand price reductions, change their business strategy, shift more work in-house or may move to our competitors. Any of these factors could adversely affect our revenues, result of operations and profitability.



**7. *We are subject to restrictive covenants in certain debt facilities provided to us by our lenders which may affect our management decisions and have a potential impact on our results of operations***

There are restrictive covenants in agreements we have entered into with certain banks for borrowings. These restrictive covenants require us to seek the prior permission of the said banks for various activities such as effecting any change in the capital structure, formulate any scheme of amalgamation/reconstitution, invest by way of share capital in or lend or advance funds to or place deposits with any other concern except with subsidiaries, undertake guarantee obligations on behalf of any other borrower or any other third party except the subsidiaries, declare dividends for any year except out of the profits relating to that year, transfer, alienate or assigns its rights and liabilities under the agreement to any person, induct as a director, any person who is a promoter director of any company which has been classified as a willful defaulter and Effect any change to its management set up. We have been able to obtain consents from all the lenders for this Issue and have been able to in the past obtain required lender consents for desired actions, but there can be no assurance that such consents will be obtained in the future and this may restrict/ delay some of the actions / initiatives necessary to operate and grow our business and also impact us financially. Further, should we breach any financial or other covenants contained in any of our financing agreements, we may be required to immediately repay our outstanding loan(s) either in whole or in part, together with any related costs.

**8. *We are subject to certain restrictive covenants in some of our agreements that we have entered into with our customers, which may require us to obtain certain prior approval from such customers.***

There are restrictive covenants in some of our agreements that we have entered into with our customers. The restrictive covenants is such that the customers shall have the right to terminate the Agreement, if our Company is subject of a takeover, merger, acquisition or other form of change in the majority voting control or change in control in any manner, without obtaining prior written consent of the customers. There can be no assurance that we may be able to obtain such consents in the future, if required.

**9. *Our business is dependent on our intellectual property rights and any infringement or unauthorized access to the same could adversely affect our business***

We have been granted various patents in respect of our products and have obtained registration for various of our trademarks in India, Singapore and Malaysia. Further, our Subsidiaries, Ramco Systems Corporation, USA and Ramco Systems Limited, Switzerland have trademark registrations in the said territories. We have also submitted applications for registration of our trademarks in India and application for registration of our patents in the IPO and the USPTO. We rely on a combination of patent, trademark and contractual commitments to protect our proprietary information. Despite our efforts, these measures can only provide limited protection. Unauthorized third parties may try to copy or reverse engineer portions of our products or otherwise obtain and use our intellectual property. Any intellectual property right owned by us may be invalidated, circumvented or challenged in the event of any possible infringement. There is a possibility that our pending intellectual property rights applications, along with any future intellectual property rights applications that we may apply for, may not be granted by the appropriate authorities with the claims and specifications that we may intend to seek or protect. If we cannot protect our proprietary technology against unauthorized copying or use, we may not remain competitive.

The source code of our software applications is a critical asset of our operations. We may lose our competitive edge if any of our competitors replicate or infringe such intellectual property rights. Under certain contracts we are required to keep our source code in escrow or enter into specific secrecy/confidentiality agreements with our customers/escrow agencies. However, we cannot assure you that there will be no unauthorized access of our source code pursuant to such escrow arrangements.

Claims of intellectual property infringement or trade secret misappropriation may be asserted against us or our customers in connection with their use of our products and the outcome of such claims may be uncertain. An unfavorable outcome in such a claim could require us to cease offering for sale of the products that are subject to such a claim or pay substantial monetary damages to a third party and/or make ongoing royalty payments to a third party. Certain of our customer contracts provide that in the event of a third party claim for intellectual property infringement, we shall either obtain permission from the third party to continue to use the offending intellectual property or find a substitute for the offending intellectual property. In the event that we are unable to provide either of these remedies to our customers, our customers' contracts provide that we shall refund the

license fee received, after deducting a reasonable charge for the time period during which the customers used the software. If we are not able to successfully challenge such claims, our business and results of operations could be materially affected.

Any infringement or unauthorized access or such similar instances pertaining to our intellectual property rights could adversely affect our business.

**10. We incur substantial R&D costs which may not yield significant revenues. Further, if we are unable to sustain our R&D efforts, our results of operations may be adversely affected.**

Our business strategy is based upon our ability to ensure that unique and competitive products and technologies are offered to customers on a regular basis. In order to develop and sell such products, we incur substantial R&D costs. In Fiscal 2013, 2012 and 2011 our R&D costs on consolidated basis was ₹ 637.06 million, ₹ 509.20 million and ₹ 382.94 million representing 26.62%, 22.84% and 18.77% of our total consolidated revenues respectively. If we are unable to monetize and / or sustain our R&D efforts, our results of operations may be adversely affected.

We cannot assure you that the commercialization of our R&D efforts will be profitable or that our competitors will/have not develop/developed a platform and/or product superior to ours.

**11. Our revenues are highly dependent on the business operations of our Subsidiaries. Our Subsidiaries have incurred losses and had negative net worth in the past, this may continue or occur in the future, which may adversely affect our revenues and results of operations**

A substantial portion of our revenues arise on account of the business operations of our Subsidiaries. In Fiscal 2011, 2012 and 2013, the revenues earned by our Subsidiaries as a percentage of the total revenues earned on a consolidated basis was 42.61%, 50.45% and 46.87% respectively. Some of our Subsidiaries have incurred losses in the last three years as given below:

S. No.	Subsidiaries	Profit/(Loss) after Tax (₹ in million)		
		Fiscal 2013	Fiscal 2012	Fiscal 2011
1	Ramco Systems Corporation, USA	(78.05)	(61.25)	1.47
2	Ramco Systems Limited, Switzerland	14.21	10.07	(48.56)
3	Ramco Systems SDN. BHD, Malaysia	(17.88)	0.42	(0.66)
4	Ramco Systems Pte Limited, Singapore	(55.99)	(4.64)	1.04
5	RSL Enterprise Solutions Pty Limited, South Africa	(68.44)	3.27	8.97
6	Ramco Systems Australia Pty Ltd, Australia	(15.79)	-	-
7	Ramco Systems Canada Inc., Canada (100% subsidiary of Ramco Systems Corporation, USA)	(1.41)	(8.47)	9.83

Some of our Subsidiaries have had negative Net Worth during the last three fiscal years (as per their respective financial statements), as set forth below:

Sr. No.	Company	Positive/(Negative) Networth (₹ in million)		
		Fiscal 2013	Fiscal 2012	Fiscal 2011
1.	Ramco Systems Pte. Ltd., Singapore	(54.83)	1.46	6.39
2.	RSL Enterprise Solutions (Pty) Ltd., South Africa	(22.21)	42.18	41.55
3.	Ramco Systems Australia Pty Ltd, Australia	(2.00)	-	-

We cannot provide any assurance that these Subsidiaries will be profitable in future or that their revenues will sustain/continue to grow. Poor performance of these Subsidiaries may adversely affect our consolidated results of operation and financial conditions.

**12. The unsecured loans taken by us can be recalled by the lenders at any time. In the event lenders exercise their right to recall the said loans, our financial position would be adversely affected.**

As on August 17, 2013, we have, on a consolidated basis, availed unsecured loans from various lenders of ₹ 2,975 million and inter-corporate deposits from our Promoter Group of ₹ 87.50 million. Unsecured loan agreements contain a clause for repayment on demand and may be recalled by our lenders at any time without notice, or with short notice, upon default or otherwise. If the lenders of such loans exercise their right to recall the said loans, it could have an adverse effect on our financial position.

**13. *Extended credit period of our outstanding amount given to the customers may increase our collection risk, which could adversely affect our results of operations***

We have entered into significant number of business transactions with our customers. However, the amount due in respect of trade related activities are unsecured and interest free. Further, we normally allow customers 15 to 60 days credit period from the invoice date. For Fiscal 2013 and 2012, our days of sales outstanding (which is the ratio of consolidated sundry debtors to the total billing in a particular period multiplied by the number of days in that period) was approximately 114 days and 107 days, respectively. Our inability in future to accelerate the realisation of receivables could adversely affect our results of operations.

**14. *We have taken properties on rent / lease / license and are subject to certain risks, including non-renewal, termination and disputes associated with such contracts or irregularity in title to properties leased in our favour which may adversely affect our operations***

We have taken properties on rent / lease / license which can be terminated for cause by the lessor/licensor. These lease and license agreements may not be renewed on favourable terms or at all and in some events can be terminated prior to their expiration. Moreover, since the lease arrangements are subject to renewal from time to time, there may be an increase in lease rentals payable. Considering the nature of our business, continuity of operations and access to facilities and systems is of critical importance. In case of such termination, we may encounter delay in finding suitable alternative properties in required timeframe or may not find alternatives at all, which may have a disruptive effect on our ongoing business and may increase our expenses.

**15. *The lease agreements pertaining to certain immovable properties are not adequately stamped or registered in accordance with applicable laws. Consequently, the said lease deeds may be inadmissible as evidence in a court of law, unless the defects are rectified.***

The lease documents pertaining to certain properties in our possession are neither registered under the provisions of the Registration Act, 1908 nor sufficiently stamped in accordance with the applicable stamp acts. The effect of inadequate stamping is that the document is not admissible as evidence in legal proceedings and parties to that agreement may not be able to legally enforce the same, except after paying a penalty for inadequate stamping. The effect of non-registration, in certain cases, would make the document inadmissible in legal proceedings. Any potential dispute vis-à-vis the said premises and our non-compliance of local laws relating to stamp duty and registration may adversely impact the continuance of our activity from such premises.

**16. *Some of our agreements with our clients and / or subsidiaries have not been duly stamped as required under the applicable stamp act. Consequently, we may be unable to rely on said documents as evidence in legal proceedings unless proper stamp duty and penalty imposed, if any, is paid.***

We have entered into certain contracts with customers which have been insufficiently stamped. In the event of a default or breach being committed by a party to the said agreement, we may be unable to act upon or rely upon the said documents as evidence in legal proceedings unless proper stamp duty and/ or penalty imposed, if any, is paid. Further, the competent authorities may have the right to impound the insufficiently stamped document.

**17. *We derive a significant portion of our revenue from a limited number of clients and from certain geographical areas. The loss of, or a significant reduction in the revenues we receive from, one or more of these clients or one or more of these geographical areas, may adversely affect our business.***

We derive a significant portion of our revenues on a consolidated basis from limited number of large corporate clients. In Fiscal, 2013, 2012 and 2011 our top ten clients accounted for 43.78%, 42.15% and 47.07%, respectively, of our revenues. In Fiscal 2013, our revenues from the largest customer amounted to 20.94% of our total revenues. Since there is significant competition for the services that we provide and typically we are not an exclusive service provider to our major clients, the level of revenues from the major clients could vary from period to period. Further, significant amount of our revenues are derived from operations in certain geographical areas. Some of the areas from where we derive significant portions of our revenues are India -54%, USA – 17% and MEA – 18%. The loss of, or a significant reduction in the revenues that we receive from, one or more of our

major clients or any political instability or other such events occurring in these select geographical areas may adversely affect our business and profitability.

**18. *We may be held liable for claims of or from customers on account of any breach of the terms of the contracts or deficiency or delay in the services or the products supplied to our customers including indemnity, warranties, liquidated damages or penalty. We are further, required to take adequate insurance coverage with respect to professional indemnity which, if not taken, may adversely affect our business.***

We provide our customers with products and services that are critical to the operations of their business. Our software solutions may contain undetected flaws, which could result in a claim against us for substantial damages, regardless of our responsibility for such a failure or defect. Although we attempt to contractually limit our liability for damages, including consequential damages, we cannot assure you that the limitations on liability will be enforceable in all cases. Although, we have taken insurance coverage for errors and omission, we cannot assure that the insurance coverage will be fully adequate. Any such occurrence on account of errors and omission could result in damage to our reputation and loss of customers, which could adversely affect our business, operations and financial condition.

Our Company may also be exposed to warranty claims. In defending such claims, our Company could incur substantial costs and receive adverse publicity. Any such defects or claims could therefore have a material adverse effect on our Company's business, financial condition and results of operations.

Further, the contracts with our customers are generally time bound and contain provisions which may attract payment of penalty to the customer in the event there is a delay in delivery or services. Failure to adhere to contractually agreed timelines for reasons other than for *force majeure* events could make us liable to pay penalty and/or liquidated damages which may adversely affect our financial conditions and results of operation.

**19. *We face competition from global and Indian enterprise solution companies and any increase in global competition or access to advanced technical knowhow or process by our competitors may adversely affect our business***

We face competition from global and Indian enterprise solution companies who use their resources and experience in a competitive manner, including by making acquisitions and investing large amounts in R&D and pursuing aggressive marketing and sales initiatives. We may in the future not be able to provide similar or better technology solutions than our competitors.

Should there be any significant increase in global competition or if we are unable to cope with the changing market conditions, our business and operating results could be adversely affected.

**20. *Our revenues are dependent on our ability to innovate and develop unique offerings that meet customer expectations. Failure to predict customer preferences or industry changes or our inability to modify our products and services could adversely affect our financial condition and results of operations.***

We operate in a market characterized by frequently changing customer requirements due to dynamic business environment. Our success depends largely on the timely introduction of new products and upgrades, as well as cost reductions on current products to address the operational speed, efficiency and cost requirements of our customers. If we are unable to predict customer preferences or industry changes or if we are unable to modify our products and services on a timely basis, we may lose customers. Further, if we experience technical errors or delays in releasing new products or new versions of products, we could lose revenues.

**21. *Failure to market and implement our products to multiple customers may adversely affect our results of operations***

We are highly dependent on our ability to effectively market our products and services to new customers on an ongoing basis including through our network of Subsidiaries, Associate, Overseas Direct Branches and partner ecosystem spread globally. Since, the quantum of repeat business for our offerings is low; failure to market and implement our products effectively to multiple customers may adversely affect our results of operations.

**22. *As on March 31, 2013 our contingent liabilities not provided for aggregated to ₹ 46.81 million and if any of these liabilities materialise, our financial condition may be adversely affected.***

As on March 31, 2013 contingent liabilities not provided for appearing in our consolidated financial statements, aggregated to ₹ 46.81 million. The following table gives the details of the nature of contingent liabilities:

Particulars	Amount in ₹ million
a) Bank Guarantees	33.52
b) Disputed Income tax / Wealth tax demands – pending before the first appellate authority	12.34
c) In respect of disputed Sales tax demand amounting to ₹ 1.91 million, appeal is pending with the first Appellate Authority. Against this, ₹ 0.95 million has been deposited and for the balance, Bank Guarantee has been furnished.	0.95
<b>Total</b>	<b>46.81</b>

Note: Our Company is engaged in development of software products, which are marketed by our Company and our overseas subsidiaries. The intellectual property rights are held by our 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.

In the event any of these liabilities materialise, it could have a material adverse effect on our business, financial condition and results of operations.

**23. We have entered into, and will continue to enter into Related Party Transactions in future. There can be no assurance that such transactions, individually or in the aggregate will not have an adverse effect on our business, financial condition and results of operations.**

We have entered into transactions with our Subsidiaries, Promoter group companies and certain directors. Summary of Related party transactions during Fiscal 2013, 2012 and 2011 on unconsolidated basis are as under:

(₹ in million)

Subsidiaries	Fiscal year 2013	Fiscal year 2012	Fiscal year 2011
Income from sale of goods & services	265.21	314.94	310.34
Income from royalty	126.94	125.79	124.97
Cost of services availed	-	-	(15.00)
Interest income	1.52	0.07	1.00
Investments	16.74	0.62	-
Loans given	40.43	1.24	6.93
<b>Enterprises over which (P.R. Ramasubrahmaneya Rajha &amp; P.R. Venketrama Raja) exercise significant influence and with which company had transactions</b>			
Income from sale of goods & services	580.03	223.34	131.88
Interest expense	32.64	17.35	10.45
Rent expense	78.23	78.23	78.23
Loans availed	1,620.00	1,012.50	1,202.00
Corporate guarantees availed	2,985.00	2,000.00	1,650.00
<b>Key Managerial Personnel (P.R. Ramasubrahmaneya Rajha &amp; P.R. Venketrama Raja)</b>			
Remuneration paid	1.17	1.17	1.17
Sitting fees paid	0.02	0.04	0.04

Whilst, we believe that all such transactions have been conducted on an arms-length basis and contain commercial terms, there can be no assurance that we could not have achieved more favourable terms had such transactions not been entered into with related parties. Furthermore, it is likely that we will enter into related party transactions in the future.

To the extent that any of the dues from related parties are not received, we may be required to make provisions for losses on these dues and our profitability could be adversely affected. While we comply with Indian

accounting and regulatory standards while entering into related party transactions, such standards may not be comparable with global standards.

**24. *We have not declared any dividends in the past and we cannot assure you that we will be able to pay dividends in future consequently not providing any returns on your investment***

In the past, we have not declared any dividends to our Shareholders. The declaration and payment of dividends will be recommended by our Board and approved by our Shareholders, in their discretion, and will depend on a number of factors, including but not limited to our earnings, capital requirements and overall financial condition. We cannot assure you that we will be able to pay dividends in future thereby not providing any returns on your investment.

**25. *Our international operations expose us to complex management, legal, tax and economic risks and breach of any international legal, tax or economic regulation could have material impact on our operations***

We have Subsidiaries, Associate and Overseas Direct Branches in various countries and a number of our IT services professionals are assigned to projects outside India. As a result of our expanding international operations we are subject to risks inherent to establishing and conducting operations in international markets, including:

- Cost structures, cultural and language factors, associated with managing and coordinating our global operations;
- Compliance with a wide range of foreign laws, including immigration, labour and tax laws;
- Restrictions on repatriation of profits and capital; and
- Potential difficulties with respect to protection of our intellectual property rights in some countries.

Further, since many of our clients are foreign entities, our Company is required to be in compliance with various International Laws and any non-compliance / breach of any International Laws including tax and economic related regulations or rules could have a material impact on our operations in such jurisdictions and on our financial conditions

**26. *If we are unable to successfully protect our computer systems from security risks, our business could suffer***

While we have implemented industry-standard security measures, our network may still be vulnerable to unauthorized access, computer viruses and other disruptive problems. A party that is able to circumvent security measures could misappropriate proprietary information and cause interruptions in our operations. We may be required to expend significant capital or other resources to protect against the threat of security breaches or to alleviate problems caused by such breaches. There can be no assurance that any measures implemented will not be circumvented in the future. Any disruption in our services or any misappropriation of data from our systems could hinder or affect our ability to complete client projects on time and may lead to client dissatisfaction and have material adverse effect on our business, results of operations and financial condition.

Further, the services provided by us in relation to software as a service provided on cloud may not be uninterrupted, or completely secure. There are risks inherent due to dependency on internet connectivity, third party service providers that could result in the loss of customer's data, privacy, confidential information, etc. Though we have taken adequate necessary measures to protect customers data hosted in cloud, there is still risk involved in terms of such data being hacked/accessed by third party either in the hosted environment or during transmission of data and these measures cannot be termed as comprehensive as the definition of virus, methods of hacking is evolving progressively. This risk is inherent in this our industry. It also depends on the security measures taken by the customer which is beyond our control.

**27. *Volatility of the Rupee, particularly against foreign currencies in which we deal with, could have a material adverse effect on our net foreign exchange earnings and consequently on the results of operations.***

We report our financial results in Rupees, but a significant portion of our income has been and may continue to be primarily denominated in foreign currency, exposing us to foreign currency risks. We also incur expenditure in a number of foreign currencies.

In Fiscal 2013 and 2012, our FOB value of exports including royalty denominated in foreign currencies amounted to ₹ 435.42 million and ₹ 482.95 million which was approximately 25.75% and 31.81% of our total unconsolidated revenue respectively, while our CIF value of imports and expenditure denominated in foreign currencies amounted to ₹ 127.97 million and ₹ 82.35 million which was approximately 7.57% and 5.42% of our total unconsolidated revenue respectively. Any volatility in the Rupee movement may have an adverse effect on our results of operations and financial condition.

We have currently not entered into any hedging arrangements to mitigate any foreign exchange fluctuation risk and cannot assure you that we will be able to mitigate the adverse impact of currency fluctuations on the results of our operations.

**28. *Agreements with our Subsidiaries are subject to transfer pricing regulations. These agreements may be subject to regulatory challenges, which may subject us to higher taxes adversely affecting our earnings.***

We have entered into agreements with our Subsidiaries to formalize the transfer of services between us and our Subsidiaries. In these agreements, we have determined transfer prices that we believe is the same as the prices that would be charged by unrelated parties dealing with each other at arm's length. However, if the taxing authorities of India or other jurisdictions were to successfully challenge these agreements or past transactions undertaken pursuant to the terms of these agreements, or require changes in transfer pricing policies, we could be required to re-determine transfer prices, which may result in a higher overall tax liability to us and as a result our earnings could be adversely affected. In this regard, we are subject to risks not faced by other companies with international operations that do not create inter-company transfers. We believe that we operate in compliance with applicable transfer pricing laws in relevant jurisdictions. However, there can be no assurance that such laws will not be modified, which, as a result, may require changes to transfer pricing policies or operating procedures. Any modifications to transfer pricing laws may result in a higher overall tax liability to us, adversely affecting our earnings and results of operations.

**29. *Increase in interest rates for loans availed by us from banks may adversely impact our results of operations.***

We have availed term loans/ working capital loans from banks / financial institutions/ NBFCs, from time to time to meet our working capital requirements. The loans availed by us are subject to payment of interest. We are exposed to the risk of increase in interest rates by the banks in respect of the loans availed by us. Any increase in expenses to be incurred by us while paying interest on the loans availed may have a material adverse effect on our business prospects, financial condition and result of operations.

**30. *Our insurance coverage may not adequately protect us against certain operating hazards. To the extent that any uninsured risks materialize or we fail to effectively cover ourselves for any risks, we could be exposed to substantial costs and losses that could adversely affect our results of operations.***

We maintain general liability insurance coverage in relation to our employees, assets, stocks, properties etc. We believe that our insurance coverage is generally consistent with industry practice. However, to the extent that any uninsured risks materialize or if it fails to effectively cover us of any risks, we could be exposed to substantial costs and losses that would adversely affect our results of operations. In addition, we cannot be certain that the coverage will be available in sufficient amounts to cover one or more large claims, or that our insurers will not disclaim coverage as to any claims. A successful assertion of one or more large claims against us that exceeds our available insurance coverage or that leads to adverse changes in our insurance policies, including premium increases or the imposition of a large deductible or co-insurance requirement, could adversely affect our results of operations.

**31. *Our success depends largely upon our skilled software professionals and our ability to attract and retain these personnel. The industry where we operate is a highly employee intensive industry having a high rate of attrition***

Our ability to execute projects, which meet the customer's expectations, depends largely on our ability to attract, train, motivate and retain qualified and experienced professionals. Competition for specialized technical personnel in the technology industry is high. We also face competition for skilled professionals from international labour markets. Our attrition rates (*attrition rate is calculated as the ratio of the number of employees who have left us during a defined period to the average of the total number of employees who are on our payroll at the beginning and end of such period*) for Fiscal 2013, Fiscal 2012 and Fiscal 2011 were 23.42%,

26.40%, and 37.33% respectively. The industry attrition rate for Fiscal 2013 was 26.9%. [Source: [www.economictimes.com](http://www.economictimes.com) (June 07, 2013) and [www.topnews.in](http://www.topnews.in) (July 06, 2013)]

Competition for senior management in the IT industry is intense, and we may or may not be able to retain such senior management personnel or attract and retain new senior management personnel in the future unless we offer industry best compensation packages, which will have impact on our profitability. Any increase in our attrition rates, particularly with respect to experienced software personnel may adversely affect our growth strategy and significantly impact our resource management. Apart from our employees, we also engage IT professionals provided by external agencies who are hired for particular projects. We may not be able to ensure that such external agencies continue to retain such personnel. Further, the industry in which we operate is dependent on the quality of people and our success depends largely upon our ability to attract, hire, train and retain qualified employees including our ability to attract employees with specialized domain related experience. The loss of any member of senior management or other senior professionals or specialized employees may adversely affect our business, results of operations and financial condition.

**32. *We face risks associated with our partnerships, teaming arrangements and alliances.***

In order to enhance our capabilities, technical expertise and geographic coverage, we have in the past and may in the future enter into partnerships, teaming arrangements and alliances, which may be difficult to integrate and manage or may not be successful. These difficulties may disrupt our ongoing business, affect our management and employees and increase our expenses. Our intention to do more business through partners could be affected by any divestments, disassociation, withdrawal from such alliances, teaming arrangements and partnerships in future.

**33. *We require certain approvals or licenses in the ordinary course of business, and the failure to obtain them in a timely manner or at all may adversely affect our operations***

We require certain approvals, licenses, registrations and permissions for conducting our business in India and various foreign jurisdictions, which have currently been obtained for our business. However wherever applicable, if our approvals or licenses are not renewed on expiry or if the new approvals or licenses are not obtained in time, our business may be adversely affected. For more information, please refer to the section titled “Government and Other Approvals” on page 176 of this Draft Letter of Offer.

**34. *We have availed loans from banks, financial institutions and since our Promoter Group entities have guaranteed most of such loans we may not in the future, be able to raise any additional debt if our Promoter Group entities decline to provide such guarantees. A high level of debt, failure to meet the covenants in the loan agreement and poor business performance could materially affect our ability to fund the operations of our business***

Our working capital requirements have been and are expected to continue to be extensive. In order to finance our business, we have incurred significant levels of debt. We may need to obtain additional sources of funding, which may include equity, debt or convertible debt financing, in the future. Further, since most of the loans obtained by us have been guaranteed by our Promoter Group entities i.e. RCL (*formerly known as MCL*) and RIL, we may not in the future, be able to raise any additional debt if our Promoter Group entities decline to provide such guarantees. A high level of debt, failure to meet the covenants in the loan agreement and poor business performance could materially affect our ability to fund the operations of our business. If operating cash flows are not sufficient to meet our expenses as they become due, we may be required to delay or reduce our capital expenditure programme or the development of new products or be forced to sell our assets or may have to forego potential business opportunities.

**35. *Our Promoters and Promoter Group entities will continue to control us and their interests may not concur with the interests of the other Shareholders***

As at June 30, 2013 our Promoters and Promoter Group entities hold 68.73% of our pre-Issue equity capital. They currently exercise substantial control over us and *inter alia* have the power to elect and remove a majority of our Directors and/or determine the outcome of certain important proposals, which require the specific approval of our Shareholders. We cannot assure you that the interest of our Promoters and Promoter Group entities will not conflict with the interests of other Shareholders.



**36. *We may issue fresh shares, which may result in shareholding dilution for an Investor***

Any future equity offerings by us, sale by significant shareholders and/or the issue of Equity Shares pursuant to exercise of stock options under the various employee stock option schemes or by way of an induction of strategic investor, may lead to a dilution of Investor shareholding and/or affect the market price of our Equity Shares.

**37. *Valuations in the software / information technology industry may not be sustained in future and current valuations may not be reflective of future valuations for the industry***

We are global providers of enterprise products and solutions. We believe that in India there are no directly comparable competitors in the product segment in which we operate, thus the financials of our Company may not be strictly comparable with the other players in the industry. Valuations in the software/information technology industry in which we operate may presently be high and may not be sustained in future and current valuations may not be reflective of future valuations for the industry.

**38. *We have in the preceding 12 months from the date of Draft Letter of Offer issued Equity Shares at prices that may be lower than the Issue price to our employees under our various ESOS schemes. Apart from such allotments we have not made any other allotments.***

We have in the preceding 12 months at various dates issued 2,23,447 Equity Shares of face value of ₹ 10/- each to our employees under ESOS schemes. The price at which these equity shares have been allotted may be lower than the Issue price. Save and except for allotments made pursuant to ESOS schemes, we have not issued any Equity Shares in the preceding 12 months.

**39. *Grants of stock options under our employee stock option schemes may result in a charge to our profit and loss account.***

We have various employee stock option schemes in place, under which our eligible employees and those of our subsidiary companies are eligible to participate. As of the date of this Draft Letter of Offer, we have granted options to eligible employees pursuant to various schemes. Under Indian GAAP, the grant of stock options may result in a charge to the profit and loss account based on the difference between the intrinsic value of shares determined at the date of grant and the exercise price. For details on the employee stock option schemes, see section titled “Capital Structure” on page 49 of this Draft Letter of Offer.

**40. *SEBI has passed an order against a company along with its promoters and directors wherein one of our Independent Directors- Mr. R.S. Agarwal is also a director for non compliance with minimum public shareholding requirement***

Mr. R.S. Agarwal, an Independent Director on our Board is also a director of Videocon Industries Limited, a listed entity. SEBI had passed an order dated June 04, 2013 against Videocon Industries Limited along with its promoters and directors in respect of non compliance with minimum public shareholding requirement. SEBI had vide the said order inter-alia restrained directors from holding any new position as director in any listed company and prohibited them from buying, selling or otherwise dealing in the securities of their respective companies, either directly or indirectly, in any manner whatsoever, except for the purpose of complying with the minimum public shareholding requirement from June 04, 2013 till compliance with the minimum public shareholding requirement.

**41. *There exists a potential conflict of interest between us and one of our group companies which could adversely affect our business and financial operations.***

The main objects of one of our group companies forming part of our Group namely CityWorks (Pty) Limited (“CityWorks”) are similar to the main object of our Company. Presently, CityWorks do not carry on any business that is similar to our business. However, in the event that either of these companies engage in any business similar to that of our Company in the future, there would arise a potential conflict of interest between our Company and these entities, which may adversely affect our business and financial operations.

**42. *Our Equity Shares are also listed on the MSE, a regional stock exchange which does not have a trading platform***

Our Equity Shares are currently listed on the MSE, a regional stock exchange, in addition to our Equity Shares being listed on the BSE and NSE. We propose to list the Equity Shares offered through the Issue on the MSE as well. Securities listed on regional stock exchanges in India are typically infrequently traded, and MSE does not have a trading platform. Prospective purchasers of our Equity Shares should note that the Equity Shares have limited liquidity on the MSE, and there can be no assurances that our Equity Shares will be traded on the MSE in future.

**43. *Some of the countries in which we operate such as Sudan are subject to certain International sanctions.***

Economic sanctions and restrictions on exports and other transfers of goods have been implemented by the United States or the European Union, or both, in relation to certain countries in which we do business, including Sudan. Our current operation in Sudan is not significant to our revenue, profit or financial condition. We seek to comply fully with international sanctions to the extent they are applicable to us. However, in doing so our ability to do business in these jurisdictions may be limited. Future changes in international sanctions may prevent us from doing business in certain jurisdictions entirely.

## **EXTERNAL RISK FACTORS**

**44. *There could be political, economic or other factors that are beyond our control but may have a material adverse impact on our business and results of operations should they materialize.***

The following external risks may have a material adverse impact on our business and results of operations should any of them materialize:

- Political instability, a change in the Government or a change in the economic and deregulation policies may adversely affect economic conditions in India in general and our business in particular;
- Any downgrading of India's sovereign rating by international credit rating agencies may negatively impact our business and access to capital. In such event, our ability to grow our business and operate profitably would be severely constrained; and
- The Indian economy has had sustained periods of high inflation. Should inflation continue to increase sharply, our profitability and results of operations may be adversely impacted. High rates of inflation in India may increase our employee costs, decrease the disposable income available to our customers and decrease our operating margins, which may have an adverse effect on our profitability and results of operations.

**45. *Broad adverse market conditions and other factors may result in decrease in Equity Share price***

Stock markets have experienced extreme volatility that has often been unrelated to the operating performance of particular companies. There may be significant volatility in the market price of our Equity Shares, if we are unable to meet market or investor expectations in relation to our financial performance, due to broad adverse market conditions. Investors could sell our Equity Shares when it becomes apparent that the expectations of the market may not be realised, resulting in a decrease in the market price of our Equity Shares. In addition to the broad adverse market conditions, speculation in the press or investment community, changes in general conditions in the economy or other developments affecting the IT services industry, could cause the market price of our Equity Shares to fluctuate substantially.

**46. *Entry barriers and change in immigration laws could limit our ability to expand our operations in international jurisdictions***

Our intention to widen our presence globally could be hampered due to any entry barriers that may be imposed on/by certain jurisdictions.

We currently derive a substantial portion of our revenues from operations in the United States, Europe, MEA and Asia Pacific region. Immigration laws in these countries are subject to legislative change, political and economic conditions, particularly in relation to grant of work permits, employment visas and business visas. Our

ability to staff projects with software professionals who are not citizens of the country where the work is to be performed is constrained by such changes in the immigration laws.

The above could have a material impact on our business, financial condition and results of operations.

**47. *Political opposition to offshore outsourcing in the United States and other countries where we operate could adversely affect our business***

Offshore outsourcing has been the subject of intense political debate, and has come under increased government scrutiny within the United States due to its perceived association with loss of jobs in the United States. Several United States state governments have implemented or are actively considering implementing restrictions on outsourcing by United States state government entities to offshore IT services providers. Any changes in the United States, Europe or other countries to their existing laws or the enactment of new legislation restricting offshore outsourcing, particularly by private companies, may impact our business, financial condition and results of operations.

**48. *We are subject to various Indian income tax benefits however tax benefits are subject to change from time to time and hence we cannot assure you that we will continue to derive such tax benefits***

We are currently a loss making entity and therefore cannot avail of the Indian tax benefits. However, if we are able to generate profits, we may avail of such tax benefits, if they are still available. However, we cannot assure you that we will continue to derive such tax benefits. For more details on the tax benefits available in India, please refer to the section titled "Statement of Tax Benefits" on page 60 of this Draft Letter of Offer.

**49. *Remunerative pressures in India may result in increased costs and we may lose our competitive advantage***

Remuneration for skilled professionals in India has historically been lower than remuneration costs in other jurisdictions, particularly the United States and Europe. However, remuneration in India is increasing at a faster rate than in the United States, which could result in increased costs for software professionals, particularly project managers and other mid-level professionals which may prevent us from sustaining competitive advantage in terms of personnel cost. We may be forced to increase the levels of remuneration paid to our employees to remain competitive and contain attrition. Compensation increases may result in a material adverse effect on our results of operation and financial condition.

**50. *Our operating results may be negatively impaired if there is an international economic slowdown***

A significant portion of our revenues are dependent on customers located in the United States, Europe, MEA and the Asia Pacific region. Economic slowdowns and other factors that affect the economic health of these regions may affect our business. If there is an economic downturn in these regions, our customers may reduce or postpone their contracts significantly, which may in turn lower the demand for our products and services and negatively affect our revenues and profitability. More generally, an increased volatility in the financial markets can have an adverse impact on the economies of India and other countries, including economic recession.

**51. *Natural calamities could have a negative impact on the Indian economy and cause our business to suffer***

India has experienced natural calamities such as earthquakes, hurricane, cloud burst, tsunami, floods, cyclones and drought in the past few years. The extent and severity of these natural disasters has an impact on the Indian economy. Any negative impact of natural disasters on the Indian economy could adversely affect our business and the market price of our Equity Shares.

**52. *Any disruption in the supply of power, IT infrastructure and telecom lines could disrupt our business process or subject us to additional costs***

Any disruption in basic infrastructure or the failure of the Government to provide appropriate infrastructure facilities could negatively impact our business since we may not be able to provide timely or adequate services to our clients. We do not maintain business interruption insurance and may not be covered for any claims or damages if the supply of power, IT infrastructure or telecom lines is disrupted. This may result in the loss of a client, impose additional costs on us and have an adverse effect on our business, financial condition and results of operations.

**53. *Our business may be disrupted by regional conflicts in South Asia***

South Asia has, from time to time-experienced instances of civil unrest and hostilities among neighbouring countries, such as between India and Pakistan. In the past there have been military confrontations along the India-Pakistan border. The potential for hostilities between the two countries is higher due to recent terrorist incidents in India, troop mobilisations along the border, and the aggravated geopolitical situation in the region. Military activity or terrorist attacks in the future could influence the Indian economy by disrupting communications and making travel more difficult. Such political tensions could create a greater perception that investments in Indian companies involve a higher degree of risk. This, in turn, could have a material adverse effect on the market for securities of Indian companies, including the Equity Shares and on the market of our products and services.

**54. *After the Issue, the price of our Equity Shares maybe highly volatile, or an active trading market for our Equity Shares may not sustain***

The prices of our Equity Shares on the Indian stock exchanges may fluctuate after the Issue as a result of several factors, including:

- a. volatility in the Indian and global securities markets;
- b. our results of operations and financial condition;
- c. performance of our competitors, IT industry and the perception in the market about investments in the IT industry;
- d. adverse media reports on us or the Indian IT industry;
- e. changes in the estimates of our performance or recommendations by financial analysts;
- f. significant developments in India's economic liberalisation and deregulation policies; and
- g. significant developments in India's Fiscal and environmental regulations.

There can be no assurance that an active trading market for our Equity Shares will be sustained after the Issue.

**55. *There is no guarantee that the Equity Shares to be issued pursuant to this Issue will be listed on the Stock Exchanges in a timely manner or at all, and any trading closures at the Stock Exchanges may adversely affect the trading price of our Equity Shares.***

In accordance with Indian law and practice, permission for listing of the Equity Shares to be issued pursuant to this Issue will not be granted until after those Equity Shares have been issued and allotted. Approval will require all other relevant documents authorizing the issuing of Equity Shares to be submitted. There could be a failure or delay in listing the Equity Shares on the Stock Exchanges and consequently such delay may restrict our ability to dispose the Equity Shares.

**56. *Terrorist attacks, civil unrest and other acts of violence or war involving India and other countries could adversely affect the financial markets and could have a material adverse effect on our business, financial condition and results of operations and the price of our Equity Shares.***

Terrorist attacks and other acts of violence or war may negatively affect the Indian markets in which our Equity Shares trade and also adversely affect the worldwide financial markets. These acts may also result in a loss of business confidence, make travel and other services more difficult and ultimately adversely affect our business. India has experienced communal disturbances, terrorist attacks and riots during recent years. If such events recur, our business may be adversely affected. The Asian region has from time to time experienced instances of civil unrest and hostilities. Hostilities and tensions may occur in the future and on a wider scale. Military activity such as the Kargil War of 1999 or terrorist attacks in India, such as the attacks in Mumbai in November 2008 and July 2011, as well as other acts of violence or war could influence the Indian economy by creating a greater perception that investments in India involve higher degrees of risk. Events of this nature in the future, as well as social and civil unrest within other countries in Asia, could influence the Indian economy and could have a material adverse effect on the market for securities of Indian companies, including our Equity Shares.

**57. *Our ability to raise foreign currency borrowings may be constrained by Indian law.***

As an Indian company, we are subject to exchange controls that regulate borrowing in foreign currencies. Such regulatory restrictions limit our financing sources and hence could constrain our ability to obtain financing on competitive terms and refinance existing indebtedness. In addition, we cannot assure you that the required approvals will be granted to us without onerous conditions, if at all. Limitations on raising foreign debt may have an adverse effect on our business, financial condition and results of operations.

## Prominent Notes

1. This is an Issue of [●] Equity Shares of face value of ₹ 10 each, for cash at a price of ₹ [●] per Equity share including a premium of ₹ [●] per Equity Share for an amount aggregating up to ₹ 1250 million on Rights basis to the Eligible Equity Shareholders of our Company in the ratio of [●] Equity Share(s) for every [●] Equity Share(s) held by the Eligible Equity Shareholders on the Record Date, i.e. [●].
2. As on March 31, 2013 our networth on a consolidated basis was ₹ 1285.17 million and on an unconsolidated basis was ₹ 1499.05 million
3. The cumulative value of related party transactions on an unconsolidated basis, entered into by our Company during FY 2013, FY 2012 and FY 2011 are ₹ 5747.93 million, ₹ 3775.29 million and ₹ 3532.01 million respectively. For details of our transactions with our group companies or Subsidiaries, see “Financial Information – Related Party Transactions” on page 95 of this Draft Letter of Offer.
4. There is no financing arrangement whereby the Promoter Group, the directors of the Promoters, the Directors and their relatives have financed the purchase by any other person of securities of the Issuer other than in the normal course of business of the financing entity during the period of six months immediately preceding the date of filing this Draft Letter of Offer with SEBI.
5. All information shall be made available by the Lead Manager and by us to the Eligible Equity Shareholders and no selective or additional information would be available only to a section of the Investors in any manner whatsoever.
6. Investors may contact Compliance Officer or the Lead Manager for any complaints pertaining to the Issue

All grievances relating to ASBA process may be addressed to the Registrar to the Issue, with a copy to the relevant SCSBs giving full details such as name, address of the applicants, application number, number of Rights Issue Equity Shares applied for, application amounts, ASBA Account number and the Designated Branch of the SCSBs where the Composite Application Form has been submitted by the ASBA Investor. For contact details, please see chapter titled “*General Information*” on page 38 of this Draft Letter of Offer.

## SECTION III – INTRODUCTION

### THE ISSUE

Our Board have pursuant to a resolution passed at their meeting held on May 30, 2013, authorized this offer of Equity Shares aggregating up to ₹ 1250 million on a rights basis.

The following is a summary of this Issue. This summary should be read in conjunction with, and is qualified in its entirety by, more detailed information in the section titled “Terms of the Issue” on page 186 of this Draft Letter of Offer.

Equity shares proposed to be issued by our Company	[●] Equity Shares aggregating up to ₹ 1250 million
Rights Entitlement for Equity Shares	[●] Equity Shares for every [●] Equity Shares held on the Record Date
Record Date	[●]
Face Value per Equity Shares	₹ 10
Issue Price per Equity Share	₹ [●] at a premium of ₹ [●] per Equity Share
Equity Shares outstanding prior to the Issue	[●] Equity Shares
Equity Shares outstanding after the Issue (assuming full subscription for and allotment of the Rights Entitlement) #	[●] Equity Shares
Terms of the Issue	Please refer to the section titled “Terms of the Issue” on page 186 of this Draft Letter of Offer.
Use of proceeds	Please refer to the section titled “Objects of the Issue” on page 56 of this Draft Letter of Offer.

# As on the date of the Draft Letter of Offer 12,54,182 number of employee stock options are outstanding (i.e vested but not exercised).

#### Terms of Payment

Due Date	Amount
On Issue Application, i.e., along with CAF	₹ [●], which constitute 100% of the Issue Price payable

## SUMMARY OF FINANCIAL AND OPERATING DATA

The following tables set forth our summary financial information derived from our audited unconsolidated and audited consolidated financial statements as at and for Fiscal 2013 prepared in accordance with Indian GAAP and the Companies Act and the limited reviewed financial results unconsolidated and consolidated as at and for the three month period ended June 30, 2013, prepared in accordance with Indian GAAP. This chapter should be read in conjunction with, and is qualified in its entirety by, the more detailed information about us and our financial statements/results, including the notes thereto, the “Financial Information” on page 95 of this Draft Letter of Offer. Special attention is also drawn to chapter titled “Risk Factors” on page xiii of the Draft Letter of Offer, which discusses a number of factors and contingencies that could impact our financial condition and results of operations

### BALANCE SHEET AS AT MARCH 31, 2013

	As at <b>31.03.2013</b> (Rs. million.)	As at 31.03.2012 (Rs. million.)
<b>EQUITY AND LIABILITIES</b>		
<b>Shareholders' Funds</b>		
Share Capital	157.73	155.52
Reserves and Surplus	<u>1,341.32</u>	<u>1,507.67</u>
	<u><b>1,499.05</b></u>	<u><b>1,663.19</b></u>
<b>Share Application Money Pending Allotment</b>	-	0.56
<b>Non-current Liabilities</b>		
Long Term Borrowings	11.98	7.39
Other Long Term Liabilities	38.40	40.75
Long Term Provisions	<u>98.70</u>	<u>72.28</u>
	<u><b>149.08</b></u>	<u><b>120.42</b></u>
<b>Current Liabilities</b>		
Short Term Borrowings	2,852.50	1,985.00
Trade Payables	299.34	320.78
Other Current Liabilities	145.89	114.75
Short Term Provisions	<u>2.52</u>	<u>34.58</u>
	<u><b>3,300.25</b></u>	<u><b>2,455.11</b></u>
<b>TOTAL</b>	<u><b>4,948.38</b></u>	<u><b>4,239.28</b></u>
<b>ASSETS</b>		
<b>Non-current Assets</b>		
Fixed Assets		
- Tangible Assets	161.60	155.01
- Intangible Assets	2,075.91	1,661.53
Non-current Investments	1,239.31	1,222.57
Long Term Loans and Advances	128.75	104.70
Other Non-current Assets	-	-
	<u><b>3,605.57</b></u>	<u><b>3,143.81</b></u>
<b>Current Assets</b>		
Inventories	0.14	16.93
Trade Receivables	800.78	630.92
Cash and Bank Balances	51.94	34.75
Short Term Loans and Advances	106.40	86.83
Other Current Assets	<u>383.55</u>	<u>326.04</u>
	<u><b>1,342.81</b></u>	<u><b>1,095.47</b></u>
<b>TOTAL</b>	<u><b>4,948.38</b></u>	<u><b>4,239.28</b></u>

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2013**

	<b>Year ended</b>	Year ended
	<b>31.03.2013</b>	31.03.2012
	<b>(Rs. million.)</b>	(Rs. million.)
<b>INCOME</b>		
Revenue from Operations	<b>1,690.93</b>	1,518.24
Other Income	<b>60.82</b>	56.64
<b>Total Revenue</b>	<b>1,751.75</b>	1,574.88
<b>EXPENDITURE</b>		
Changes in Inventories of Finished Goods, Stock-in-process and Stock-in-trade	<b>16.79</b>	(15.90)
Purchase of Stock-in-trade	<b>59.92</b>	29.37
Employee Benefit Expense	<b>888.33</b>	718.02
Finance Costs	<b>60.52</b>	25.64
Depreciation and Amortisation Expense	<b>324.00</b>	273.36
Other Expenses	<b>590.28</b>	573.97
<b>Total expenses</b>	<b>1,939.84</b>	1,604.46
<b>Profit / (Loss) Before Tax</b>	<b>(188.09)</b>	(29.58)
Tax Expenses		
- Current Tax	-	-
<b>Profit / (Loss) For The Year</b>	<b>(188.09)</b>	(29.58)
Earnings per equity share (EPS) of face value of Rs.10 each;		
Basic & Diluted EPS (Rs.)	<b>(12.01)</b>	(1.91)
Weighted average number of Equity Shares outstanding - Basic	<b>15,665,293</b>	15,512,389
Weighted average number of Equity Shares outstanding - Diluted	<b>16,094,293</b>	15,605,539



**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013**

	Year ended 31.03.2013 (Rs. million.)	Year ended 31.03.2012 (Rs. million.)
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Net Profit/(Loss) before tax as per Statement of Profit and Loss</b>	<b>(188.09)</b>	<b>(29.58)</b>
<b>Adjusted for:</b>		
Depreciation and Amortisation Expense	324.00	273.36
Bad debts written off	29.44	24.92
Finance Costs	60.53	25.64
(Profit)/Loss on Sale of Assets (Net)	4.66	1.62
Interest Income	(1.97)	(0.21)
Unrealised Exchange (Gain)/Loss	(12.21)	(33.56)
Employee Cost under ESOS/ESPS	15.91	-
<b>Operating Profit/(Loss) Before Working Capital Changes</b>	<b>232.27</b>	<b>262.19</b>
<b>Working Capital Changes:</b>		
Trade receivables, Loans & advances and Other current / Non-current assets	(289.74)	(87.30)
Earmarked balances with Banks - Margin money deposit	0.62	(0.10)
Inventories	16.79	(15.90)
Trade payables, Provisions and Other liabilities	(0.63)	(11.76)
<b>Cash Generated from Operations</b>	<b>(40.69)</b>	<b>147.13</b>
Taxes Paid	-	-
<b>Net Cash (Used in)/Generated from Operating Activities</b>	<b>(40.69)</b>	<b>147.13</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Addition to Fixed Assets	(526.07)	(411.12)
Investment in Equity of Subsidiaries	(16.74)	(0.62)
Loans to Subsidiaries-Net	(10.68)	-
Proceeds from Sale of Fixed Assets	2.53	1.42
Term deposit with Banks-others	(1.16)	(0.04)
Proceeds from Long Term Borrowings for assets under Hire purchase / Finance lease	13.47	6.14
Repayment of Long Term Borrowings for assets under Hire purchase / Finance lease	(6.47)	(9.15)
Interest Income	1.97	0.21
<b>Net Cash (Used in)/Generated from Investing Activities</b>	<b>(543.15)</b>	<b>(413.16)</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Issue of Share Capital on account of exercise of Employee Stock Options	7.92	0.80
Proceeds from Short Term Borrowings	6,005.00	3,622.50
Repayment of Short Term Borrowings	(5,137.50)	(3,187.50)
Finance Costs paid	(286.71)	(192.59)
<b>Net Cash (Used in) / Generated from Financing Activities</b>	<b>588.71</b>	<b>243.21</b>
<b>Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>4.88</b>	<b>(22.82)</b>
<b>Cash and Cash Equivalents at the beginning of the year</b>	<b>31.86</b>	<b>21.12</b>
Effect of Unrealised Foreign Exchange Fluctuation Gain/(Loss)	12.21	33.56
<b>Cash and Cash Equivalents at the end of the year</b>	<b>48.96</b>	<b>31.86</b>
Earmarked Balances with Banks		
- Term Deposits held as margin money against bank guarantees	0.58	1.19
- Balance in ESOS / Rights issue accounts	0.16	0.61
Term Deposits - Others	2.24	1.09
<b>Closing Cash and Bank Balances</b>	<b>51.94</b>	<b>34.75</b>

**CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2013**

	As at 31.03.2013 (Rs. million.)	As at 31.03.2013 (USD million.)	As at 31.03.2012 (Rs. million.)	As at 31.03.2012 (USD million.)
<b>EQUITY AND LIABILITIES</b>				
<b>Shareholders' Funds</b>				
Share Capital	157.73	3.60	155.52	3.56
Reserves and Surplus	<u>1,127.44</u>	<u>20.20</u>	<u>1,498.20</u>	<u>29.04</u>
	<u>1,285.17</u>	<u>23.80</u>	<u>1,653.72</u>	<u>32.60</u>
<b>Share Application Money pending allotment</b>	-	-	0.56	0.01
<b>Minority Interest</b>	0.36	0.01	1.73	0.05
<b>Non-current Liabilities</b>				
Long Term Borrowings	11.98	0.22	7.39	0.15
Deferred Tax Liability (Net)	1.28	0.03	1.45	0.03
Other Long Term Liabilities	38.40	0.71	40.75	0.81
Long Term Provisions	<u>148.45</u>	<u>2.75</u>	<u>110.03</u>	<u>2.17</u>
	<u>200.11</u>	<u>3.71</u>	<u>159.62</u>	<u>3.16</u>
<b>Current Liabilities</b>				
Short Term Borrowings	2,852.50	52.84	1,985.00	39.14
Trade Payables	300.79	5.57	233.30	4.59
Other Current Liabilities	295.57	5.48	250.43	4.94
Short Term Provisions	<u>2.66</u>	<u>0.05</u>	<u>35.98</u>	<u>0.71</u>
	<u>3,451.52</u>	<u>63.94</u>	<u>2,504.71</u>	<u>49.38</u>
<b>TOTAL</b>	<u>4,937.16</u>	<u>91.46</u>	<u>4,320.34</u>	<u>85.20</u>
<b>ASSETS</b>				
<b>Non-current Assets</b>				
<b>Fixed Assets</b>				
-Tangible Assets	168.47	3.12	164.07	3.23
-Intangible Assets	2,076.86	38.48	1,663.75	32.81
Goodwill (on consolidation)	994.51	18.42	994.51	19.61
Non-current Investments	2.68	0.05	0.90	0.02
Long Term Loans and Advances	149.17	2.76	128.63	2.54
Other Non-current Assets	-	-	-	-
	<u>3,391.69</u>	<u>62.83</u>	<u>2,951.86</u>	<u>58.21</u>
<b>Current Assets</b>				
Inventories	0.14	0.01	16.93	0.33
Trade Receivables	769.34	14.25	682.98	13.47
Cash and Bank Balances	132.88	2.46	114.04	2.25
Short Term Loans and Advances	105.39	1.95	97.40	1.92
Other Current Assets	<u>537.72</u>	<u>9.96</u>	<u>457.13</u>	<u>9.02</u>
	<u>1,545.47</u>	<u>28.63</u>	<u>1,368.48</u>	<u>26.99</u>
<b>TOTAL</b>	<u>4,937.16</u>	<u>91.46</u>	<u>4,320.34</u>	<u>85.20</u>

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2013**

	<b>Year ended</b>	<b>Year ended</b>	Year ended	Year ended
	<b>31.03.2013</b>	<b>31.03.2013</b>	31.03.2012	31.03.2012
	<b>(Rs. million.)</b>	<b>(USD million.)</b>	(Rs. million.)	(USD million.)
<b>INCOME</b>				
Revenue from Operations	2,392.72	44.53	2,229.78	47.26
Other Income	81.20	1.51	111.67	2.37
<b>Total Revenue</b>	<b>2,473.92</b>	<b>46.04</b>	2,341.45	49.63
<b>EXPENDITURE</b>				
Changes in Inventories of Finished Goods, Stock-in-process and Stock-in-trade	16.79	0.33	(15.90)	(0.31)
Purchase of stock-in-trade	60.71	1.11	31.38	0.64
Employee Benefit Expense	1,421.79	26.46	1,147.43	24.32
Finance Costs	60.53	1.13	25.68	0.54
Depreciation and Amortisation Expense	330.54	6.15	280.32	5.94
Other Expenses	991.44	18.45	963.52	20.44
<b>Total expenses</b>	<b>2,881.80</b>	<b>53.63</b>	2,432.43	51.57
<b>Profit / (Loss) Before Tax</b>	<b>(407.88)</b>	<b>(7.59)</b>	(90.98)	(1.94)
Tax Expenses				
- Current Tax	(0.37)	(0.01)	(4.54)	(0.10)
- Deferred Tax	-	-	0.22	-
<b>Profit / (Loss) After Tax and Before Minority Interest &amp; Equity in Earnings</b>	<b>(407.51)</b>	<b>(7.58)</b>	(86.66)	(1.84)
Minority Interest	1.36	0.04	1.68	0.04
Equity in Earnings of Affiliates	1.78	0.03	(4.29)	(0.09)
<b>Profit / (Loss) For The Year</b>	<b>(404.37)</b>	<b>(7.51)</b>	(89.27)	(1.89)

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013**

	Year ended 31.03.201 3 (Rs. million.)	Year ended 31.03.201 3 (USD million.)	Year ended 31.03.2012 (Rs. million.)	Year ended 31.03.2012 (USD million.)
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>Net Profit/(Loss) before tax as per Statement of Profit and Loss</b>	<b>(407.88)</b>	<b>(7.59)</b>	(90.98)	(1.94)
<b>Adjusted for:</b>				
Depreciation and Amortisation Expense	330.54	6.15	280.32	5.94
Bad debts written off	59.12	1.10	26.07	0.55
Provision for bad and doubtful debts	23.53	0.44	99.17	2.10
Finance Costs	60.53	1.13	25.68	0.54
(Profit)/Loss on Sale of Assets-Net	4.69	0.09	1.65	0.04
Interest Income	(0.60)	(0.01)	(0.35)	(0.01)
Effect of exchange difference on translation of deferred tax liability & fixed assets	(0.71)	3.33	(1.25)	9.75
Unrealised Exchange (Gain)/Loss	(11.70)	(0.22)	(1.12)	(0.02)
Effect of change in Foreign Currency Translation Reserve	11.86	(1.72)	22.74	(4.40)
Employee cost under ESOS/ESPS	15.91	0.29	-	-
<b>Operating Profit/(Loss) Before Working Capital Changes</b>	<b>85.29</b>	<b>2.99</b>	361.93	12.55
<b>Working Capital Changes:</b>				
Trade Receivables, Loans & Advances and Other Current /Non-current assets	(286.45)	(3.70)	(128.71)	1.16
Earmarked Balances with Banks - Margin money deposit	0.62	0.01	(0.10)	-
Inventories	16.79	0.33	(15.90)	(0.31)
Trade Payables, Provisions and Other liabilities	114.32	1.32	11.80	(1.66)
<b>Cash Generated from Operations</b>	<b>(69.43)</b>	<b>0.95</b>	229.02	11.75
Taxes Paid	7.44	0.16	(22.28)	(0.46)
<b>Net Cash (Used in)/Generated from Operating Activities</b>	<b>(61.99)</b>	<b>1.11</b>	206.74	11.29
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>				
Addition to Fixed Assets	(528.71)	(9.78)	(416.87)	(11.09)
Proceeds from Sale of Fixed Assets	2.59	0.05	2.53	0.05
Term deposit with Banks - others	(1.16)	(0.02)	(0.03)	-
Proceeds from Long Term Borrowings for assets under Hire purchase / Finance lease	13.47	0.24	6.14	0.08
Repayment of Long Term Borrowings for assets under Hire purchase / Finance lease	(6.46)	(0.12)	(9.15)	(0.19)
Interest Income	0.60	0.01	0.35	0.01
<b>Net Cash (Used in)/Generated from Investing Activities</b>	<b>(519.67)</b>	<b>(9.62)</b>	(417.03)	(11.14)
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>				
Proceeds from Issue of Share Capital an account of exercise of employee stock options	7.92	0.15	0.80	0.02
Proceeds from Short Term Borrowings	6,005.00	108.87	3,622.50	66.96
Repayment of Short Term Borrowings	(5,137.50)	(95.17)	(3,187.50)	(62.87)
Finance Costs paid	(286.72)	(5.34)	(192.63)	(3.84)
<b>Net Cash (Used in)/Generated from Financing Activities</b>	<b>588.70</b>	<b>8.51</b>	243.17	0.27
<b>Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>7.04</b>	<b>-</b>	32.88	0.42
Effect of Unrealised Foreign Exchange Fluctuation Gain/(Loss)	11.70	0.22	1.12	0.02

Cash and Cash Equivalents at the beginning of the year	<u>111.15</u>	<u>2.19</u>	<u>77.15</u>	<u>1.75</u>
<b>Cash and Cash Equivalents at the end of the year</b>	<u>129.89</u>	<u>2.41</u>	<u>111.15</u>	<u>2.19</u>
Earmarked Balances with Banks				
- Term Deposits held as margin money against bank guarantees	<b>0.58</b>	<b>0.01</b>	1.19	0.03
- Balance in ESOP / Rights issue accounts	<b>0.17</b>	-	0.61	0.01
Term Deposits - Others	<u>2.24</u>	<u>0.04</u>	<u>1.09</u>	<u>0.02</u>
<b>Closing Cash and Bank Balances</b>	<u>132.88</u>	<u>2.46</u>	<u>114.04</u>	<u>2.25</u>

**Unaudited Global Consolidated Financial Results (under AS-21) for the Quarter Ended June 30, 2013**

Sl. No.	Particulars	30.06.2013 (Unaudited)		30.06.2012 (Unaudited)	
		USD million.	Rs. million.	USD million.	Rs. million.
1	(a) Net Sales / Income from Operations	10.82	593.06	8.55	450.99
	(b) Other Operating Income	0.41	22.49	0.37	19.67
	<b>Total Income from Operations</b>	<b>11.23</b>	<b>615.55</b>	<b>8.92</b>	<b>470.66</b>
2	Expenditure:				
	(a) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(0.01)	(0.17)	(0.02)	(2.99)
	(b) Cost of materials consumed	-	-	-	-
	(c) Purchase of stock-in-trade	0.07	3.53	0.03	3.74
	(d) Employee benefits expense	6.45	353.64	6.85	361.48
	(e) Depreciation and amortisation expense	1.73	94.78	1.47	77.75
	(f) Other expenditure	4.27	233.77	3.25	170.91
	<b>Total Expenditure</b>	<b>12.51</b>	<b>685.55</b>	<b>11.58</b>	<b>610.89</b>
3	<b>Profit / Loss from Operations before Other Income, Finance Costs &amp; Exceptional Items (1-2)</b>	<b>(1.28)</b>	<b>(70.00)</b>	<b>(2.66)</b>	<b>(140.23)</b>
4	Other Income	-	-	-	-
5	<b>Profit / Loss from Ordinary Activities before Finance Costs and Exceptional Items (3+4)</b>	<b>(1.28)</b>	<b>(70.00)</b>	<b>(2.66)</b>	<b>(140.23)</b>

6	Finance Costs	0.42	22.92	0.20	10.64
7	<b>Profit / Loss from Ordinary Activities after Finance Costs but before Exceptional Items (5-6)</b>	<b>(1.70)</b>	<b>(92.92)</b>	<b>(2.86)</b>	<b>(150.87)</b>
8	Exceptional Items	-	-	-	-
9	<b>Profit / Loss from Ordinary Activities Before Tax (7-8)</b>	<b>(1.70)</b>	<b>(92.92)</b>	<b>(2.86)</b>	<b>(150.87)</b>
10	Tax Expense:				-
	Current Taxation	-	-	-	-
	Deferred Taxation	-	-	-	-
11	<b>Net Profit / Loss from Ordinary Activities After Tax (9-10)</b>	<b>(1.70)</b>	<b>(92.92)</b>	<b>(2.86)</b>	<b>(150.87)</b>
12	Extraordinary Items (net of tax expenses)	-	-	-	-
13	<b>Net Profit / Loss for the period (11-12)</b>	<b>(1.70)</b>	<b>(92.92)</b>	<b>(2.86)</b>	<b>(150.87)</b>
14	Minority Interest	(0.01)	(0.51)	0.02	1.04
15	Share of Profit / (Loss) of Associates - net of Foreign Exchange Translation Adjustment	-	-	-	-
16	<b>Net Profit / Loss After Taxes, Minority Interest and Share of Profit / (Loss) of Associates (13+14+15)</b>	<b>(1.71)</b>	<b>(93.43)</b>	<b>(2.84)</b>	<b>(149.83)</b>
17	Paid - up Equity Share Capital - Face value of Rs.10/- each	3.60	157.74	3.59	156.74
18	Reserves excluding Revaluation Reserves				
19	Earnings Per Share - before & after Extraordinary Items (in USD and in Rs.)				
	Basic EPS	(0.11)	(5.94)	(0.18)	(0.96)
	Diluted EPS	(0.11)	(5.94)	(0.18)	(0.96)
		(Not annualised)	(Not annualised)	(Not annualised)	(Not annualised)

**Unaudited Unconsolidated Financial Results for the Quarter Ended June 30, 2013**

<b>Sl. No.</b>	<b>Particulars</b>	<b>30.06.2013 (Unaudited) (Rs. million.)</b>	<b>30.06.2012 (Unaudited) (Rs. million.)</b>
1	(a) Net Sales / Income from Operations	359.35	363.04
	(b) Other Operating Income	18.76	15.54
	<b>Total Income from Operations</b>	<b>378.11</b>	<b>378.58</b>
2	Expenditure:		
	(a) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(0.17)	(2.99)
	(b) Cost of materials consumed	-	-
	(c) Purchase of stock-in-trade	3.52	3.74
	(d) Employee benefits expense	215.45	234.79
	(e) Depreciation and amortisation expense	93.14	76.16
	(f) Other expenditure	135.85	101.86
	<b>Total Expenditure</b>	<b>447.79</b>	<b>413.56</b>
3	<b>Profit / Loss from Operations before Other Income, Finance Costs &amp; Exceptional Items (1-2)</b>	<b>(69.68)</b>	<b>(34.98)</b>
4	Other Income	-	-
5	<b>Profit / Loss from Ordinary Activities before Finance Costs and Exceptional Items (3+4)</b>	<b>(69.68)</b>	<b>(34.98)</b>
6	Finance Costs	22.92	10.64
7	<b>Profit / Loss from Ordinary Activities after Finance Costs but before Exceptional Items (5-6)</b>	<b>(92.60)</b>	<b>(45.62)</b>
8	Exceptional Items	-	-
9	<b>Profit / Loss from Ordinary Activities Before Tax (7-8)</b>	<b>(92.60)</b>	<b>(45.62)</b>
10	Tax Expense:		
	Current Taxation	-	-
	Deferred Taxation	-	-
11	<b>Net Profit / Loss from Ordinary Activities After Tax (9-10)</b>	<b>(92.60)</b>	<b>(45.62)</b>
12	Extraordinary Items (net of tax expenses)	-	-
13	<b>Net Profit / Loss for the period (11-12)</b>	<b>(92.60)</b>	<b>(45.62)</b>
14	Paid - up Equity Share Capital - Face value of Rs.10/- each	157.74	156.74
15	Reserves excluding Revaluation Reserves		
16	Earnings Per Share - before & after Extraordinary Items (in Rs.)		
	Basic EPS	(5.88)	(0.29)
	Diluted EPS	(5.88)	(0.29)
		(Not annualised)	(Not annualised)

## GENERAL INFORMATION

Dear Eligible Equity Shareholder(s),

Pursuant to the resolution passed by our Board at their meeting held on May 30, 2013 it has been decided to make the following offer to the Eligible Equity Shareholders, with a right to renounce:

**ISSUE OF [●] EQUITY SHARES OF FACE VALUE OF ₹ 10/- EACH, FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE INCLUDING A PREMIUM OF ₹ [●] PER EQUITY SHARE AGGREGATING UPTO ₹ 1250 MILLION, TO THE EXISTING ELIGIBLE EQUITY SHAREHOLDERS OF OUR COMPANY ON RIGHTS BASIS IN THE RATIO OF [●] EQUITY SHARES FOR EVERY [●] FULLY PAID UP EQUITY SHARES HELD ON THE RECORD DATE, i.e. [●]. THE ISSUE PRICE OF EACH EQUITY SHARE IS [●] TIMES THE FACE VALUE OF THE EQUITY SHARE.**

For further details please refer to “Terms of the Issue” on page 186 of this Draft Letter of Offer.

**Our Registered Office Address:**

Ramco Systems Limited  
47, PSK Nagar,  
Rajapalayam 626108  
Tamil Nadu  
**Tel.:** +91-4563-235688  
**Fax:** +91-4563-236773

**Our Corporate Office Address:**

Ramco Systems Limited  
64, Sardar Patel Road  
Taramani, Chennai – 600113  
Tamil Nadu, India  
**Tel.:** +91-44-22354510  
**Fax:** +91-44-22355078

**Our Website:** www.ramco.com

**Our Email:** rightsissue2013@ramco.com

**Company Registration No.:** 18-037550 of 1997

**Corporate Identification Number:** L72300TN1997PLC037550

**Address of the RoC**

Registrar of Companies, Tamil Nadu  
Block No.6, B Wing 2nd Floor  
Shastri Bhawan 26, Haddows Road  
Chennai - 600034

Our Equity Shares are listed on the Stock Exchanges, namely the BSE, NSE and MSE.

**Board of Directors**

Sr. No.	Name,	Designation, Address, Occupation, Term and DIN
1	<b>Mr. P. R. Ramasubrahmaneya Rajha</b>	Chairman and Non-Executive Promoter Director <b>Address:</b> R/o “Ramamandiram” Tenkasi Road, Rajapalayam 626 117



<b>Sr. No.</b>	<b>Name,</b>	<b>Designation, Address, Occupation, Term and DIN</b>
		<b>Occupation:</b> Industrialist <b>Term:</b> Since Incorporation - until retirement by rotation <b>DIN:</b> 00331357
2	<b>Mr. P. R. Venketrama Raja</b>	Vice Chairman and Managing Director <b>Address:</b> R/o “Ramamandiram” Tenkasi Road, Rajapalayam 626 117 <b>Occupation:</b> Industrialist <b>Term:</b> February 23, 2010 – February 22, 2015 <b>DIN:</b> 00331406
3	<b>Mr. S. S. Ramachandra Raja</b>	Non Executive and Non Independent Director <b>Address:</b> R/o 58, PSK Nagar, Rajapalayam 626108 <b>Occupation:</b> Business <b>Term:</b> Since Incorporation - until retirement by rotation <b>DIN:</b> 00331491
4	<b>Mr. N.K. Shrikantan Raja</b>	Independent Director <b>Address:</b> R/o Shri Bhavanam 102, PSK Nagar, Rajapalayam 626108 <b>Occupation:</b> Business <b>Term:</b> Since Incorporation - until retirement by rotation <b>DIN:</b> 00350693
5	<b>Mr. M. M. Venkatachalam</b>	Independent Director <b>Address:</b> R/o 10 Valliammai Achi Street, Kotturpuram, Chennai 600 085 <b>Occupation:</b> Industrialist <b>Term:</b> April 5, 2001 – until retirement by rotation <b>DIN:</b> 00152619
6	<b>Mr. V. Jagadisan</b>	Independent Director <b>Address:</b> R/o 2, 1st Main Road, Gandhi Nagar, Adyar, Chennai 600 020 <b>Occupation:</b> Chartered Accountant <b>Term:</b> June 15, 2001 - until retirement by rotation <b>DIN:</b> 00058769
7	<b>Mr. A. V. Dharmakrishnan</b>	Non Executive and Non Independent Director,

Sr. No.	Name,	Designation, Address, Occupation, Term and DIN
		<b>Address:</b> R/o. No.23, Saravana Street, T Nagar, Chennai 600 017 <b>Occupation:</b> Corporate Executive <b>Term:</b> January 31, 2008 – until retirement by rotation <b>DIN:</b> 00693181
8	<b>Mr. R. S. Agarwal</b>	Independent Director <b>Address:</b> A -102, Chaitanya Towers, Near Karur Vysya Bank, Prabhadevi, Mumbai – 400 025 <b>Occupation :</b> Business <b>Term:</b> May 29, 2009 – until retirement by rotation <b>DIN:</b> 00012594

**Company Secretary & Compliance Officer:**

Mr. G. Venkatram  
Company Secretary and Compliance Officer  
Ramco Systems Limited  
64, Sardar Patel Road,  
Taramani, Chennai – 600113  
Tamil Nadu, India  
Tel: +91-44-22354510  
Fax: +91-44-22352884  
Email: rightsissue2013@ramco.com  
Web site: www.ramco.com

**Note:** Investors may contact the Registrar to the Issue or the Compliance Officer for any pre-issue/post-issue related matter. All grievances relating to the ASBA process may be addressed to the Registrar to the Issue with a copy to the SCSB, giving full details such as name, address of the Applicant, number of Equity Shares applied for, amount blocked, ASBA account number and the designated branch of the SCSB where the CAF was submitted by the ASBA Investors.

**Lead Manager to the Issue**

**Centrum Capital Limited**

Centrum House, Vidyanagari Marg,  
CST Road, Kalina, Santacruz (East),  
Mumbai 400098, Maharashtra, India  
**Tel:** +91 22 4215 9000  
**Fax:** +91 22 4215 9707  
**E-mail:** ramco.rights@centrum.co.in  
**Investor Grievance Id:** igmbd@centrum.co.in  
**Website:** www.centrum.co.in  
**Contact Persons:** Ms. Aanchal Wagle  
**SEBI Registration No.:** INM000010445

**Legal Advisor to the Issue**

**ALMT Legal**

Advocates & Solicitors

2, Lavelle Road

Bangalore 560 001

**Tel:** +91 80 4016 0000

**Fax:** +91 80 4016 0001

**E-mail:** bangalore@almtlegal.com

**Website:** www.almtlegal.com

**Contact Person:** Ms. Dhanya Menon/Mr. Rajat Bopaiah

**Auditors of the Company****M/s CNGSN & Associates**

Chartered Accountants

Firm Registration No. 004915S

“Agastyar Manor”,

No. 20, Raja Street,

T.Nagar, Chennai - 600017

**Tel:** +91-44-24311480

**Fax:** +91-44-24311485

**Email:** audit.cngsn@gmail.com

**Website:** www.cngsn.com

**Registrar to the Issue****Cameo Corporate Services Limited**

Subramanian Building, No. 1, Club House Road,

Chennai - 600002

**Tel:** +91-44-2846 0390

**Fax:** +91-44-2846 0129

**Email:** investor@cameoindia.com

**Website:** [www.cameoindia.com](http://www.cameoindia.com)

**Contact Person:** Mr. R.D. Ramasamy

**SEBI Registration Number:** INR000003753

**Bankers to the Issue**

[•]

**Self Certified Syndicate Bankers:**

**APPLICATIONS SUPPORTED BY BLOCKED AMOUNT (ASBA):** Eligible Equity Shareholders may apply through the ASBA process. ASBA can be availed by all the Eligible Equity Shareholders. The Eligible Equity Shareholders are required to fill the ASBA form and submit the same to their bank which in turn will block the amount in the account as per the authority contained in ASBA form and undertake other tasks as per the specified procedure. On allotment, amount will be unblocked and account will be debited only to the extent required to pay for allotment of shares. Hence, there will be no need of refunds etc. ASBA form can be submitted to several banks, the list of such banks are given in the ASBA form and is available on website of SEBI at [www.sebi.gov.in](http://www.sebi.gov.in).

For more details on the ASBA process, please refer to the details given in ASBA form and also please refer to the section “Terms of the Issue” on page 186 of this Draft Letter of Offer.

The list of banks that have been notified by SEBI to act as SCSBs for the Applications Supported by Blocked Amount (“ASBA”) Process are available at the SEBI website (www.sebi.gov.in). Details relating to designated branches of SCSBs collecting the ASBA forms are available at the above mentioned link.

### **Credit Rating**

As this is a Rights Issue of Equity Shares, credit rating is not required for this Issue.

### **Debenture Trustee**

Since we do not have any debentures outstanding, we do not have the requirement to have any debenture trustees

### **Statement of Responsibilities**

Centrum Capital Limited is the sole Lead Manager to the Issue and all the responsibilities relating to coordination and other activities in relation to the Issue shall be performed by it. The various activities have been set forth below:

<b>Sr. No</b>	<b>Activities</b>
1.	Capital structuring with the relative components and formalities such as composition of debt and equity, type of instruments, etc. in conformity with SEBI regulations.
2.	Liaison with Stock Exchanges and SEBI, including obtaining in-principle listing approval and completion of prescribed formalities with the Stock Exchanges and SEBI
3.	Due diligence of our Company’s operations / management /legal/ business plans etc. Drafting & design of the offer document and of statutory advertisement/publicity material including newspaper advertisements and memorandum/ brochure containing salient features of the offer document. Drafting and approval of all publicity material other than statutory advertisement including corporate advertisement, brochure, corporate film, etc.,
4.	Selection of various agencies connected with the Issue, such as Registrar to the Issue, Bankers to the Issue, printers, advertising agencies, etc.
5.	Assisting, together with other advisors and legal counsels in securing all necessary regulatory approvals for the Issue and assisting in filing of the Issue related documents with SEBI, Stock Exchanges or any other authority whatsoever.
6.	Marketing of the Issue, which shall cover, <i>inter alia</i> , formulating marketing strategies, preparation of publicity budget, arrangements for selection of (i) ad-media, (ii) collection centers as per schedule III of the SEBI Regulations, and (iii) distribution of publicity and Issue material including application form, Letter of Offer, Abridged Letter of Offer and brochure and deciding upon the quantum of Issue material.
7.	Follow-up with Bankers to the Issue and SCSBs to get quick estimates of collection and advising the Issuer about the closure of the Issue, based on correct figures
8.	Post-Issue activities, which shall involve essential follow-up steps including finalisation of the basis of allotment or weeding out of multiple applications, listing of instruments, dispatch of certificates or demat credit and refunds and coordination with various agencies connected with the post-Issue activity such as Registrar to the Issue, Bankers to the Issue, SCSBs, etc.

### **Monitoring Agency**

Since the Issue size does not exceed ₹ 5,000 million, the appointment of a monitoring agency as per Regulation 16 of the SEBI Regulations is not required. Our Board will monitor the use of the Issue Proceeds.

### **Underwriting**

This Issue is not being underwritten.

## Issue Schedule

<b>Issue Opening Date</b>	●
<b>Last date for receiving requests for split forms</b>	●
<b>Issue Closing Date</b>	●

## Impersonation

As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of subsection (1) of Section 68A of the Companies Act which is reproduced below:

“Any person (a) who makes in a fictitious name an application to a Company for acquiring, or subscribing for, any shares therein, or otherwise induces a Company to allot, or register any transfer of shares therein to him, or (b) any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years”

## Appraisal Reports

The requirement and proposed utilisation of Issue Proceeds have not been appraised by any bank, financial institution or other independent agency.

## Principal terms of Loans (Credit Facility) and Security provided as of July 31, 2013:

Particulars	IDBI Bank	Axis Bank	TOTAL
Nature of Loan	Cash Credit/ Working Capital Demand Loan (WCDL) and Non-Fund Based Limits	Cash Credit and Non Fund Based Limits	
Object of the Loan	Working Capital	Working Capital	
Nature of Interest Charge	Cash Credit: BBR + 2.25% WCDL : To be mutually agreed at the time of drawdown  Non-Fund based : Issuance charges	Cash Credit : BBR + 2.50%  Non-Fund based : Issuance charges	
Sanctioned Amount	Fund Based : Cash Credit - ₹ 150.00 million WCDL (sublimit of Cash Credit) - ₹ 75.00 million  Non Fund Based : ₹ 50.00 million	Fund Based : Cash Credit - ₹ 50.00 million  Non Fund Based : ₹ 105.00 million	Fund Based : Cash Credit: ₹ 200 million  WCDL (sublimit of Cash Credit) - ₹ 75.00 million  Non- Fund Based : ₹ 155.00 million
Disbursed and outstanding amount as at July 31, 2013	Fund Based : Cash Credit - ₹ 25 million  WCDL - ₹ 50 million	Fund Based : Cash Credit- ₹ 25 million	Fund Based : Cash Credit- ₹ 50 million WCDL - ₹ 50 million

Particulars	IDBI Bank	Axis Bank	TOTAL
	Non Fund Based: ₹ 17.92 million	Non Fund based : ₹ 12.51 million	Non-Fund Based : ₹ 30.43 million
Rate of Interest on the Loan as per original sanction letter	Cash Credit: 12.50% p.a. WCDL: To be mutually agreed at the time of drawdown Non Fund Based: 0.70% p.a. plus service tax	Cash Credit: 12.50% p.a. Non Fund Based: 0.75% p.a. plus service tax	
Rate of Interest as on July 31, 2013	Cash Credit: 12.50% p.a. WCDL – 11.50% p.a.	Cash Credit: 12.50% p.a.	
Security	Pari passu first charge on our Company's receivable, both present and future and Corporate Guarantee by RIL.	Pari passu first charge on our entire current assets both present and future and pari passu first charge on our unencumbered fixed assets, both present and future and Corporate Guarantee by RIL	
Repayment Schedule	Cash Credit : On demand WCDL : On due dates Non Fund Based: On due dates / on or before the date of expiry	Cash Credit: On Demand Non Fund Based: On due dates / on or before the date of expiry	

**Principal Term Loans (Unsecured Short Term Loans) as on August 17, 2013:**

Particulars	IDBI Bank	IndusInd Bank Limited *	Tata Capital Financial Services Limited **	Aditya Birla Finance Limited (ABFL)	L&T Finance Limited	ICICI Bank Limited	Yes Bank	Kotak Mahindra Bank ***	Karur Vysya Bank Limited	TOTAL
Nature of Loan	Corporate Loan Scheme	Short Term Loan	Short Term Loan	Short Term Loan	Unsecured working capital loan	Long Term Working Capital Rupee	Term Loan	Short Term Loan	Short Term Loan	

Particulars	IDBI Bank	IndusInd Bank Limited *	Tata Capital Financial Services Limited **	Aditya Birla Finance Limited (ABFL)	L&T Finance Limited	ICICI Bank Limited	Yes Bank	Kotak Mahindra Bank ***	Karur Vysya Bank Limited	TOTAL
						Term Loan.				
Object of the Loan	For meeting cash flow mismatches	Temporary cash flow mismatches and other short term ad hoc requirements	Short term cash flow mismatches	General Corporate Purpose	To repay maturing debt	Long term working capital requirements of our Company	To meet R&D expenses/Long term working capital purpose	Working capital purpose/ Cash Flow Mismatch.	General Corporate Purpose	
Nature of Interest Charge	Floating linked to BBR [BBR+1.25% p.a.]	Floating linked to BBR [BBR+1.00% p.a.] Floating linked to BBR [BBR+0.75% p.a.]	Fixed	Floating linked to ABFL's short term reference rate (STRR) [STRR-3.25% p.a.]	Fixed	Floating linked to BBR [BBR+1.75% p.a.]	Floating linked to BBR [BBR+1.375% p.a.]	Fixed	Floating linked to BBR [BBR+1.00% p.a.]	
Sanctioned Amount	₹ 300 million	₹ 500 million	₹ 150 million ₹ 100 million	₹ 180 million	₹ 100 million	₹ 1000 million	₹ 300 million	₹ 500 million	₹ 150 million	₹ 3280 million
Disbursed Amount	₹ 300 million	₹ 50 million ₹ 450 million	₹ 150 million ₹ 100 million	₹ 180 million	₹ 100 million	₹ 1000 million	₹ 300 million	₹ 500 million	₹ 150 million	₹ 3280 million
Outstanding as at August 17, 2013	₹ 300 million	₹ 50 million ₹ 200 million	₹ 150 million ₹ 100 million	₹ 180 million	₹ 100 million	₹ 1000 million	₹ 300 million	₹ 50 million ₹ 395 million	₹ 150 million	₹ 2975 million

Particulars	IDBI Bank	IndusInd Bank Limited *	Tata Capital Financial Services Limited **	Aditya Birla Finance Limited (ABFL)	L&T Finance Limited	ICICI Bank Limited	Yes Bank	Kotak Mahindra Bank ***	Karur Vysya Bank Limited	TOTAL
Rate of Interest on the Loan as per original sanction letter	11.50% p.a. payable monthly	As agreed mutually	11.70% p.a.	11.75% p.a.	12% p.a.	11.50% p.a.	11.875% p.a.	As agreed mutually	12 % p.a.	
			11.75 % p.a.							
Current Rate of Interest on the Loan	11.50% p.a. payable monthly	11.75% p.a.	11.70% p.a.	11.75% p.a.	12% p.a.	11.50% p.a.	12.125% p.a.	11.10% p.a.	11.75 % p.a.	
		11.50% p.a.	11.75 % p.a.					11.85% p.a.		
Security	Corporate guarantee of RCL or RIL	Unconditional and irrevocable corporate guarantee of RCL	Irrevocable and unconditional corporate guarantee of RCL	Irrevocable and unconditional corporate guarantee of RCL	Unconditional and irrevocable corporate guarantee of RCL	Unconditional and irrevocable corporate guarantee of RCL	Corporate Guarantee from RIL and/or RCL	Corporate Guarantee from RCL	Corporate Guarantee from RCL	
Repayment Schedule	Payable at the end of one year from the date of first disbursement in bullet repayment.	Bullet repayment at the end of the tenure	Principal – payable in bullet payment at end of 10th, 11th and 12th month of ₹50 million each	Upto 90 days, rollover permissible upto one year	Bullet repayment at the end of one year as per the repayment schedule	In 4 equal monthly instalment commencing from 33 <sup>rd</sup> month from the date of each disbursement.	Bullet repayment at the end of the tenor	Bullet repayment at the end of tenor	Single bullet payment at the end of one year from date of availment of respective tranche.	
			Principal – payable in bullet payment							



Particulars	IDBI Bank	IndusInd Bank Limited *	Tata Capital Financial Services Limited **	Aditya Birla Finance Limited (ABFL)	L&T Finance Limited	ICICI Bank Limited	Yes Bank	Kotak Mahindra Bank ***	Karur Vysya Bank Limited	TOTAL
			at end of 11th and 12th month of ₹ 50 million each							

\* The disbursement in this facility has been in tranches with different interest rates payable.

\*\*This facility has been drawn based on two sanction letters, one for ₹ 150 million and the other for ₹ 100 million and hence shown separately.

\*\*\*The facility provided by Kotak Mahindra Bank Limited has been renewed vide sanction letter dated July 10, 2013 for the same value of ₹ 500 million out of which ₹ 395 million has been drawn on August 16, 2013 and ₹ 50 million is outstanding out of the original sanction limit dated July 26, 2012.

#### Hire Purchase – Car Loans and Security provided as of July 31, 2013:

##### (i) Kotak Mahindra Prime Ltd

Particulars	Kotak Mahindra Prime Ltd
Nature of Loan	Hire Purchase Loan
Object of the Loan	Purchase of Car
Nature of Interest Charge	Fixed, reducing balance method
Security	Hypothecation of the Car Purchased
Repayment Schedule	Equal Monthly Instalments for 48 months

#### Other details

Rate of interest ( % )	No of loans	Sanction and Disbursed Amount (₹ million)	Outstanding as on 31.07.2013 (₹ million)
9	6	3.81	1.17
10.25	1	0.60	0.25
10.5	1	0.60	0.29
11.25	8	5.68	4.35
11.5	11	6.26	3.93

10.75	2	1.50	1.39
11.00	8	4.97	4.30

**(ii) HDFC Bank Ltd**

Particulars	HDFC Bank
Nature of Loan	Hire Purchase Loan
Object of the Loan	Purchase of Car
Number of Loans	1
Nature of Interest Charge	Fixed, reducing method
Security	Hypothecation of the Car Purchased
Repayment Schedule	Equal Monthly Instalments for 60 months
Rate of interest ( % )	10.45
No of loans	1
Sanction and Disbursed Amount (₹ million)	0.85
Outstanding as on 31.07.2013(₹ million)	0.21

**Inter Corporate Deposit (Unsecured Loan) as on August 17, 2013:**

Particulars	Ramco Cements Limited
Object of the Loan	Working Capital
Outstanding as at August 17, 2013	₹ 87.50 million
Rate of Interest on the Loan	12% p.a.
Repayment Schedule	Not-Applicable

***Restrictive Covenants under our loan agreements***

*We are subject to certain restrictive covenants under the loan agreements entered into by us with various lenders requiring us to obtain the written consent of the lenders prior to adoption of certain actions detailed hereinafter.*

*During the currency of the lenders' credit facilities, the borrower shall not inter-alia without the prior approval/intimation as the case may be, of the Bank/ to the bank in writing: -*

- i) Effect any change to its capital structure.*
- ii) Formulate any scheme of amalgamation/reconstitution.*
- iii) Invest by way of share capital in or lend or advance funds to or place deposits with any other concern except with subsidiaries. (Normal trade credit or security deposits in the routine course of business or advances to employees, etc., can however, be extended. )*
- iv) Undertake guarantee obligations on behalf of any other borrower or any other third party except the subsidiaries.*
- v) Declare dividends for any year except out of the profits relating to that year.*
- vi) Transfer, alienate or assigns its rights and liabilities under the agreement to any person*
- vii) Induct as a director, any person who is a promoter director of any company which has been classified as a willful defaulter;*
- viii) Effect any change to its management set up.*

## CAPITAL STRUCTURE

Our share capital as on the date of filing of this Draft Letter of Offer with SEBI is set forth below:

	Aggregate nominal value (In ₹ in million)	Aggregate Value at Issue Price (In ₹ in million)
<b>Authorized share capital</b>		
50,000,000 Equity Shares of ₹ 10 each	500.00	
<b>Issued and Subscribed capital</b>		
16,089,258 Equity Shares of ₹ 10 each	160.89	
<b>Paid up Capital*</b>		
15,740,080 Equity Shares of ₹ 10 each	157.40	
<b>Present Issue being offered to the Eligible Equity Shareholders through the Letter of Offer</b>		
[●] Equity Shares of ₹ 10 each at a premium of ₹ [●]/-, i.e. at a price of ₹ [●]/- per share	[●]	[●]
<b>Issued and Subscribed capital after the Issue</b>		
[●] Equity Shares of ₹ 10 each		
<b>Paid up capital after the Issue</b>		
[●] Equity Shares of ₹ 10 each	[●]	
<b>Share premium Account</b>		
Before the Issue	1,966.74	
After the Issue	[●]	

\* Includes value of ₹ 353,890 for 349,178 forfeited shares (1,178@₹5/- per share and 348,000 @₹1/- per share)

### Notes to Capital Structure

#### 1. Intention and extent of participation by the Promoter and the members of the Promoter Group in the Issue:

Our Promoters have provided undertakings dated August 29, 2013 confirming their intention to, subject to the provisions of the applicable laws, subscribe to the full extent of their Rights Entitlement in this Issue. Our Promoters have further undertaken that subject to compliance with applicable laws including the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, they reserve the right to subscribe for additional Equity Shares of our Company. Further, in the event of under-subscription in the Issue, subject to obtaining any approvals required under applicable law, our Promoters shall apply for Equity Shares, in addition to their Rights Entitlement in the Issue either directly or through entities/persons belonging to the Promoter Group, to the extent of such undersubscribed portion of the Issue so as to ensure that at least 90% of the Issue is subscribed. As a result of this subscription and consequent allotment, our Promoters, directly or through entities/persons belonging to the Promoter Group may acquire Equity Shares over and above their Rights Entitlement, which may result in an increase of the shareholding above the current shareholding together with their Rights Entitlement. This subscription and acquisition of additional Equity Shares by our Promoters and/or entities/persons belonging to the Promoter Group, if any, will not result in change of control of the management of our Company and shall be exempt in terms of Regulation 10 (4)(b) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

Further, our Promoters also acknowledge and undertake that their entitlement to subscribe the unsubscribed portion over and above their Rights Entitlement either by themselves or through entities/persons belonging to the Promoter Group would be restricted, to ensure that the public shareholding in our Company after the Issue, does not fall below the permissible minimum level as specified in the listing conditions or Clause 40A of the listing agreement.

2. We are in compliance with Clause 40A of the Listing Agreement and as required, maintain a public shareholding of at least 25% of the total number of the listed Equity Shares.

3. Our shareholding pattern as on June 30, 2013 was as follows:

	Category of shareholder	Number of Shareholders	Total no. of shares	No. of shares held in demat	Total shareholding as a % of total no. Of shares		Shares pledged of otherwise encumbered	
					As a % of A+B	As a % of A+B+C	No. of Shares	% of total no. of shares
<b>A</b>	<b>Shareholding of Promoter And Promoter Group</b>							
<b>(1)</b>	<b>Indian</b>							
	Individuals/Hindu	9	29,55,607	29,55,607	18.78	18.78	-	-
	Bodies Corporate	7	78,62,287	78,62,287	49.95	49.95	-	-
	<b>SUB TOTAL A(1)</b>	<b>16</b>	<b>108,17,894</b>	<b>108,17,894</b>	<b>68.73</b>	<b>68.73</b>	-	-
<b>(2)</b>	<b>Foreign</b>	-	-	-	-	-	-	-
	<b>SUB TOTAL A(2)</b>	-	-	-	-	-	-	-
	<b>Total Shareholding of promoter and Promoter Group(A)=A(1)+A(2)</b>	<b>16</b>	<b>108,17,894</b>	<b>108,17,894</b>	<b>68.73</b>	<b>68.73</b>	-	-
<b>B</b>	<b>Public Shareholding</b>							
<b>(1)</b>	<b>Institutions</b>							
	Mutual funds/UTI	2	300	0	0.00		-	-
	Financial Institutions/Banks	4	24,950	24,800	0.16	0.16	-	-
	Central Government/State Government	-	-	-	-	-	-	-
	Venture Capital Funds	-	-	-	-	-	-	-
	Insurance Companies	1	3,14,133	3,14,133	2.00	2.00	-	-
	Foreign Institutional Investors	-	-	-	-	-	-	-
	Foreign Venture Capital Investors	-	-	-	-	-	-	-
	Any other (specify)						-	-
	<b>SUB TOTAL B(1)</b>	<b>7</b>	<b>3,39,383</b>	<b>3,38,933</b>	<b>2.16</b>	<b>2.16</b>	-	-
<b>(2)</b>	<b>Non-Institutions</b>							
	Bodies Corporate (Indian/Foreign/Overseas)	248	7,36,302	7,35,743	4.68	4.68	-	-
	<b>Individuals</b>							
(i)	Individual shareholders holding Nominal share Capital up to ₹ 1 Lakh	6,793	20,00,223	18,64,722	12.71	12.71	-	-
	Individual shareholders holding Nominal share Capital in excess of ₹ 1 Lakh	43	16,31,957	14,06,650	10.37	10.37	-	-
	<b>Any other (specify)</b>	<b>299</b>	<b>2,13,196</b>	<b>2,09,096</b>	<b>1.35</b>	<b>1.35</b>	-	-
	Non Resident Indians	68	29,884	29,884	0.19	0.19	-	-
	Clearing Members	17	3,568	3,568	0.02	0.02	-	-
	Trusts	3	34,705	34,705	0.22	0.22	-	-
	Foreign Nationals	3	4,100	0	0.03	0.03	-	-
	Hindu Undivided Families	208	1,40,939	1,40,939	0.90	0.90	-	-
	<b>SUB TOTAL B(2)</b>	<b>7,383</b>	<b>45,81,678</b>	<b>42,16,211</b>	<b>29.11</b>	<b>29.11</b>	-	-
	<b>Total Public Share Holding (B)=B(1)+B(2)</b>	<b>7,390</b>	<b>49,21,061</b>	<b>45,55,144</b>	<b>31.27</b>	<b>31.27</b>	-	-
	<b>TOTAL (A)+(B)</b>	<b>7,406</b>	<b>15738955</b>	<b>15373038</b>	<b>100.00</b>	<b>100.00</b>	-	-
<b>C</b>	<b>Shares held by Custodians and against which Depository Receipts</b>						-	-

	Category of shareholder	Number of Shareholders	Total no. of shares	No. of shares held in demat	Total shareholding as a % of total no. Of shares		Shares pledged of otherwise encumbered	
					As a % of A+B	As a % of A+B+C	No. of Shares	% of total no. of shares
	<b>have been issued</b>							
	(1) Promoter and Promoter Group	-	-	-	-	-	-	-
	(2) Public	-	-	-	-	-	-	-
	<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>7,406</b>	<b>1,57,38,955</b>	<b>1,53,73,038</b>	<b>0.00</b>	<b>100.00</b>	-	-

**4. The details of our Promoter and the Promoter Group's shareholding in our Company as of June 30, 2013 are as follows:**

Sl. No.	Name of the Shareholder	Total Shares held		Shares pledged or otherwise encumbered		
		Number	As a % of grand total (A)+(B)+(C)	Number	% of Total shares held	As a % of grand total (A)+(B)+(C)
1	P R Ramasubrahmaneya Rajha	3,62,469	2.30	-	-	-
2	P R Venketrama Raja	17,79,961	11.31	-	-	-
3	Ramco Industries Ltd.	48,22,215	30.64	-	-	-
4	Madras Cements Ltd.	21,17,810	13.46	-	-	-
5	Ramaraju Surgical Cotton Mills Ltd.	12,739	0.08	-	-	-
6	Nalina Ramalakshmi	2,41,532	1.53	-	-	-
7	Sarada Deepa	2,32,042	1.47	-	-	-
8	R Sudarsanam	1,03,125	0.66	-	-	-
9	P V Nirmala	7,935	0.05	-	-	-
10	P V Abhinav Ramasubramaniam Raja	73,555	0.47	-	-	-
11	P V Srisandhya	73,780	0.47	-	-	-
12	R Chittammal	81,208	0.52	-	-	-
13	Ramco Agencies Pvt. Ltd.	1,388	0.01	-	-	-
14	Ramco Pvt. Ltd.	3,713	0.02	-	-	-
15	Ramco Management Pvt. Ltd.	300	0.00	-	-	-
16	Ontime Industrial	9,04,122	5.74	-	-	-

Sl. No.	Name of the Shareholder	Total Shares held		Shares pledged or otherwise encumbered		
		Number	As a % of grand total (A)+(B)+(C)	Number	% of Total shares held	As a % of grand total (A)+(B)+(C)
	Service Ltd.				-	-
	<b>Total</b>	<b>1,08,17,894</b>	<b>68.73</b>	-	-	-

As on date of this Draft Letter of Offer, none of the aforesaid shares have been pledged or locked in or encumbered.

**5. The details of shareholders holding more than one percent of the share capital of our Company, as of June 30, 2013 are as follows:**

*Promoter and Promoter Group*

No.	Name of the Shareholder	No. of Shares	Shares as % of Total No. of Shares
1.	P R Ramasubrahmaneya Rajha	3,62,469	2.30
2.	P R Venketrama Raja	17,79,961	11.31
3.	Ramco Industries Ltd	48,22,215	30.64
4.	Madras Cements Ltd	21,17,810	13.46
5.	Nalina Ramalakshmi	2,41,532	1.53
6.	Sarada Deepa	2,32,042	1.47
7.	Ontime Industrial Service Ltd	9,04,122	5.74

*Others*

No.	Name of the Shareholder	No. of Shares	Shares as % of Total No. of Shares
1.	Ravi Kumar Ramkishore Sanwalka	373331	2.37
2.	United India Insurance Company Ltd	314133	2.00
3.	REL Utility Engineers Ltd	335000	2.13
4.	Mansan Investments Pvt Ltd	170000	1.08
5.	Darshana Hareh Jhaveri	193921	1.23

**6. The details of the options granted and outstanding under ESOS 2008, ESOS 2009 – Plan A and ESOS 2009 – Plan B as of the date of this Draft Letter of Offer have been detailed in the table below:**

Particulars	ESOS 2008	ESOS 2009 - Plan A	ESOS 2009- Plan B
Total Options	125,000	379,031	474,483
Options Granted (Net of Employee Separations and cancellations, but including options exercised)	12,53,875	5,52,220	6,58,330
Exercise Price in ₹- Pricing Formulae (Price per share)	50,000 @ ₹143 25,000 @ ₹138 50,000 @ ₹125	259,031 @ ₹94 20,000 @ ₹98 20,000 @ ₹61 60,000 @ ₹115 20,000 @ ₹10	389,483 @ ₹94 25,000 @ ₹10 60,000 @ ₹115
Options Vested	6,94,399	3,01,244	3,98,059
Options Exercised	2,63,090	7,463	8,576

Particulars	ESOS 2008	ESOS 2009 - Plan A	ESOS 2009- Plan B
Options Lapsed	4,05,703	1,65,726	1,75,271
Total Number of Shares arising as a result of exercise of options	2,63,090	7,463	8,576
Unvested Options	125,000	85,250	85,000
Money realized by exercise of options	1,39,43,770	7,01,522	8,06,144
Details of options granted to:			
1. Key Managerial Personnel	FY 2010-11	Nil	
	FY 2011-12	Nil	
	FY 2012-13	ESOS 2009 - Plan A Mr. Virender Aggarwal- CEO: 60,000 ESOS 2009 - Plan B Mr. Virender Aggarwal- CEO: 60,000	
2. Non Executive Directors	FY 2010-11	Nil	
	FY 2011-12	ESOS 2009 - Plan A Mr. A V Dharmakrishnan: 20,000	
	FY 2012-13	ESOS 2009 - Plan A Mr. A V Dharmakrishnan: 20,000 ESOS 2009 - Plan B Mr. A V Dharmakrishnan: 25,000	
3. Who received a grant in one year of option amounting to 5% or more of option granted during the year.	FY 2010-11	ESOP 2008 Mr. Ravichandran- Executive Vice President: 25,000 Mr. Ranjan Tayal- Senior Vice President: 25,000 Ms. Archana Awasthi- Vice President & Head (BFSI) : 25,000 Mr. Harsh Vardhan G- Executive Vice President: 25,000 Mr. Sandesh Bilagi- Vice President and Country Business Head – Australia: 25,000	
	FY 2011-12	NIL	
	FY 2012-13	NIL	
4. Identified that who were granted option, during one year equal to or exceeding 1% of the Issued Capital (excluding outstanding warrants and conversions) of our Company at the time of grant.	-	-	-
Vesting Schedule	4 year	3 years <sup>#</sup>	3 years <sup>#</sup>
Lock – In	NIL	NIL	NIL

<sup>#</sup> The Compensation Committee of our Company has approved that the vesting schedule in respect of options granted to Mr. A.V. Dharmakrishnan during the financial year 2012-13 is 1 year.

## ESOP 2000, ESOS 2003 and ESOS 2004

Save and except for options, details of which are given in the table below, all unexercised options granted under the ESOP 2000, ESOS 2003 and ESOS 2004 have been cancelled pursuant to the tendering for cancellation by the option holders:

### Details of options granted, vested and exercised as on 31<sup>st</sup> March, 2013:

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)
<b>ESOP 2000</b>					
October 4, 2006	87,500	3 years	₹ 177 per option	Nil	1,300 exercisable till October 3, 2019
<b>ESOS 2003</b>					
December 14, 2003	4,64,500	3 years	₹ 284 per option*	37,975 shares*	500 exercisable till December 13, 2016
October 4, 2006	2,19,800	3 years	₹ 177 per option	Nil	2,700 exercisable till October 3, 2019

Given below are the options granted and exercised post March 31, 2013:

### Options granted under ESOS 2008 and ESOS - 2009 Plan A

- May 31, 2013, Grant of 5,000 stock options under ESOP-2009 Plan A to AV Dharmakrishnan at ₹ 10/- each.
- July 29, 2013, Grant of 95,000 stock options under ESOP-2008 to its eligible employees.

### Options allotted and exercised under ESOS-2008

- May 31, 2013, Allotment of 1,840 equity shares on exercise under ESOS 2008 to its eligible employees.
- July 29, 2013, Allotment of 1,125 equity shares on exercise under ESOS 2008 to its eligible employees.

Our Company has also proposed to formulate a new stock option scheme ESOS 2013 to create, issue, offer, allocate and allot from time to time, equity shares not exceeding 1,000,000 of ₹ 10 each. The terms and conditions of the proposed scheme have been approved by the shareholders at the AGM dated July 29, 2013. However, the detailed scheme will be framed by the Compensation Committee

- This Issue being a Rights Issue, provisions of Promoters' contribution and lock-in are not applicable as per Regulation 34 (c) of SEBI Regulations.
- Except as stated below, our Promoter and Promoter Group have not acquired any Equity Shares in the last one year immediately preceding the date of this Draft Letter of Offer

Name of the Promoter / Promoter Group	Total Number of shares acquired	Average cost of acquisition (in ₹)
Ontime Industrial Services Limited	184,759	129.39
P.R. Venketrama Raja	50,564	93.35



9. Save and except for issuance of shares pursuant to exercise of employee stock options, no further issue of capital by way of issue of bonus shares, preferential allotment, rights issue or public issue or in any other manner which will affect our equity share capital, shall be made during the period commencing from the filing of the Draft Letter of Offer with the SEBI till the date on which the Equity Shares are listed or application moneys are refunded on account of the failure of this Issue.
10. We have not revalued any of our assets nor have we issued any Equity Shares out of revaluation reserves, during the last five financial years.
11. This Issue will remain open for 15 days. However, our Board will have the right to extend the Issue period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date.
12. If we do not receive the minimum subscription of 90% of this Issue, or the subscription level falls below 90%, after the Issue Closing Date on the account of cheques being returned unpaid or withdrawal of applications, we shall refund the entire subscription amount received within 15 days from the Issue Closing Date. If there is delay in the refund of the subscription amount by more than eight days after we become liable to pay the said amount (i.e., 15 days after the Issue Closing Date), we will pay interest for the delayed period, as prescribed under sub-sections (2) and (2A) of Section 73 of the Companies Act.
13. As on June 30, 2013, the total number of members of our Company was 7,406.
14. The Directors or the Lead Manager to this Issue have not entered into any buy-back, standby or similar arrangements for any of the securities being issued through this Draft Letter of Offer.
15. Our Company undertakes that at any given time, there shall be only one denomination of Equity Shares and our Company shall comply with such disclosure and accounting norms as may be prescribed by the SEBI.
16. Except for the outstanding options under the ESOS/ESOP schemes, there are no outstanding warrants, options or right to convert debentures, loans or other instruments convertible into Equity Shares as on the date of this Draft Letter of Offer.
17. Details pertaining to forfeiture and reissue of the forfeited shares of our Company are as under:
  - On January 12, 2000, 8,50,000 equity shares were forfeited from RSL Employee Trust for non-payment on call of payment for shares. On March 27, 2000, 5,02,000 equity shares out of the forfeited shares were re-issued by way of private placement to various Foreign Institutional Investors and Mutual Funds.
  - On February 23, 2005, additional 1,228 equity shares were forfeited. However, our Company passed a resolution (i) on October 29, 2005, for cancellation of forfeiture of 25 shares held by Dr. Ashish Ray and (ii) on May 27, 2006, for cancellation of forfeiture of 25 shares held by Mr. Sanjeev Kumar Mandholia, on account of receipt of call money and interest thereon from the said individuals. In light of this, the actual number of shares forfeited pursuant to resolution passed on February 23, 2005 was only 1178 equity shares.
18. We will ensure the outstanding unsecured loans taken from any party are not converted into equity shares in this Issue as an adjustment.
19. The ex-rights price of the Equity Shares as per regulation 10 (4)(b) of the Takeover Code, 2011 is ₹ [•] per Equity Share.

## OBJECTS OF THE ISSUE

The Objects of the Issue are:

- Repayment/Pre-payment, in full or in part, of certain loans availed by our Company; and
- General corporate purposes.

The main objects clause and objects incidental or ancillary to the main objects clause set out in the Memorandum of Association enables us to undertake the existing activities and the activities for which funds are being raised by this Issue. Further, we confirm that the activities carried out by us to the date have been in accordance with the objects clause of our Memorandum of Association.

### Proceeds of the Issue

The details of the Net Proceeds are set forth in the following table:

Sr. No.	Description	Amount (₹ in million)
1.	Gross Proceeds	1250.00
2.	Issue related expenses	[●]
3.	Net Proceeds of the Issue (“Net Proceeds”)	[●]

### Funds Requirement

The details of the Net Proceeds of this Issue are summarized in the table below:

Particulars	Amount (₹ in million)
Repayment/Pre-payment, in full or in part, of certain loans availed by our Company	945.00
General Corporate Purposes	[●]
<b>Total</b>	<b>[●]</b>

The fund requirement and deployment of funds are based on internal management estimates and have not been appraised by any bank or financial institution. These are based on the current status of our business and are subject to change in light of variations in external circumstances or costs, or in our financial condition, business or strategy. Our management, in response to the competitive and dynamic nature of the industry, will have the discretion to revise the business plan from time to time and consequently our funding requirements and deployment of funds may also change. This may also include reallocating/rescheduling the proposed utilization of the Net Proceeds and increasing or decreasing expenditure for a particular object *vis-a-vis* the utilization of the Net Proceeds.

### Means of Finance

The objects of this Issue are proposed to be financed entirely out of the Net Proceeds of this Issue. Accordingly, our Company confirms that there is no requirement for it to make firm arrangements of finance through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised through the Issue. The Net Proceeds, after deduction of all Issue related expenses, is estimated to be approximately ₹ [●]. The details in relation to Objects of this Issue are set forth herein below.

No part of the Issue proceeds will be paid by us as consideration to Promoters, Directors, our key management personnel or the Promoter Group companies.

#### 1. Repayment/Pre-payment, in full or in part, of certain loans availed by our Company

We have availed short term / long term loan facilities aggregating to ₹2,975 million as on August 17, 2013 from various banks and NBFCs. We intend to utilise an amount of up to ₹ 945 million out of the Net Proceeds to repay/pre-pay a

portion of the outstanding loan facilities. The rationale for repaying/pre-paying these facilities, inter alia, is to reduce our prevailing high cost debt and to improve our administrative and operating flexibility. Principal terms of the loans sanctioned by the lenders as on August 17, 2013 and the details of amount to be repaid/pre-paid from the Net Proceeds as given below

**a) Principal Terms of the Loan**

Particulars	Details of Banks / NBFC's			
	Kotak Mahindra Bank Limited *	L&T Finance Ltd	Karur Vysya Bank	Yes Bank
Nature of Loan	Short Term / Corporate Loan Agreement	Loan Agreement	Agreement for Unsecured Short Term Loan	Loan Agreement
Date of the Loan Agreement	02.08.2012 14.08.2013	19.12.2012	29.01.2013	30.10.2012
Purpose of Loan	Working capital purpose/ Cash Flow Mismatch	To repay maturing debt	General Corporate Purpose	To meet R&D expenses/Long term working capital purpose
Amount Sanctioned	₹ 500 million	₹ 100 million	₹ 150 million	₹ 300 million
Amount Disbursed up to Aug 17, 2013	₹ 445 million	₹ 100 million	₹ 150 million	₹ 300 million
Total Amount Outstanding as on Aug 17, 2013	₹ 50 million ₹ 395 million	₹ 100 million	₹ 150 million	₹ 300 million
Amount proposed to be repaid/pre-paid out of Net Proceeds	₹ 395 million	₹ 100 million	₹ 150 million	₹ 300 million
Rate of Interest (per annum) as on Aug 17, 2013	11.10% p.a. fixed 11.85% p.a. fixed	12 % p.a. fixed	11.75% p.a. (BBR+1.00% p.a)	12.125% p.a. (BBR+1.375% p.a.)
Interest Reset	Not Applicable since fixed interest for one year	Not Applicable since fixed interest for one year	Immediate on revision / change of Bank's base rate	Immediate on revision / change of Bank's base rate
Term/Tenure	One year	One year	One year	Two Years
Prepayment Penalty	Nil	Nil	Nil	-
Repayment Schedule	Bullet repayment at the end of tenor	Bullet repayment at the end of one year as per the repayment schedule	Single bullet payment at the end of one year from date of avilment of respective tranche.	Bullet repayment at the end of tenor

\* The facility provided by Kotak Mahindra Bank has been renewed vide sanction letter dated July 10, 2013 for the same value of ₹ 500 million out of which ₹ 395 million has been drawn on August 16, 2013 and ₹ 50 million is outstanding out of the original sanction limit dated July 26, 2012.

The amount disbursed and outstanding as of Aug 17, 2013 has been certified by M/s. CNGSN & Associates., Chartered Accountants, statutory auditor of our Company, vide their certificate dated August 29, 2013. We propose to repay/prepay part of the aforesaid loans out of the Net Proceeds of the Issue.

The statutory auditor has further certified vide certificate dated August 29, 2013, that our Company has utilised the above said loans to be repaid/pre-paid for the purposes for which the same were raised. Please refer to the section titled “Material Contracts and Documents for Inspection” on page 215 of this Draft Letter of Offer.

## 2. General Corporate Purposes

We intend to use [●]% of the Issue Proceeds for general corporate purposes including but not limited to, brand building, strategic initiatives, strengthening marketing capabilities, prepayment or repayment of debt, meeting working capital requirements, meeting R&D costs, loans to subsidiaries/ or meeting exigencies or any other purposes as may be approved by the Board of Directors. The manner of deployment and allocation of such funds is entirely at the discretion of our management /or meeting exigencies or any other purposes as may be approved by the Board of Directors.

As on date, we have not earmarked specific amounts from the Net Proceeds to be utilised for any or a combination of the abovementioned general corporate purposes. However, the amount allocated for these general corporate purposes shall not exceed 25% of the amount raised in the Issue.

### Utilization of Net Proceeds

We intend to repay/pre-pay our borrowings during Fiscal 2014.

### Deployment of Net Proceeds towards Objects of the Issue

As on the date of this Draft Letter of Offer, we have not deployed any funds towards any of the purposes where the Net Proceeds are proposed to be deployed.

### Issue Related Expenses

The Issue expenses include, amongst others, management fees, printing and distribution expenses, legal fees, statutory advertisement expenses, registrar and depository fees and listing fees. The estimated expenses of the Issue are as follows:

Particulars	Expense* (₹ millions)	Expense* (% of the total expenses)	Expense* (% of the Issue size)
Fees of Lead Manager, Registrar to the Issue, Legal Advisor, Auditors’ fees etc	[●]	[●]	[●]
Statutory Advertising, Marketing, Printing & Distribution and ASBA processing fees	[●]	[●]	[●]
Regulatory fees, Filing fees, Stamp Duty, Listing Fees, Depository Fees and other miscellaneous expenses.	[●]	[●]	[●]
<b>Total estimated Issue expenses</b>	[●]	[●]%	[●]%

*\*Amounts will be finalized at the time of filing of Letter of Offer and determination of Issue Price and other details.*

### **Appraisal**

The Objects of the Issue have not been appraised by any bank financial institution or other agencies.

### **Bridge Loan**

We have not entered into any bridge loan facility that will be repaid from the Net Proceeds.

### **Interim use of proceeds**

Our management, in accordance with the policies formulated by it from time to time, will have flexibility in deploying the proceeds received from the Issue. Pending utilization of the Issue Proceeds for the purposes described above, we intend to temporarily invest the funds in interest bearing liquid instruments including investments in mutual funds and other financial products, such as principal protected funds, derivative linked debt instruments, other fixed and variable return instruments, listed debt instruments, rated debentures or deposits with banks or to temporarily deposit the funds on cash credit accounts / WCDL with banks for reducing the overdraft, repaying other loans. Such investments would be in accordance with the investment policies approved by the Board / its committee from time to time. .

### **Monitoring of Utilisation of Funds**

Our Audit Committee and our Board will monitor the utilization of the Net Proceeds. We will disclose the utilization of the Net Proceeds under a separate head in our financial statements for such fiscal periods as required under the SEBI Regulations and the listing agreements with the Stock Exchanges, clearly specifying the purposes for which such Net Proceeds have been utilized.

Pursuant to Clause 49 of the Listing Agreement, we shall on a quarterly basis disclose to the Audit Committee the uses and applications of the proceeds of the Issue. On an annual basis, we shall prepare a statement of funds utilised for purposes other than those stated in this Draft Letter of Offer and place it before the Audit Committee. Such disclosure shall be made by us only until such time that all Issue Proceeds have been utilised in full. The statement will be certified by our Statutory Auditors. Further, we shall, on a quarterly basis, prepare a statement indicating material deviations, if any, in the use of Issue Proceeds. Such statement shall be furnished by us to the Stock Exchanges along with the interim and / or annual financial statements and shall be published in the newspapers simultaneously with the interim or annual financial results, after placing it before our Audit Committee.

### **Other confirmations**

No part of the Net Proceeds will be paid by our Company as consideration to the Promoters, the Directors, Group Companies or members of the Promoter Group.

## STATEMENT OF TAX BENEFITS

### STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO OUR COMPANY AND ITS SHAREHOLDERS

#### AUDITOR'S REPORT

**The Board of Directors  
Ramco Systems Limited  
Registered office: 47, PSK Nagar, Rajapalayam, 626 108  
Corporate office: 64, Sardar Patel Road, Taramani, Chennai 600 113**

**We hereby report that the enclosed statement, prepared by Ramco Systems Limited (hereinafter referred to as the "Company"), states the possible tax benefits available to the Company and its shareholders under the current tax laws presently in force in India. The benefits as stated are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on business imperatives the Company faces in the future, the Company may or may not choose to fulfill.**

The benefits discussed in the enclosed annexure are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

We do not express any opinion or provide any assurance as to whether:

- i) the Company or its shareholders will continue to obtain these benefits in future; or
- ii) the conditions prescribed for availing the benefits, where applicable have been / would be met with.

The contents of the enclosed statement are based on the information, explanations and representations obtained from the Company and on the basis of the understanding of the business activities and operations of the Company and the interpretation of the current tax laws presently in force in India.

This statement is intended solely for information and for inclusion in the offer document in connection with the proposed Rights Issue of the Company in accordance with SEBI Regulations.

**For CNGSN & ASSOCIATES  
CHARTERED ACCOUNTANTS  
REGISTRATION NO.004915S**

**C N GANGADARAN  
PARTNER  
MEMBERSHIP NO.:11205**

PLACE: CHENNAI  
Date: August 29, 2013

## **A. Special Tax Benefits**

### **A.1 Special Tax Benefits available to the Company**

There are no special tax benefits available to the Company.

### **A.2 Special Tax Benefits available to the Shareholders of the Company**

There are no special tax benefits available to the shareholders of the Company.

## **B. General Tax Benefits**

### **B.1 General Tax Benefits available to the Company**

#### **B.1.1 General Tax Benefits available to the Company under the Income Tax Act, 1961 (hereinafter referred to as "The Act")**

The Income Tax Act, 1961 (as amended by the provisions of Finance Act, 2013 and Wealth Tax Act, 1957), presently in force in India, make available the following general tax benefits which are available to all companies or to their shareholders. Several of these benefits are dependent on the companies or their shareholders fulfilling certain conditions prescribed under the relevant provisions of the statute or respective Acts.

##### **B.1.1.1 Depreciation Benefits**

Under section 32, the Company is entitled to claim depreciation at the prescribed rates on specified tangible and intangible assets used by the Company for the purposes of its business and subject to other conditions listed in the Act (other than those covered under section 35(1)). Unabsorbed depreciation, if any, for an assessment year can be carried forwarded & set off against income from any other source in the subsequent assessment years as per section 32 subject to the provisions of section 72(2) and section 73(3).

##### **B.1.1.2 Minimum Alternate Tax (MAT) and Credit for the same**

The Company would be required to pay tax on its book profits under the provisions of section 115JB in case where tax on its "total income" (the term defined under section 2(45)) is less than 18.50%(plus applicable education cess & also a surcharge in case book profit exceeds Rs.10.00 million) of its "book profits" (the term defined under section 115JB). Such tax is referred to as Minimum Alternate Tax (MAT).

The difference between the MAT paid for any assessment year commencing on or after April 1, 2006 and the tax on its total income payable for that assessment year shall be allowed to be carried forward as "MAT credit" under the provisions of section 115JAA. The MAT credit shall be utilised to be set off against taxes payable on the total income in the subsequent assessment years. However, effective 1<sup>st</sup> April 2010, it can be carried forward only up to 10 assessment years succeeding the assessment year in which such MAT was paid.

##### **B.1.1.3 Weighted deduction for Expenditure on Scientific Research**

In accordance with and subject to the provisions of section 35(1) and section 35(2), the Company would be entitled to 100% deduction in respect of revenue expenditure and capital expenditure (not being expenditure in the nature of cost of any land), incurred on scientific research related to the business.

In accordance with and subject to the provisions of section 35(2AB), the Company would be entitled to two times of the revenue expenditure and capital expenditure (not being expenditure in the nature of cost any land or building) incurred on Scientific Research related to the business, till the assessment year 2017-18.

Such deduction is eligible either under section 35(1) and 35(2) or under section 35(2AB) and not cumulatively.

##### **B.1.1.4 Exemption in respect of dividend**

Section 10(34) provides an exemption in respect of any income by way of dividends referred to in section 115-O (whether interim or final). Dividends referred to in section 115-O would cover dividends declared, distributed or paid by the domestic companies in respect of which the distributing company is liable to pay dividend distribution tax. Similarly the income received from units of a Mutual Fund specified under section 10(23D) is exempt from tax. Such

income distributed by the Mutual Fund or the Administrator of the specified undertaking would also be subject to applicable dividend distribution tax, except when the distribution is made by an open ended “equity oriented fund”. It may be pertinent to note that section 14A restricts claim for deduction of expenses incurred in relation to exempt income.

#### **B.1.1.5 Concessional rate of tax on Dividend from Foreign companies**

Income by way of dividends declared, distributed or paid by foreign companies, in which the Company holds 26% or more in nominal value of the equity share capital, for the assessment year 2014-15 will be taxed at concessional rate of Tax @ 15% under section 115BBD.

#### **B.1.1.6 Capital Gains**

**B.1.1.6.1** Under section 112, long term capital gains are subject to tax at the rate of 20% (plus applicable surcharge and education cess). Such long term capital gains are to be computed by deducting from the sale consideration (i) expenditure incurred in connection with such transfer; and (ii) except in case of certain bonds and debentures the indexed cost of acquisition of the capital asset. In computing the long term capital gains chargeable to tax, no deduction under Chapter VI-A would be allowed under section 112.

However, in respect of long term capital gains arising from transfer of listed securities, units or zero coupon bonds, the maximum tax payable on long term capital gains is restricted to 10% of the capital gains calculated without indexation of the cost of acquisition.

Further, in terms of section 10(38), any long term capital gain arising to the Company on or after October 1, 2004, from the transfer of a long term capital asset being an equity share in a company or a unit of an equity oriented fund, where such transaction is chargeable to securities transaction tax (STT), is exempt from tax in the hands of the Company. However, long term capital gains earned by the Company shall be taken into account in computing the book profits for the purposes of computation of MAT.

**B.1.1.6.2** In terms of section 111A, any short term capital gains arising to the Company from the transfer of a short term capital asset, being an equity share in a company or unit of an equity oriented fund, where such transaction is chargeable to STT, would be subject to tax only at a rate of 15% (plus applicable surcharge and education cess). In other cases, the short term capital gains would be chargeable to tax @ 30% (plus applicable surcharge and education cess). Further deduction under Chapter VI-A would not be allowed from such short term capital gains subject to tax under section 111A.

**B.1.1.6.3** As per the provisions of section 54EC and subject to the conditions specified therein, long term capital gains arising to the Company {other than those exempt under section 10(38)} shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. If, only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. However, if the notified bonds are transferred or converted into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax, as long term capital gains in the year in which such bonds are transferred or otherwise converted into money. The maximum investment permissible for the purposes of claiming the exemption in the above bonds in a financial year is ₹ 5.00 million.

**B.1.1.7** Under section 72, if the net result of the computation is a loss, such loss can be set off against any other income and the balance loss, if any, can be carried forward for 8 consecutive years and set off against business income. However, unabsorbed depreciation if any, for an Assessment Year can be carried forward & set off against any sources of income in the same year or any subsequent Assessment Years as per section 32(2).

#### **B.1.2 Benefits available to the Company under Indirect tax Laws**

The Company has one unit registered under the Software Technology Parks (‘STP’) Scheme. The key benefits that could be available under indirect tax laws to a STP unit, subject to satisfaction of the specified conditions, are as under:

Customs duty on Specified goods, which are in the nature of capital goods, office equipment, components etc., procured by a STP unit are exempt from customs duty. All goods, other than prohibited goods under the EXIM policy are exempt



from customs duty and Excise duty. Specified goods such as capital goods, office equipment and consumables etc., procured from local manufactures are exempt from excise duty. All goods procured from local manufactures are exempt from excise duty. Further, in order to avail the above benefits, the unit will be required to meet prescribed export obligations.

Sales tax Concessions under the State Sales Tax legislations (depending upon the relevant State the unit is set-up) and under the Central Sales Tax Act could also be available in respect of goods procured by a STP unit. Further, export sales made by the Company would qualify as 'exempted sale' for the purpose of Sales Tax Concessions under the State Sales Tax legislations (depending upon the relevant State where the unit is set-up).

No service tax will be leviable on the Information Technology Software Services (ITIS) exported and the proceeds are received in convertible foreign exchange in India.

## **B.2 General Tax Benefits available to the Shareholders of the Company**

### **B.2.1 Resident Shareholders**

**B.2.1.1** Section 10(34) provides an exemption in respect of any income by way of dividends referred to in section 115-O (whether interim or final). Dividends referred to in section 115-O would cover dividends declared, distributed or paid by the domestic companies in respect of which the distributing company is liable to pay dividend distribution tax.

However, it may be pertinent to note that section 14A restricts claim for deduction of expenses incurred in relation to exempt income.

**B.2.1.2** Under section 111A, capital gains arising from transfer of short term capital assets, which is subject to STT, being an equity share in a company, will be taxable @15% (plus applicable surcharge and educational cess). In other cases, the short term capital gains would be chargeable as part of the total income and the tax rates would depend on the income slab. Further no deduction under Chapter VI-A would be allowed in computing such short term capital gains subject to tax under section 111A.

**B.2.1.3** Under section 112, long term capital gains are subject to tax at the rate of 20% (plus applicable surcharge and education cess). Such long term capital gains are to be computed by deducting from the sale consideration (i) expenditure incurred in connection with such transfer; and (ii) except in case of certain bonds and debentures the indexed cost of acquisition of the capital asset. In computing the long term capital gains chargeable to tax, no deduction under Chapter VI-A would be allowed under section 112.

However, in respect of long term capital gains arising from transfer of listed securities, units or zero coupon bonds, the maximum tax payable on long term capital gains is restricted to 10% of the capital gains calculated without indexation of the cost of acquisition. Further, in terms of section 10(38), any long term capital gain from the transfer of a long term capital asset being an equity share in a company, where such transaction is chargeable to securities transaction tax (STT), is exempt from tax. However, in case of companies, long term capital gains earned by the Company shall be taken into account in computing the book profits for the purposes of computation of MAT.

**B.2.1.4** As per the provisions of section 54EC and subject to the conditions specified therein, long term capital gains arising to the shareholders {other than those exempt under section 10(38)} shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. However, if the notified bonds are transferred or converted into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which such bonds are transferred or otherwise converted into money. The maximum investment permissible for the purposes of claiming the exemption in the above bonds in a financial year is ₹ 5.00 million.

**B.2.1.5** Under section 54F, where in the case of an individual or HUF capital gain arise from transfer of long term assets {other than a residential house and those exempt under section 10(38)} then such capital gain, subject to the conditions and to the extent specified therein, will be exempt if the net sales consideration from such transfer is utilised, for

purchase of residential house property within a period of one year before or two year from the date of transfer, or for construction of residential house property within a period of three years after the date of transfer. If only a part of the net consideration is so reinvested, the exemption shall be proportionately reduced.

**B.2.1.6** In terms of section 36(xv), the STT paid by the shareholder in respect of the transactions entered into in the course of the business would be deductible while computing income chargeable under the head “Profits and Gains under Business or Profession” arising from taxable securities transactions.

## **B.2.2 Non Resident Shareholders other than Foreign Institutional Investors**

**B.2.2.1** Section 10(34) provides an exemption in respect of any income by way of dividends referred to in section 115O (whether interim or final). Dividends referred to in section 115-O would cover dividends declared, distributed or paid by the domestic companies in respect of which the distributing company is liable to pay dividend distribution tax. However, it may be pertinent to note that section 14A restricts claim for deduction of expenses incurred in relation to exempt income.

**B.2.2.2** Under section 111A, capital gains arising from transfer of short term capital assets, inter alia being an equity share in a company, which is subject to STT will be taxable @15% (plus applicable surcharge and educational cess). In other cases, the short term capital gains would be chargeable as part of the total income and the tax rates would depend on the income slab. Further no deduction under Chapter VI-A would be allowed in computing such short term capital gains subject to tax under section 111A.

**B.2.2.3** Under section 112, long term capital gains would be subject to tax at the rate of 20% (plus applicable surcharge and education cess). Such long term capital gains are to be computed by deducting from the sale consideration (i) expenditure incurred in connection with such transfer; and (ii) the cost of acquisition of the capital asset from the sale consideration. However, there exists a special provision for non residents providing for adjustments to the cost of acquisition, in respect of exchange rate fluctuations, in computing the capital gains. Further, in computing the long term capital gains chargeable to tax, no deduction under Chapter VI-A would be allowed under section 112. However, in respect of long term capital gains arising from transfer of listed securities, units or zero coupon bonds, the maximum tax payable on long term capital gains is restricted to 10% of the capital gains calculated without indexation of the cost of acquisition. Further, in terms of section 10(38), any long term capital gain arising on or after October 1, 2004, from the transfer of a long term capital asset inter alia being an equity share in a company, where such transaction is chargeable to STT, is exempt from tax in the hands of the shareholder. However, in the case of companies, long term capital gains so earned shall be taken into account in computing the book profits for the purposes of computation of MAT.

**B.2.2.4** Under section 54EC and subject to the conditions specified therein, long term capital gains arising to the shareholders {other than those exempt under section 10(38)} shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. However, if the assessee transfers or converts the notified bonds into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which such bonds are transferred or otherwise converted into money. The maximum investment permissible for the purposes of claiming the exemption in the above bonds by any person in a financial year is ₹ 5.00 million.

**B.2.2.5** Under section 54F, where in the case of an individual or HUF capital gain arise from transfer of long term assets {other than a residential house and those exempt under section 10(38)} then such capital gain, subject to the conditions and to the extent specified therein, will be exempt if the net sales consideration from such transfer is utilised, for purchase of residential house property within a period of one year before or two year from the date of transfer, or for construction of residential house property within a period of three years after the date of transfer. If only a part of the net consideration is so reinvested, the exemption shall be proportionately reduced.

**B.2.2.6** In terms of section 36(xv), the STT paid by the shareholder in respect of the transactions entered into in the course of the business would be deductible while computing income chargeable under the head “Profits and Gains under Business or Profession” arising from taxable securities transactions.

**B.2.2.7** As per section 90, the provisions of the Act or the provisions of the applicable Double Tax Avoidance Agreement, whichever is more beneficial to the taxpayer / assessee, would apply. In order to avail the benefit under Double Tax Avoidance Agreement (DTAA), every person not being a resident in India has to provide a certificate of him being a resident (i.e. Tax Residency Certificate) in any country outside India or specified territory outside India, obtained by him from the Government of that country or specified territory.

### **B.2.3 Special optional provisions available to Non Resident Indians under the Act**

**B.2.3.1** A Non Resident Indian (NRI), i.e. an individual being a citizen of India or person of Indian origin has an option to be governed by the special provisions contained in Chapter XII-A of the Act, i.e. “*Special Provisions relating to certain incomes of Non-Residents*”.

**B.2.3.2** Under section 115E, where the NRI has subscribed the shares of the company in convertible foreign exchange, long term capital gains arising to the nonresident on transfer of such shares {in cases not covered under section 10(38)} be chargeable to tax at concessional flat rate of 10% (plus applicable surcharge and educational cess). In computing the capital gains for non residents, arising from transfer of shares or debentures of an Indian company, no indexation benefit is allowed. However, in such cases all the non residents have been provided with a protection against foreign exchange fluctuation under the first proviso to section 48.

**B.2.3.3** Under section 115F, long term capital gains {not covered under section 10(38)} arising to the NRI from the transfer of such shares shall be exempt from income tax if the net consideration is reinvested in specified assets within six months of the date of transfer. If only part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or otherwise converted into money within three years from the date of their acquisition.

**B.2.3.4** Under section 115G, it shall not be necessary for the NRI to furnish his return of income if his only source of income is investment income or long term capital gains or both arising out of assets acquired, purchased or subscribed in convertible foreign exchange and tax deductible at source has been deducted there from.

**B.2.3.5** Under section 115H of the Act, where the NRI becomes assessable as a resident in India, he may furnish a declaration in writing to the Assessing Officer, along with his return of income for that year under section 139 of the Act to the effect that the provisions of the Chapter XII-A shall continue to apply to him in relation to such investment income derived from the specified assets for that year and subsequent assessment years until such assets are converted into money.

**B.2.3.6** Under section 115-I, the NRI may elect not to be governed by the provisions of Chapter XII-A of the Act for any assessment year by furnishing his return of income under section 139 of the Act declaring therein that the provisions of the Chapter shall not apply to him for that assessment year and if he does so the provisions of this Chapter shall not apply to him. In such a case the tax on investment income and long term capital gains would be computed as per normal provisions of the Act, in which case the above stated provisions from point (c) to (h) in Para 2.2 would be applicable.

### **B.2.4 Foreign Institutional Investors (FIIs)**

**B.2.4.1** Section 10(34) provides an exemption in respect of any income by way of dividends referred to in section 115-O (whether interim or final). Dividends referred to in section 115-O would cover dividends declared, distributed or paid by the domestic companies in respect of which the distributing company is liable to pay dividend distribution tax.

**B.2.4.2** Under section 111A, capital gains arising from transfer of short term capital assets, inter alia being an equity share in a company, which is subject to STT will be taxable @15% (plus applicable surcharge and educational cess). In other cases, the short term capital gains would be chargeable to tax @30% (plus applicable surcharge and education cess).

**B.2.4.3** Under section 10(38), any long term capital gain arising on or after October 1, 2004, from the transfer of a long term capital asset inter alia being an equity share in a company, where such transaction is chargeable to STT, is exempt

from tax in the hands of the shareholder. However, in the case of companies, long term capital gains so earned may be taken into account in computing the book profits for the purposes of computation of MAT.

**B.2.4.5** Section 115AD provides special provisions for taxability of various types of income of FIIs. Under section 115AD, long term capital gains arising from transfer of shares in a company { not covered under section 10(38)}, are taxed at the rate of 10% (plus applicable surcharge and education cess). Such capital gains would be computed without giving effect to the first and second proviso to section 48. In other words, the benefit of indexation or the adjustment in respect of foreign exchange fluctuation, as mentioned under the two proviso would not be allowed while computing the capital gains. Under Section 196D, no deduction shall be made from any income by way of capital gains, in respect of transfer of shares referred to in Section 115AD.

**B.2.4.6** As per the provisions of section 54EC and subject to the conditions specified therein, long term capital gains arising to the investors / shareholders {other than those exempt under section 10(38)} shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. However, if the assessee transfers or converts the notified bonds into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which such bonds are transferred or otherwise converted into money. The maximum investment permissible for the purposes of claiming the exemption in the above bonds by any person in a financial year is ₹ 5.00 million.

**B.2.4.7** As per section 90, the provisions of the Act or the provisions of the applicable Double Tax Avoidance Agreement, whichever is more beneficial to the taxpayer / assessee, would apply. In order to avail the benefit under Double Tax Avoidance Agreement (DTAA), every person not being a resident in India has to provide a certificate of him being a resident (i.e. Tax Residency Certificate) in any country outside India or specified territory outside India, obtained by him from the Government of that country or specified territory.

### **B.2.5 Mutual funds**

As per the provisions of section 10(23D), all mutual funds set up by public sector banks, public financial institutions or mutual funds registered under the Securities and Exchange Board of India (SEBI) or authorized by the Reserve Bank of India are eligible for exemption from income-tax, subject to the conditions specified therein, on their entire income including income from investment in the shares of the company, subject to such conditions as may be prescribed in this behalf.

### **B.3 Tax Benefits under the Wealth Tax Act, 1957**

Shares in a company held by a shareholder will not be treated as an asset within the meaning of section 2(ea) of Wealth-tax Act, 1957. Hence, wealth tax is not leviable on shares held in a company.

### **B.4 The Gift Tax Act, 1958**

Since the provisions of The Gift Tax Act, 1958 have ceased to apply with effect from October 1, 1998, gift of shares made on or after October 1, 1998 will not be liable to Gift Tax under the Gift Tax Act, 1958. However, pursuant to the Finance Act, 2009, Section 56 of the Act has been amended to provide that the value of any property, including shares and securities, received without consideration or for inadequate consideration (from persons or in situations other than those exempted under section 56 (vii) of the Act) will be included in the computation of total income of the recipient and be subject to tax.

## **C. Direct Tax Code**

The above statement does not provide the tax benefits under the Direct Tax Code. The year of implementation of the Direct Tax Code is not certain at present. The tax benefits under the said code are not furnished as the same is under formative stage.

### **Notes:**

- a) The stated benefits will be available only to the sole / first named holder in case the shares are held by joint holders.
- b) In view of the individual nature of tax consequences, each investor is advised to consult his / her own tax advisor with respect to specific tax consequence of his / her participation in the scheme.

## OUR BUSINESS

### **Overview:**

We are one of the leading software company focused on cloud based products, and HRO (Human Resource outsourcing) services. We are a part of the USD 1 billion Ramco Group, a diversified industrial conglomerate. We offer high-end enterprise software products, solutions and services to multiple verticals on the appropriate cloud models—public, private and community. Enterprise Solutions and products offered by us include ERP, HCM, MRO, M&E, Asset Management, Process Control, and Analytics. We focus on providing innovative business solutions that can be delivered quickly and cost-effectively in complex environments. Headquartered in Chennai, we have 21 offices spread across India, APAC, US, Canada, Europe and MEA. Ramco has over 150,000 users from more than 1000 customer organizations globally. Our Company provides solutions to multiple verticals including banking, insurance, manufacturing, supply chain, aviation, transportation and logistics, healthcare, governance, retail and more.

We commenced operations as a software business division of RIL in 1989 and incorporated Ramco Systems Limited as a public limited company in 1997. Pursuant to a scheme of arrangement sanctioned by the High Court of Judicature, at Madras on December 24, 1999, the software undertaking of Ramco Industries Limited was demerged and transferred to us with effect from April 1, 1999 (the Demerger Scheme). We have a 98% owned subsidiary in USA and 7 wholly owned subsidiaries located at Switzerland, Malaysia, Singapore, South Africa, Dubai, Sudan and Australia. We also have one step down subsidiary in Canada and an associate in South Africa. We (including our Subsidiaries) have branch offices at Germany, United Kingdom, United Arab Emirates, New Zealand, Atlanta (USA) and Puerto Rico.

We are a research driven organization and believe in constant innovation through continuous interaction with our customers. We have a well-equipped R&D centre at Chennai to develop new products, technologies and applications for our target industries. We are able to provide enterprise software and solutions that can deliver larger, complex, web based enterprise class solutions on any Technology Platform. Our offerings can be tailored to suit unique individual business requirements.

Leveraging on our strong domain expertise, sound business practices and customer-centric focus, we have built significant global relationships with several multinational corporations and government entities thus demonstrating our ability to manage large customer relationships. We have tie-ups/ partnership arrangements with process consultants, business domain consultants and partners for sales co-operation.

### **Our Competitive strengths**

#### ***Part of the Ramco group***

We are part of USD 1 Billion Ramco group, which is a diversified industrial conglomerate having interest in spanning cotton and synthetic yarn, cement, building products, software solutions, wind-energy, bio-technology etc. The group has become one of the reputed business houses in India and is recognised globally for its quality products and services. We benefit from the confidence that consumers, lenders, vendors and other financial institutions have in our group. Our relationship with the Ramco group provides scope for exploiting synergies to create value for our business. We believe the combination of our management structure and supportive relationship with the Ramco group enables us to effectively manage a dynamic business and to respond quickly to rapidly changing market situations.

### ***In step with changing technology trends***

Current global economic scenario is forcing organizations to rethink the way they procure and consume IT applications. Organisations prefer not to block money in capital expenditures upfront in terms of procuring hardware, software and to have a huge number of employees to implement and maintain them. Instead, organisations intend to purchase services on a utility basis. Further, with the increase in usage of mobile devices and social websites, easy to use, simple and low cost applications are changing the way enterprise applications are designed, developed and consumed. The IT industry is therefore focusing more extensively on the requirement of an individual user in an enterprise. The traditional way of consuming IT therefore is undergoing a rapid change and we believe that the trend is moving towards cloud and mobility based applications that are available on “pay as you use” model.

Keeping in view such changing trends, we successfully launched our product Ramco ERP on cloud five years back thereby enjoying first mover advantage in the cloud ERP segment. After successfully building market share and customers in the domestic market, we have taken the cloud offering to global markets. We are one of the leading vendors in the market providing a high end and comprehensive ERP with Aviation specific MRO and M&E solution that meet the unique and complex requirements of the Aviation industry. We have also invested in developing an analytics solution for the banking industry which has been chosen by certain leading banks in India.

### ***Deep Domain Knowledge***

Our focus on ERP, HCM, and Aviation MRO/ M&E, has enabled us to develop deep domain knowledge that spans the breadth of functionality and solutions that companies across industries require. This has enabled us to steadily advance our offerings from provision of conventional ERP vendor to a high end enterprise class solutions provider offering a suite of products and value added services on the cloud. We have also been able to help our customers to adapt to the various technological changes in the industry, and have the ability to provide sustainable solutions to our customers.

### ***Focus on R&D, expansion and innovation.***

Our emphasis on R&D has enabled us to offer a choice of product suites to meet the diverse needs of both SMB as well as large enterprises. We believe that continued focus on R&D will enable us to further develop new software, solutions and novel applications, which will help us to enter into new lines of business and broaden our intellectual property base. We understand the user needs and have charted out a product roadmap with MUSIC as our philosophy, (an acronym for Mobility, a Gen-Y User interface, Social aspects, Speed of an In-memory engine and Context awareness) which addresses all the -requirements of our customers in the current changing environment. With flexible pricing and usage models evolving, there is a natural surge in demand for enterprise class solutions from even mid and small enterprises.

Our software products and services are built over years of R&D, ensuring that the products are versatile and in line with changing technology trends. This is possible due to 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 speed and precision.

### ***Strong Customer Base***

We design the products to suit specific needs of our customers. Most of our customers are actively engaged in providing us with qualified expertise, insights, answers and solutions that are right for their business.

This has helped us to understand better and address unique needs of the customers in line with change in trends. We have acquired various orders from reputed customers across multiple verticals. We have also received repeat business from few of our customers. This customer trust has been built on the foundation of our commitment to quality, providing end to end solution from design to delivery and our professional approach. We emphasize on providing innovative solutions to our customers and nurture relationships to drive our business growth. We have been able to retain our customers and have grown along with them.

### ***Qualified and experienced management and motivated employee base***

We are led by a team of professionally qualified and experienced managers, engineers, and other personnel with domestic and international experience in our business. Our management team possesses a good understanding of our business and customer requirements, and is well positioned to focus on the continued growth of our business. Senior leadership team is highly experienced and have been brought on board from leading global multinationals resulting into infusion of best global practices in our operations. We believe that a motivated and empowered employee base is important to our future growth.

Currently our focus is on experimentation, innovation and customer satisfaction. All employees are encouraged to be outwardly focused and customer driven. There is an inherent effort to build a flat and open organization wherein employees are encouraged to share knowledge, give their ideas, suggestions and grow. As of July 31, 2013, we had a global workforce of 1644 employees. We have invested in recruiting qualified manpower from premier engineering and business schools and intend to continue to invest in the development and training of our employees to ensure that they are well-equipped to meet our diverse project needs and execution capabilities.

### ***Strong Force Multipliers***

We value the importance of partners and associates in today's globalized business environment and thus address them as "Force Multipliers". Over a period we have developed a strong ecosystem of global partners bringing together diverse relationships, resources and communities to help us develop and deliver next-gen solutions. Our partner ecosystem consists of business partners, system integration, consulting and technology partners. Following the success of our partner model in the domestic market, we have spread our efforts to establish partner networks in US, UK, MEA, Australia and APAC.

### ***Our Business Strategy***

We intend to maintain and enhance our position as a leading provider of high-end enterprise software products and solutions on cloud. We also offer a comprehensive portfolio of services to enable our customers to realize business benefits and transform their business using our products and solutions. The key elements of our business strategy include:

#### ***Grow and enhance our business from existing clients***

We intend to increase our business from existing clients by cross selling of value added products and services from the enhanced portfolio of solutions from us. This involves increasing the scope of engagements with our clients by expanding the breadth of products and services we offer and addressing new areas within clients' organizations. Development and sustainability of cloud business requires substantial investments in creating the product initially, and also the infrastructure associated with the same. The revenue model in this business is subscription based, where the initial realisation of revenue is less in comparison to the investments made. The revenue is derived in a steady manner over a certain period of time. The periodic inflow of subscription fees over a period of time strengthens the revenue generation from the customers, without corresponding substantial investment required and thereby ensures better margins, and bottom line

### ***Diversified client base and expand into new geographies***

We are one of the few companies offering a portfolio of ERP solutions meeting diverse requirement of various industries for both SMB as well as large enterprises. We want to expand to geographies and verticals that are underserved, by offering a suite of products and value added services on an appropriate cloud model. We have recently expanded our reach into Australia and New Zealand through our Subsidiaries and their branches. We currently have 21 offices spread across India, USA, Canada, Europe, Australia, MEA and APAC. We constantly strive to diversify our client base by serving multiple industry verticals. We have observed traction and adoption of our ERP products from manufacturing (both discrete and process), trading and services. We have been expanding our product suite to cover diverse industrial verticals and would continue to do so. We have designed specialized solutions to address Aviation, BFSI and Government sectors, which has enabled us to diversify and service clients from these verticals.

### ***Achieve leadership position and global presence in Cloud Solutions***

Over the years with our innovative product suite and services, we have been able to gain acceptance and confidence from reputed customers across the globe. We have progressed from being an Indian provider of ERP on Cloud, to a global service provider serving various clients in the global market. Ramco ERP on Cloud is available across multiple geographies on public cloud platform. We have partnerships with global technology, brand and system integration partners such as Amazon (Technology Partner), Google (Brand Partner) and Dell (System Integration Partner) among others and this has enabled us to strengthen our offerings and establish our position in newer markets.

To address the requirements of large enterprises which have a distributed set up, multiple suppliers, dealers, products, spread out geographical presence, we have launched Ramco Connected Enterprise (RACE), a cloud solution that helps the parent company connect with its extended enterprise and ecosystem. With increased awareness of cloud technology, organizations across the world are steadily looking at leveraging cloud-based solutions to improve their operational efficiencies and minimize their capital expenditure. We intend to leverage our strength and experience in this domain and achieve greater market share and global presence in providing cloud solutions.

### ***Opportunities in HCM and Aviation***

We identified the potential opportunity for HR & talent management and launched Ramco HCM on Cloud, a comprehensive HR & talent management solution with global pay-roll, Gen-Y interface, accessible on smart phones, integrated with social channels, besides bringing in the speed and agility of an in-memory engine and the intuitiveness of a context-aware solution. This niche but comprehensive horizontal solution is built to address the concerns of the HR community, globally. As the market for cloud based HR solution is still nascent, we intend to capitalize on the same with our suite of solutions.

We are one of the leading vendors in the market offering componentized, web-based ERP with aviation specific MRO and M&E solution, meeting the unique and complex requirements of the aviation industry. Our key focus segment in aviation industry is heli-operator. Significant portion of the market share in this segment is currently held by small operators who do not have integrated M&E/MRO software. To tap this potential segment with our suite of offerings, we have entered into a partnership arrangement with Eurocopter, one of the leading helicopter manufacturer. We believe that, this partnership arrangement will help us to reach both existing and new customers of Eurocopter.



***To increase reach and penetration through focus on market initiatives.***

We propose to increase our reach and expand our market share by effectively marketing our products and services to all tiers of customers. We plan to expand our customer base by constructively utilizing our extensive network of Subsidiaries, Associate, Overseas Direct Branches and partner ecosystem spread globally. We intend to exploit our technology, by increasing our presence in terms of geographical spread and penetration. We believe that we can achieve the same by strengthening our marketing efforts through streamlining of marketing activities, setting up of requisite infrastructure / processes and recruiting additional sales and marketing personnel. This coupled with appropriate branding and positioning of our offerings, will help us in expanding our presence globally and establish us as one of the leading players in enterprise applications space.

The business application space today is driven by usability and customer experience other than mere technicalities and functionalities of the solutions. With the availability of cloud based enterprise applications, there is a growing thrust and demand from ISVs and technology firms to add cloud applications to their gamut of offerings. We have entered into partnership arrangements with such ISVs and technology firms through our partner programs. Our broad categorization of partner program includes business partners, referral partners, system integration and consulting partners, who assist us in business development by packaging our solutions, along with their products or services. Further we also enter into Teaming arrangements on a case to case basis. Currently we have about more than 100 partners globally, who are either implementation or sales partner or both.

We have also entered into association with global technology providers like Google, Amazon, and Dell among others which helps a long way to market our products and services across the globe.

***Strengthen our brand name in the Indian and global IT product market***

We have been continuously undertaking marketing and promotional initiative to enhance the visibility of our Company and our products. We intend to continue to enhance our brand recognition in the ERP space through brand building efforts, communications and promotional initiatives such as advertising and promotions in business and trade magazines/dailies, hoardings at prominent airport, sponsoring events, conferences, seminars, webinars, analyst briefings, and other relevant activities, digital initiatives, interaction with industry research organizations, participation in industry events, public relations and investor relations efforts. We believe that this will enhance the visibility of our brand name, contribute to our recruitment and retention initiatives and strengthen our recognition as a leading player in the Indian IT product industry.

***Increase productivity and efficiency***

We plan to increase our profitability by increasing our productivity and efficiency by adopting innovative methodologies for development such as agile methodology apart from continuous enhancement of Ramco VirtualWorks® platform for faster delivery of products and solutions, which would enhance the project profitability. We intend to maintain our cost at optimal levels. We also plan to optimally vary the composition of our employee resource pool, in terms of seniority and location, to maximize our productivity and efficiency.

**Description of our Business**

We deliver solutions that address business complexities with flexible enterprise applications that can be delivered quickly and cost-effectively into complex environments. It gives companies the agility to stay competitive by enabling fast, flexible deployment and change on demand of business applications. Ramco VirtualWorks® ensures maximum flexibility to execute a business process strategy, so when business needs change, systems change automatically. We are a global provider of enterprise solutions and services in key industries such as manufacturing, aviation, logistics, banking / financial services including insurance.

The growing complexities and varying nature of businesses, irrespective of their size require IT Infrastructure for sustainability. Traditionally, this objective was met by implementing complex ERP Software. Typical attributes that describe an ERP include the massive efforts to develop the application, expensive expertise to implement, and increasing investments in repetitive training of users. Our vast experience in these domains enables us to meet the challenges, which are necessary to ease the process of investments and overcome the complexities associated with ERP maintenance.

As early as 2005, we invested into cloud computing and initiated our efforts towards delivering a multi-tenant solution to make our applications cloud ready. The main advantage of cloud computing is that businesses/ clients are relieved of the traditional burdens of software installation, configuration, hardware & software maintenance, infrastructure, and services to ensure continued business relevance.

Customers with diversified businesses and / or singular needs may choose to use our solutions over a private cloud to get complete and flexible control over their operations. Private cloud allows the customers the choice of selecting relevant pre-built business components from us and develops their custom components to create a solution that meets all standards and their unique requirements. These components can co-exist with third party applications or work with our ERP. These solutions can adapt themselves to the changing business and technology requirements thereby giving a competitive advantage to our clients.

Others with standardized needs may access the full power of an ERP through our public cloud. The public cloud environment permits extensions to the ERP through a sandbox model and productivity tool kits. Cloud ready applications are like convergence of powerful technological concepts such as multi-tenancy, SOA, model based development. The in-depth experience that we have gained by such work with world-renowned customers has given us the learning and insight to deliver appropriate cloud ready applications in the global marketplace which are made easy, simple, and quick to implement. The application's architecture and technology relieves the customer from the burden of technical complexity, infrastructural maintenance, upgrades, and most importantly large, upfront capital investments. It is accompanied with a set of productivity tools which has provision for flexibility.

#### **Technology:**

Our products are developed on two technology platforms – **Ramco VirtualWorks®** and **Ramco DecisionWorks™**. The platform permits the composition of custom solutions and stringing them together with the base ERP.

Ramco VirtualWorks® is a tested, proven development platform that allows organizations to simply compose rather than laboriously code solutions. Based on SOA, Ramco VirtualWorks® delivers model-based applications, which are composed, not coded, using existing or newly created business assets that adapt and scale with IT infrastructure.

Ramco DecisionWorks™ is a comprehensive, smart, easy-to use and web architected business intelligence solution for enterprise performance management (covering strategic, tactical and operational business intelligence) and enterprise information management, offering comprehensive reporting, querying and analysis.

#### **Our Products Profile:**

All our products are architected on our platforms — Ramco VirtualWorks® and Ramco DecisionWorks™. These platforms render complete transformation of the business in real time, besides addressing the entire business cycle from transaction to analytics. Extension Tools like Extension Development Kit (EDK) and Portal Development Kit (PDK) help to customize the product to suit the specific requirements of our customers and partners.

Since every product suite has been pre-configured, they can easily meet various business demands, across several industries and verticals. All of these solutions are configurable, extendable and scalable to meet the customer's unique business needs and to automate the business, end-to-end.

Our products are charted out on a roadmap MUSIC, (an acronym for Mobility, a Gen-Y User interface, Social aspects, speed of an In-memory engine and Context awareness) which addresses most of the concerns of our customers in this changing environment. Mobility enables the access to our products anywhere anytime, while a Gen-Y User interface makes the user experience truly world-class. We understand that Social aspects play a pivotal role in the future and are gearing up to this challenge. The In-memory capabilities of our product enables speed and solve complex problems, while Context awareness ensures that the customer gets a personalized experience which maps the role, location and usage pattern of the user.

We provide customized versions to suit the needs of various industries such as: aviation, BFSI, energy and utilities, equipment rental & services, facility management, government, infrastructure, logistics, manufacturing, mining, professional services and trading.

### **Product lines:**

- Ramco ERP Suite has been delivered to customers around the world for over a decade. Built on Ramco VirtualWorks<sup>®</sup>, Ramco ERP on Cloud covers the entire spectrum of enterprise functions through a suite of products - manufacturing, financial management, Supply Chain Management (SCM), Human Capital Management (HCM), Customer Relationship Management (CRM), Enterprise Asset Management (EAM), project management, process control, analytics, advanced planning & optimization, and connectors.
- Ramco HCM Suite & Payroll Solution is an outcome of over a decade experience in the international talent management and payroll application space. With simplicity and usability at the core, Ramco HCM comes with built-in analytics, and insightful dashboards. With multi-country payroll and integration to any standard ERP, Ramco HCM supports business goals such as talent management, business to HR alignment, self-service and statutory reporting.
- Ramco Analytics Suite is built and delivered on our model-driven platform, Ramco DecisionWorks<sup>™</sup>. Ramco Analytics provides a complete view of an organization's performance and empowers the organisations with critical insights into the Key Performance Indicators (KPI) to 'measure, monitor and manage' its business goals and growth.
- Ramco Aviation Suite is an end-to-end Aviation Maintenance Repair & Overhaul (MRO) / Maintenance & Engineering (M&E) software that is all-encompassing, and user friendly. The software is web-centric and has been designed and developed ground-up for the aviation industry.
- Ramco Government Resource Planning (GRP) Suite addresses the modern day challenges of Government entities. It covers a full spectrum of governance processes including financial management, budget planning & execution, debt management, project management & accounting, procurement, human capital management, citizen services and analytics.

### **Services:**

Our portfolio of services enables our customers to focus on their core business operations by leveraging our proven track record and expertise in delivering such services. We host services to help our customers use our products optimally including services like consulting services, managed services, implementation services, custom development services, support services and training services.

- Consulting services cover process management, cloud advisory services, information management, and process improvement & quality advisory.

- Managed services help the customers to optimize resources and cut costs by outsourcing non-core processes to domain specialists.
- Implementation services ensure that ERP implementation is carried out in a smooth and hassle-free manner through product consulting, program management data migration services, product extensions and reports development.
- Custom development services enable us to build tailor-made solutions for unique customer requirements. Further, customers can also build scalable, agile, model-based, and business process oriented enterprise solutions using Ramco VirtualWorks® platform which is cost-effective than building and maintaining customized solutions in-house.
- Support services helps to grow business backed by adequate investment in product and service enhancements.
- Training services equip the customer's team to work on a full-fledged cloud-based ERP through different training programs for customers, partners, organizations and students either delivered as live seminars or webinars.

**Business Model:**

We typically provide our products and services to customers either (i) directly or (ii) through partners and the delivery of such offerings could be either through private cloud or public cloud

Our engagements with customers are mostly by way of entering into contractual arrangements depending on their requirements and the scope of work. Our revenue mainly comprises of license fees, subscriptions, annual maintenance fees, implementation fee and professional services fees depending upon the scope and delivery model.

## HISTORY AND CERTAIN CORPORATE MATTERS

### Brief Corporate History of our Company

Our Company was incorporated as a public company limited by shares, under the name Ramco Systems Limited, under the provisions of Companies Act on February 19, 1997 in the State of Tamil Nadu with registration number 18-037550. We were issued the Certificate of Commencement of Business dated June 19, 1997 by the Registrar of Companies, Tamil Nadu. Our registered office is situated at 47, PSK Nagar, Rajapalayam 626 108, Tamil Nadu.

Our software business was originally undertaken by Ramco Industries Limited since 1989. Pursuant to a scheme of arrangement (“**Demerger Scheme**”) as approved by the Hon’ble High Court of Judicature at Madras vide its order dated December 24, 1999, said ‘software business’ division of Ramco Industries Limited along with the assets and liabilities at book value was transferred to our Company with effect from April 1, 1999. The shareholders of Ramco Industries Limited were allotted one share of our Company for every one share held by them in Ramco Industries Limited.

In Fiscal 2000, we acquired all investments of Ramco Industries Limited in their overseas subsidiary companies. The sale was duly approved by the shareholders of Ramco Industries Limited at the EGM held on November 10, 1999 and also by the Reserve Bank of India pursuant to its letter dated December 18, 1999.

Pursuant to receipt of permission for listing, our shares were listed on MSE, NSE and BSE with effect from March 29, 2000, April 12, 2000 and October 9, 2000 respectively.

Further, on August 4, 2005, the Honourable High Court of Judicature at Madras sanctioned the Scheme of Arrangement (“**Scheme of Arrangement**”) filed by us, in relation to the adjustment of an amount not exceeding ₹ 2,000.00 million out of the balance outstanding in our share premium account as on March 31, 2005 (the appointed date), in respect of (i) write-off of trade receivables due from Ramco Systems Corporation, USA, Ramco Systems Limited, Switzerland and Ramco Systems Limited, Singapore amounting to ₹ 880.20 million and (ii) accumulated losses as on the appointed date. Further, we also received sanctions from RBI for waiving royalty and writing down capital with respect to Ramco Systems Corporation, USA and Ramco Systems Limited, Switzerland, to strengthen the financial position of those Subsidiaries.

Ramco Infotech Solutions Limited (“**RITS**”), our erstwhile wholly owned subsidiary was divested entirely pursuant to a Share Purchase Agreement dated July 14, 2007 to and in favour of NSM Finance Limited, a subsidiary of TVS Interconnect Systems Limited.

We have incorporated a subsidiary in South Africa, being RSL Enterprises Solutions (Pty) Limited in the year 2002 and incorporated a subsidiary in Canada, being Ramco Systems Canada Inc. in the year 2010.

Our Company, through its subsidiary Ramco Systems Corporation, USA, had incorporated a step down subsidiary in Australia under the name and style of Ramco Systems Australia (Pty) Limited, in the year 2007. However, Ramco Systems Australia (Pty) Limited was voluntarily deregistered from the records of Australian Securities and Investment Commission on January 27, 2010. Subsequently, due to business reasons, our Company incorporated a subsidiary in Australia under the name Ramco Systems Australia (Pty) Limited on August 20, 2012.

We have also incorporated a subsidiary in Dubai, being Ramco Systems FZ-LLC and in Sudan, being RSL Software Company Limited in the year 2011-2012. The details of the Subsidiaries are mentioned below under the heading “**Our Subsidiaries**”.

### Main Objects of our Company

The main objects of our Company as contained in our Memorandum of Association are:

1. To carry on the business pertaining to or connected with and involving information technology, computer data processing, computerized information retrieval systems, computer software, development and management feasibility studies, analysis and design or turnkey systems for scientific, mathematical, statistical, engineering, statutory, financial, banking, commercial, and business application, data base management, software techniques, word processing software, electronic funds, transfer systems, on-line acquiring systems, transactional processing systems, data capture, data logging, data preparation, computer graphics, plotting and charting software, process control software, simulation and modelling.
2. To import, export, purchase or sell, manufacture and deal in all kinds of computer peripherals and accessories equipment's and systems including digital, analogue, hybrid, main-frame computer, super-mini, super micro, micro computers, dumb and intelligent computer terminals, specialized financial, retail engineering, receipting terminal and controller systems, electronic fuel transistor, Automatic Tele Machines, Post of sale equipments, data entry and capture equipment, distributive and processing networks data communications equipment, monitors, emulators, floppy, mini-floppy disc drives, diskettes, mini diskettes drives, data cassette recorders, card readers, card punchers, optical character recogniser, magnetic ink readers, Winchester technology, hard disk, cartridge hard disks, matrix character, impact, non-impact, thermal ink jet, laser printing systems, electric sensitive wheel and ball printers, oscillatory and graphic printers, plotters X-Y recorders, strip chart recorders, micro processor kit, computer game sets and build-up systems, computer clips and components, computer stationeries, forms, other original equipment manufacturer products and spare parts for all these equipment and to repair, refurbish and perform remedial services to the above mentioned equipments.
3. To carry on as advisors, consultants, contractors, to any persons, firms, corporations requiring knowledge, expertise or know-how in the field of computers, data processing, information, retrieval, modern scientific techniques of information and all things used in connection therewith and to organize, run and give seminars, training, general and specific courses on computer system software, hardware and applications.
4. To carry on business of imparting training in computers and software for clients in India and abroad.
5. To establish, provide, maintain and conduct or otherwise subsidise research laboratories, experimental stations, workshops and libraries for scientific, industrial, commercial and technical research and experiments; to undertake and carry on scientific, industrial, commercial, economic, statistical and technical research, surveys and investigations; to promote studies, research, investigation and invention, both scientific and technical by providing subsidising endowing or assisting laboratories, colleges, universities, workshops, libraries, lectures, meetings, exhibitions and conferences and by providing for the remuneration to the scientists, scientific or technological professors or teachers and the award of scholarship, grants and prizes, generally to encourage, promote, and reward studies, research, investigation, experiments, tests and inventions of any kind.
6. To carry on the business as importer, exporter, buyers, lessors and sellers of and in dealers in all types of electronic components and equipments necessary for attaining the above objects.

#### **Amendments to our Memorandum of Association**

<b>Sr. No</b>	<b>Date</b>	<b>Amendments</b>
1.	June 16, 1999	Increase in authorised share capital from ₹ 500,000 to ₹ 150,000,000.
2.	July 22, 2005	Increase in authorised share capital from ₹ 150,000,000 to ₹ 300,000,000.
3.	September 18, 2008	Increase in authorised share capital from ₹ 300,000,000 to ₹ 500,000,000.

There have been no changes in our activities which may have had a material effect on the statement of profit/loss for the five years, including discontinuance of lines of business, loss of agencies or markets and similar factors.

## **Our Corporate Structure**

We have 8 (eight) direct Subsidiaries, 1 (one) step down subsidiary and one Associate company as on the date of this Draft Letter of Offer

### **Our Subsidiaries**

The following are the direct Subsidiaries of our Company:

- (i) Ramco Systems Corporation, USA;
- (ii) Ramco Systems Limited, Switzerland;
- (iii) Ramco Systems SDN BHD, Malaysia;
- (iv) Ramco Systems Pte Limited, Singapore;
- (v) RSL Enterprise Solutions (Pty) Limited, South Africa;
- (vi) Ramco Systems FZ-LLC, Dubai;
- (vii) RSL Software Company Limited, Sudan;
- (viii) Ramco Systems Australia Pty Ltd, Australia

The following is the step down Subsidiary of our Company:

- (ix) Ramco Systems Canada Inc (*subsidiary through Ramco Systems Corporation, USA*);

#### **(i) Ramco Systems Corporation, USA (“Ramco USA”)**

Ramco Systems Corporation, USA (Ramco, USA) was incorporated on October 1, 1992 as a Subsidiary of Ramco Industries Limited. Subsequently, in 1999 Ramco, USA became a subsidiary of the Company, pursuant to the Company’s acquisition of 98% of the share capital held by Ramco Industries Limited. The registered office of Ramco, USA is located at 18510, Decatur Road, Monte Sereno, California – 95030, USA. Ramco, USA is engaged in the business of marketing the products and services of the parent company Ramco Systems Limited, India.

The authorized share capital of Ramco, USA is 200,000,000 equity shares and the paid up share capital of Ramco, USA is 197,564,550 equity shares of USD 0.0145 each.

#### **(ii) Ramco Systems Limited, Switzerland (“Ramco Switzerland”)**

Ramco Systems Limited, Switzerland (Ramco, Switzerland) was incorporated on July 26, 1995 as a joint venture partnership between Ramco Industries Limited and Univag AG of Switzerland. In 1996, Ramco Industries Limited acquired all the shares held by Univag AG and converted the joint venture into a wholly owned subsidiary. Subsequently, in 1999 Ramco, Switzerland became our subsidiary, pursuant to our acquisition of Ramco Industries Limited investment in it. The registered office of Ramco, Switzerland is located at Lange Gasse 90, Postfach CH-4020, Basel, Switzerland. Ramco, Switzerland is engaged in the business of marketing the products and services of its parent company Ramco Systems Limited, India and providing software development and related business activities.

The authorized share capital of Ramco, Switzerland is 1,400,000 equity shares of CHF 1 each and the paid up share capital of Ramco, Switzerland is 1,400,000 equity shares of CHF 1 each.

#### **(iii) Ramco Systems SDN BHD, Malaysia (“Ramco Malaysia”)**

Ramco Systems Sdn Bhd, Malaysia (Ramco, Malaysia) was incorporated on May 03, 1995 under the laws of Malaysia bearing the registration no. 342313-W as evidenced in the Certificate of Incorporation dated May 03, 1995 issued by Pejabat Pendaftar Sysrikat, Malaysia. Ramco, Malaysia was incorporated as a wholly-owned Subsidiary of Ramco Industries Limited. Thereafter, in the year 1999, Ramco, Malaysia became the Subsidiary of our Company pursuant to acquisition of the shares held by Ramco Industries Limited. The registered office of Ramco, Malaysia is situated at Lot

6.05 Level 6, KPMG Tower, 8, First Avenue, Bandar Utama, 47800, Petaling Jaya, Malaysia. . Ramco, Malaysia is engaged in marketing the products and services of our Company.

The authorized share capital of Ramco, Malaysia is 1,500,000 equity shares of MYR 1 each and the paid up share capital of Ramco, Malaysia is 1,280,000 equity shares of MYR 1 each.

**(iv) Ramco Systems PTE. Limited, Singapore (“Ramco Singapore”)**

Ramco Systems Pte Ltd (Ramco, Singapore) was incorporated on October 17, 1995 under the laws of Singapore bearing the registration no. 199507354G as evidenced in the Certificate of Incorporation dated October 17, 1995 issued by Registrar of Companies and Businesses, Singapore. Ramco, Singapore was incorporated as a wholly-owned Subsidiary of Ramco Industries Limited. Thereafter, in the year 1999, Ramco, Singapore became the Subsidiary of the Company pursuant to acquisition of the shares held by Ramco Industries Limited. The registered office of Ramco, Singapore is situated at 78, Shenton Way, #26-02A, Singapore-079120. Ramco, Singapore is engaged in marketing the products and services of our Company and providing software development and related business activities in Singapore and certain other countries in the South East Asian region.

The paid up share capital of Ramco, Singapore is 725,000 equity shares of SGD 1 each.

**(v) RSL Enterprise Solutions Pty Limited, South Africa (“RSL, South Africa”)**

RSL Enterprise Solutions (Pty) Ltd, South Africa (RSL, South Africa) was incorporated on October 10, 2002 as Exclusive Access Trading 8 (Pty) Limited under the laws of South Africa bearing the registration no. 2002/025014/07 as evidenced in the certificate of incorporation dated October 10, 2002 issued by Registrar of Companies and Close Corporations, South Africa. In 2003, it became the wholly owned subsidiary of the Company, and its name was changed to RSL Enterprise Solutions (Pty) Ltd. The registered office of RSL, South Africa is situated at 20 Kingsmead, Boulevard, Kingsmead Office Park, Durban- 4001. RSL, South Africa is engaged in marketing the products and services of the Company and providing software development and related business activities.

The authorized share capital of RSL, South Africa is 100 equity shares divided into ZAR 100 each and the paid up share capital of RSL, South Africa is 100 equity shares of ZAR 1 each.

**(vi) Ramco Systems FZ-LLC, Dubai (“Ramco, Dubai”)**

Ramco Systems FZ-LLC, Dubai (Ramco, Dubai) was incorporated on June 22, 2011 as a wholly owned Subsidiary of the Company under the laws of Dubai Technology and Media Free Zone Private Companies Regulations, 2003 bearing the registration no. 18888 as evidenced in the certificate of incorporation dated June 22, 2011 issued by The Registrar of Companies of the Dubai Technology and Media Free Zone Authority. The registered office of Ramco, Dubai is situated at Office No. 111, EIB Building, Dubai Internet City, Dubai. Ramco, Dubai is engaged in the business of software implementation and services for the software of our Company.

The authorized share capital of Ramco, Dubai is 50 equity shares of AED 1000 each and the paid up share capital of Ramco, Dubai is 50 equity shares of AED 1000 each.

**(vii) RSL Software Company Limited, Sudan (“RSL, Sudan”)**

RSL Software Company Ltd, Sudan (RSL, Sudan) was incorporated on February 26, 2012 as a wholly owned Subsidiary of the Company under the laws of Sudan Companies Ordinance, 1925 bearing the registration no. 40403 as evidenced in the certificate of incorporation dated February 26, 2012 issued by Commercial Registrations Department, Ministry of Justice, The Republic of Sudan. The registered office of RSL, Sudan is situated at House No 306, Second Floor, Block 21, Riyadh, Khartoum, Sudan. RSL, Sudan is engaged in the business of software implementation and services for the software of our Company.



The authorized share capital of RSL, Sudan is 1,000,000 equity shares of SDG 1 each and the paid up share capital of RSL, Sudan is 1,00,000 equity shares of SDG 1 each.

**(viii) Ramco Systems Australia Pty Ltd., Australia (“Ramco, Australia”)**

Ramco Systems Australia Pty Ltd (Ramco, Australia) was incorporated on August 20, 2012 under the laws of Australia bearing the registration no. 15 159 974 946 as evidenced in the certificate of incorporation dated August 20, 2012 issued by Australian Business Registrar. The registered office of Ramco, Australia is situated at 1198, Toorak Road, Camberwell, Victoria 3124. Ramco, Australia is engaged in marketing the products and services of the Company.

The paid up share capital of Ramco, Australia is 250,000 equity shares of AUD 1 each.

**Step down subsidiary**

**Ramco Systems Canada Inc (subsidiary through Ramco Systems Corporation, USA)**

Ramco Systems Canada, Inc (Ramco, Canada) was incorporated on September 30, 2010 as a Subsidiary of Ramco Systems Corporation, USA, which is in turn a Subsidiary of the Company. The registered office of Ramco, Canada is located at World Exchange Plaza, 45, O’Connor St. Suite, 1150, Ottawa, Ontario, Canada. Ramco, Canada is engaged in the business of marketing the products and services of Ramco Systems Limited, India.

The paid up share capital of Ramco, Canada is 10,000 equity shares of CAD 1 each.

**Our Associate**

**CityWorks (Pty) Limited, South Africa (“CityWorks”)**

CityWorks, earlier known as Redlex 47 Pty Limited, was incorporated by way of a shareholders agreement between RSL Enterprise Solutions Pty Limited and Dream World Investments 48, Pty. Limited (“Dream World”) on February 5, 2004. For more details on the Shareholders Agreement, please refer to page 80 of this Draft Letter of Offer. The registered office of CityWorks is located at 1 Kingsmead, Boulevard, Kingsmead Office Park, Durban, 40011. CityWorks is engaged in marketing our products and services and providing software development and related business activities.

**Key Events and Milestones**

Following are some of the key events and milestones in relation to our Company:

<b>Year</b>	<b>Events</b>
1997	- Ramco Systems Limited incorporated as a public limited company;
1999	- Demerger Scheme sanctioned by the Honorable High Court of Madras - Launch of web-enabled ERP, e.Applications 3.1
2001	- Release of Ramco Virtual Works™ 1.0, Enterprise Application Framework
2002	- Ramco Enterprise Solutions Pty Limited, South Africa incorporated; - Development Centres assessed at SEI-CMM Level 4; - Release of Ramco Business Decisions (Business Intelligence Solution)
2003	- Release of Ramco DecisionWorks (CPM platform); - ISO 9001 : 2000 certified; - ASP Gold Award in category “Most innovative solution” at CEBIT in Hannover for Triamun solution - Rights issue of 3,872,511 equity shares aggregating to ₹ 774.50 million
2004	- Release of Ramco VirtualWorks 2.0, Virtual Software Factory; - Virtual Shoring Operations commenced with eThekwin Municipality in South Africa
2005	- Microsoft Gold Certified Partner

Year	Events
	<ul style="list-style-type: none"> <li>- SEI CMM Level 5 accreditation</li> <li>- Rights issue of 3,070,757 equity shares aggregating to ₹ 644.86/- million</li> </ul>
2006	<ul style="list-style-type: none"> <li>- Adjudged second year in a row as No. 1 in customer satisfaction in the Enterprise Solutions market by Dataquest-IDC.</li> </ul>
2007	<ul style="list-style-type: none"> <li>- Launched Ramco Enterprise Series- Basic.</li> <li>- Ramco Flexi launched</li> </ul>
2008	<ul style="list-style-type: none"> <li>- Launched Ramco Virtual works 3.0</li> <li>- Joined Open compliance and Ethics Group (OCEG).</li> <li>- Entry into the BPO space</li> <li>- Launch of Ramco On Demand ERP</li> </ul>
2009	<ul style="list-style-type: none"> <li>- Release of Aviation M&amp;E / MRO Enterprise Product Suite Series 5.1</li> </ul>
2010	<ul style="list-style-type: none"> <li>- Release of Aviation M&amp;E / MRO Enterprise Product 5.2</li> <li>- Release of EDK (Extension Development Kit), ITK (Implementation Tool Kit, and PDK (partner Development Kit)</li> <li>- Launched ERP on the Cloud - Ramco On Demand ERP version 2.0 Launched Ramco Equipment Rental and Management Solution, Ramco Aviation and Analytics Solution and Hospital Medical Management Solutions</li> </ul>
2011	<ul style="list-style-type: none"> <li>- Awarded for 'Operational Excellence and Quality' at the BPO Excellence Awards 2010-2011</li> <li>- Launch of Ramco On Demand Analytics &amp; Gateway Products on the Cloud</li> <li>- Launch of ADF (Automated Data Flow) solution for Banking industry</li> </ul>
2012	<ul style="list-style-type: none"> <li>- Appointment of Mr. Virender Aggarwal as CEO</li> <li>- Launch of Ramco ERP on Cloud globally with Amazon Web Services</li> </ul>
2013	<ul style="list-style-type: none"> <li>- Integration with Google Maps, ensuring spatial capability with features like Location-aware and Visualization capabilities</li> <li>- Launch of Aviation on Cloud for Heli-operators</li> <li>- Signing of strategic partnership with Eurocopter</li> <li>- Global launch of HCM on Cloud</li> </ul>

### Strategic Partners

We have not entered into any strategic partnership agreements. However, we have entered into business partner agreements, technology partnership agreements, referral agreements and teaming agreements with some of our customers.

### Financial Partners

We have not entered into any financial partnership agreements.

### Shareholders Agreement

There is no subsisting shareholders' agreement among our shareholders in relation to, to which we are a party or otherwise has notice of the same.

However, our wholly owned Subsidiary, Ramco Enterprise Solutions Pty Limited has entered into a shareholders agreement with Dream World Investments 48 (Proprietary) Limited ("Dream World") on February 5, 2004, to invest in CityWorks (Pty) Limited earlier known as Redlex 47 (Pty) Limited, for providing information technology solutions, primarily in South Africa. Ramco Enterprise Solutions Pty Limited has the option over time to reduce its current shareholding of 30% in CityWorks to a mutually acceptable minimum level. The salient features of this shareholders agreement are:

Sl. No.	Clauses	Particulars
1.	Services	CityWorks shall provide services such as software code writing/generation, blue printing and other services towards implementation of the IT solutions, technical support, updates, marketing, consultancy on hardware procurement, networking, and security in connection with networking, other technical support, training support and supply of competent personnel. We are also required to host our proprietary Ramco VirtualWorks platform at the premises of Redlex's clients
2.	Directors and Management	There shall be a minimum of four directors out of which Ramco Enterprise Solutions Pty Limited and Dream World shall appoint two directors each. As long as the shareholding of Ramco Enterprise Solutions Pty Limited, in CityWorks does not fall below 15% it shall have the right to appoint two directors. In the event that the shareholding falls below 15% but, not below 5% then they shall have the right to appoint one director. The first chairperson to the board of directors shall be appointed by Dream World, for a period of two years and thereafter the chairperson shall alternate between the directors appointed by Ramco Enterprise Solutions Pty Limited and Dream World
3.	Disposal of Shareholding	Any shareholder intending to sell, transfer or in any manner alienate any portion or all of its equity shall give not less than three months written notice to the directors of CityWorks
4.	Termination	The agreement may be terminated at any time in writing by all the shareholders and shall terminate automatically without notice on the date when all the shares are beneficially owned by one shareholder. Further in case of a default or breach of the agreement, a non-defaulting shareholder may terminate the Agreement, by notice in writing to the defaulting shareholder
5.	Intellectual Property	Upon the termination of the agreement for any reason, the right of CityWorks to use and exploit intellectual property of Ramco Systems Limited or Ramco RSA shall also terminate. All intellectual property in relation to RamcoVirtualWorks and other pre built components in relation to Ramco RSA or Ramco Systems Limited will always belong to Ramco Systems Limited
6.	Governing Laws	The agreement shall be governed by the laws of South Africa

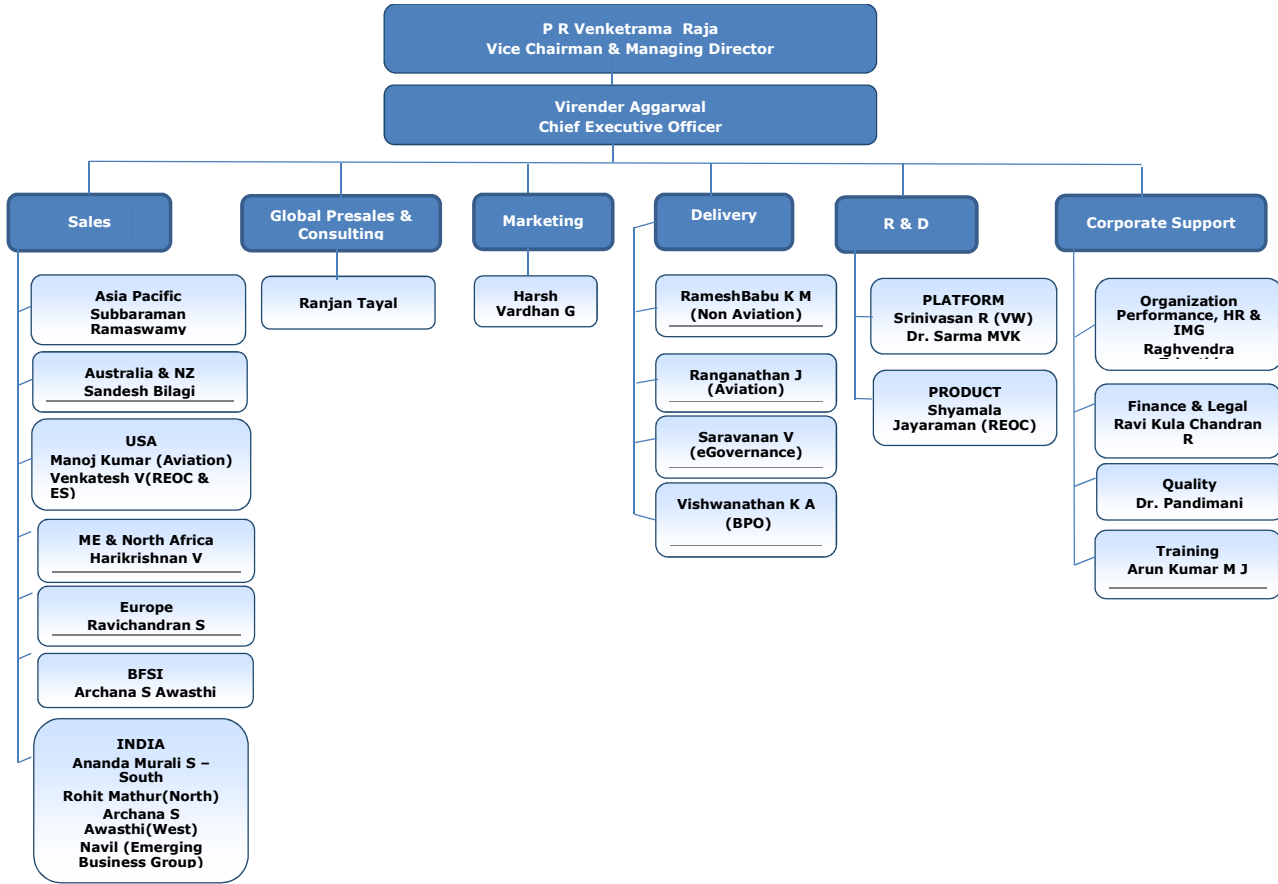
### Conflict of Interest

We confirm that none of our group companies are engaged in the same business that we undertake. However, our Associate company, CityWorks (Pty) Limited, Durban is engaged in a business similar to that of ours. The said Associate Company had been set up for doing business with the local government municipalities which in turn would place orders on our South African subsidiary. It is to be noted however that we do not have any non-compete arrangements and are free to compete with our Associate Company in South Africa.

**SECTION V**  
**OUR MANAGEMENT**

The following chart illustrates the management structure of our Company as on the date of this Draft Letter of Offer:

**Management Organisation Chart**



## Board of Directors

As per our Articles of Association we cannot have less than 3 and not more than 12 Directors. Our Board presently comprises 8 Directors, which consists of 7 non-executive Directors, out of which 4 are independent Directors. Our Chairman is a non-executive Promoter Director.

Sl. No.	Name, Designation, Occupation, Address and Date of Appointment	Nationality	Age (years)	Director Identification Number	Term	Other Directorships (as on March 31, 2013)
1.	<p><b>Mr. P R Ramasubrahmaneya Rajha,</b></p> <p><b>Designation:</b> Chairman, Non-Executive Promoter Director</p> <p><b>Occupation:</b> Industrialist</p> <p><b>Address:</b> R/o "Ramamandiram" Tenkasi Road, Rajapalayam 626 117</p> <p><b>Date of Appointment:</b> Since incorporation</p>	Indian	78	00331357	Subject to retirement by rotation	<p><b>Listed Companies</b></p> <ul style="list-style-type: none"> <li>▪ Madras Cements Limited (currently known as Ramco Cements Limited)</li> <li>▪ Rajapalayam Mills Limited</li> <li>▪ Ramco Industries Limited</li> <li>▪ The Ramaraju Surgical Cotton Mills Limited</li> <li>▪ Thanjavur Spinning Mill Limited</li> </ul> <p><b>Unlisted Companies</b></p> <ul style="list-style-type: none"> <li>▪ Sri Vishnu Shankar Mill Limited</li> <li>▪ Sandhya Spinning Mill Limited</li> <li>▪ Sudharsanam Investments Limited</li> <li>▪ Madras Chipboards Limited</li> <li>▪ Sri Harini Textiles Limited;</li> <li>▪ Sri Sandhya Farms (India) Private Limited;</li> <li>▪ Sri Saradha Deepa Farms Private Limited</li> <li>▪ Ramamandiram Agricultural Estate Private Limited</li> <li>▪ Nalina Agricultural Farms Private Limited</li> <li>▪ RCDC Securities and Investments Private Limited;</li> <li>▪ Nirmala Shankar Farms &amp; Estates Private Limited</li> <li>▪ Sri Nithyalakshmi Farms Private Limited</li> <li>▪ Ram Sandhya Farms Private Limited</li> <li>▪ Rajapalayam Spinners Limited</li> <li>▪ Ramco Management Private Ltd.</li> <li>▪ Sri Ramco Lanka (Private)</li> </ul>

Sl. No.	Name, Designation, Occupation, Address and Date of Appointment	Nationality	Age (years)	Director Identification Number	Term	Other Directorships (as on March 31, 2013)
						Ltd., Srilanka <ul style="list-style-type: none"> <li>▪ Shri Harini Media Private Limited</li> <li>▪ Deccan Renewable Wind Electrics Limited</li> <li>▪ Sri Ramco Roofings Lanka Private Limited (Sri Lanka Company)</li> </ul> <p style="text-align: center;"><b><u>Subsidiaries</u></b></p> Ramco Systems Corporation, USA
2	<p><b>Mr. P R Venketrama Raja,</b> S/o Mr. P. R. Ramasubrahmaneya Rajha,</p> <p><b>Designation:</b> Vice-Chairman and Managing Director</p> <p><b>Occupation:</b> Industrialist</p> <p><b>Address:</b> R/o “Ramamandiram” Tenkasi Road, Rajapalayam 626 117</p> <p><b>Date of Appointment:</b></p> <p>Appointed as director since incorporation</p> <p>Re-Appointed as Managing Director from February 23, 2010.</p>	Indian	54	00331406	For 5 years effective February 23, 2010	<p style="text-align: center;"><b><u>Listed Companies</u></b></p> <ul style="list-style-type: none"> <li>▪ Ramco Industries Limited</li> <li>▪ Madras Cements Limited (currently known as Ramco Cements Limited)</li> <li>▪ Rajapalayam Mills Limited</li> <li>▪ The Ramaraju Surgical Cotton Mills Limited</li> <li>▪ Thanjavur Spinning Mill Limited</li> </ul> <p style="text-align: center;"><b><u>Unlisted Companies</u></b></p> <ul style="list-style-type: none"> <li>▪ Sri Vishnu Shankar Mill Limited</li> <li>▪ Sandhya Spinning Mill Limited</li> <li>▪ Sudharsanam Investments Limited</li> <li>▪ Sri Harini Textiles Limited</li> <li>▪ Sri Sandhya Farms (India) Private Limited</li> <li>▪ Sri Saradha Deepa Farms Private Limited</li> <li>▪ Ramamandiram Agricultural Estates Private Limited</li> <li>▪ Nalina Agricultural Farms Private Limited</li> <li>▪ RCDC Securities and Investments Private Limited</li> <li>▪ Nirmala Shankar Farms &amp; Estates Private Limited</li> <li>▪ Sri Nithyalakshmi Farms Private Limited</li> <li>▪ Ram Sandhya Farms Private Limited</li> </ul>

Sl. No.	Name, Designation, Occupation, Address and Date of Appointment	Nationality	Age (years)	Director Identification Number	Term	Other Directorships (as on March 31, 2013)
						<ul style="list-style-type: none"> <li>▪ Rajapalayam Spinners Limited</li> <li>▪ Sri Ramco Lanka (Private) Ltd., Srilanka</li> <li>▪ Deccan Renewable Wind Electrics Limited</li> <li>▪ Sri Ramco Roofings Lanka Private Limited, Sri Lanka</li> </ul> <p style="text-align: center;"><b><u>Subsidiaries</u></b></p> <ul style="list-style-type: none"> <li>▪ Ramco Systems Corporation, USA</li> <li>▪ Ramco Systems Limited, Switzerland</li> <li>▪ Ramco Systems Sdn Bhd., Malaysia</li> <li>▪ Ramco Systems Pte. Ltd., Singapore</li> <li>▪ RSL Enterprise Solutions (Pty) Ltd., South Africa</li> <li>▪ Ramco Systems Canada Inc., Canada</li> <li>▪ Ramco Systems FZ-LLC, Dubai</li> <li>▪ Ramco Systems Australia Pty Limited, Australia</li> </ul>
3	<p><b>Mr. S. S. Ramachandra Raja,</b></p> <p><b>Designation:</b> Non Executive and Non Independent Director</p> <p><b>Occupation:</b> Business</p> <p><b>Address:</b> R/o 58, PSK Nagar, Rajapalayam 626108</p> <p><b>Date of Appointment:</b> Since incorporation</p>	Indian	77	00331491	Subject to retirement by rotation	<p><b><u>Listed Companies</u></b></p> <ul style="list-style-type: none"> <li>▪ Ramco Industries Limited</li> <li>▪ Rajapalayam Mills Limited</li> </ul> <p><b><u>Unlisted Companies</u></b></p> <ul style="list-style-type: none"> <li>▪ Sri Vishnu Shankar Mill Limited</li> <li>▪ Ramco Management Private Limited</li> </ul>
4	<p><b>Mr. N.K. Shrikantan Raja</b></p> <p><b>Designation:</b> Independent Director</p>	Indian	64	00350693	Subject to retirement by rotation	<p><b><u>Listed Companies</u></b></p> <ul style="list-style-type: none"> <li>▪ Ramco Industries Limited</li> <li>▪ The Ramaraju Surgical Cotton Mills Limited</li> </ul>

Sl. No.	Name, Designation, Occupation, Address and Date of Appointment	Nationality	Age (years)	Director Identification Number	Term	Other Directorships (as on March 31, 2013)
	<p><b>Occupation:</b> Business</p> <p><b>Address:</b> R/o Bhavanam 102, PSK Nagar, Rajapalayam 626108</p> <p><b>Date of Appointment:</b> Since incorporation</p>					<p><b><u>Unlisted Companies</u></b></p> <ul style="list-style-type: none"> <li>▪ Sandhya Spinning Mill Limited</li> <li>▪ Sri Vishnu Shankar Mill Limited</li> <li>▪ Sri Yannarkay Servicers Limited</li> <li>▪ Sudharsanam Investments Limited</li> <li>▪ N. R. K. Construction Systems Private Limited</li> <li>▪ N. R. K. Infra System Private Limited</li> <li>▪ Sri Harini Textiles Limited</li> </ul>
5	<p><b>Mr. M. M. Venkatachalam,</b></p> <p><b>Designation:</b> Independent Director</p> <p><b>Occupation:</b> Industrialist</p> <p><b>Address:</b> R/o 10 Valliammai Achi Street, Kotturpuram, Chennai 600 085</p> <p><b>Date of Appointment:</b> April 05, 2001</p>	Indian	54	00152619	Subject to retirement by rotation	<p><b><u>Listed Companies</u></b></p> <ul style="list-style-type: none"> <li>▪ Coromandel Engineering Company Limited</li> <li>▪ Sabero Organics Gujarat Limited</li> <li>▪ Coromandel International Limited</li> </ul> <p><b><u>Unlisted Companies</u></b></p> <ul style="list-style-type: none"> <li>▪ M.M. Muthiah Sons Private Limited</li> <li>▪ Parry Agro Industries Limited</li> <li>▪ Cholamandalam Factoring Limited</li> <li>▪ Pollutech Limited</li> <li>▪ Parry Murray &amp; Co. Limited, UK</li> <li>▪ Ambadi Enterprises Limited</li> <li>▪ USV Limited</li> <li>▪ M.M. Muthiah Research Foundation</li> <li>▪ New Ambadi Estates Private Limited</li> <li>▪ Parry Murray and Company Furnishings &amp; Floor Coverings (India) Private Limited</li> <li>▪ Ambadi Investments Private Limited</li> <li>▪ Alampara Hotels and Resorts</li> </ul>



Sl. No.	Name, Designation, Occupation, Address and Date of Appointment	Nationality	Age (years)	Director Identification Number	Term	Other Directorships (as on March 31, 2013)
						Private Limited
6	<p><b>Mr. V Jagadisan</b></p> <p><b>Designation:</b> Independent Director</p> <p><b>Occupation:</b> Chartered Accountant</p> <p><b>Address:</b> R/o New No 3, 1st Main Road, Gandhi Nagar, Adyar, Chennai 600 020</p> <p><b>Date of Appointment:</b> June 15, 2001</p>	Indian	80	00058769	Subject to retirement by rotation	<p><b>Listed Companies</b></p> <ul style="list-style-type: none"> <li>▪ KG Denim Limited</li> </ul> <p><b>Unlisted Companies</b></p> <ul style="list-style-type: none"> <li>▪ PEC Potentiometers Limited</li> </ul>
7	<p><b>Mr. A V Dharmakrishnan</b></p> <p><b>Designation:</b> Non Executive, Non Independent Director</p> <p><b>Occupation:</b> Corporate Executive</p> <p><b>Address:</b> R/o. No.23, Saravana Street, T Nagar, Chennai 600 017</p> <p><b>Date of Appointment:</b> January 31, 2008</p>	Indian	56	00693181	Subject to Retirement by Rotation	<p><b>Listed Companies</b></p> <ul style="list-style-type: none"> <li>▪ Rajapalayam Mills Limited</li> </ul> <p><b>Unlisted Companies</b></p> <ul style="list-style-type: none"> <li>▪ Ontime Industrial Services Limited</li> </ul>
8	<p><b>Mr. R S Agarwal,</b></p> <p><b>Designation:</b> Independent Director</p> <p><b>Occupation :</b> Business</p> <p><b>Address:</b> A -102, Chaitanya Towers, Near Karur Vysya Bank, Prabhadevi, Mumbai – 400 025</p>	Indian	70	00012594	Subject to Retirement by Rotation	<p><b>Listed Companies</b></p> <ul style="list-style-type: none"> <li>▪ Madras Cements Limited (currently known as Ramco Cements Limited)</li> <li>▪ Ramco Industries Limited</li> <li>▪ Videocon Industries Limited</li> <li>▪ Surya Lata Spinning Mills Limited</li> <li>▪ Suryalakshmi Cotton Mills Limited</li> <li>▪ Elegant Marbles &amp; Grani</li> </ul>

Sl. No.	Name, Designation, Occupation, Address and Date of Appointment	Nationality	Age (years)	Director Identification Number	Term	Other Directorships (as on March 31, 2013)
	<b>Date of Appointment:</b> May 29, 2009					Industries Limited.  <b>Unlisted Companies</b> <ul style="list-style-type: none"> <li>▪ GVK Jaipur Expressway Private Limited</li> <li>▪ Liberty Videocon General Insurance Company Limited</li> </ul>

### Brief Biography of our Directors

**Mr. P.R. Ramasubrahmaneya Rajha**, 78 years, *Chairman and Director* is the son of late Mr. P.A.C. Ramasamy Rajha, the founder of the Ramco group of industries. Mr. P. R. Ramasubrahmaneya Rajha obtained a bachelors degree in Physics from the University of Madras in 1955. Mr. P.R. Ramasubrahmaneya Rajha has over 51 years of professional experience. His line of experience has been in the overall managerial area. He began managing the Ramco group of industries in 1962. The Ramco Group is in businesses of Cotton Yarn, Cement, Fibre Cement Products and Software. Mr. P.R. Ramasubrahmaneya Rajha is also a member of the Executive Committee of the Tamil Nadu Chamber of Commerce & Industry and President of the Rajapalayam Chamber of Commerce & Industry.

**Mr. P. R. Venketrama Raja**, 54 years, *Vice Chairman, Managing Director* of our Company, is the son of Mr. P R Ramasubrahmaneya Rajha. He has a Bachelor's degree in Chemical Engineering from University of Madras in 1981 and a Masters in Business Administration from University of Michigan, USA in 1983. Mr. P. R. Venketrama Raja has over 30 years of professional experience. His line of experience has been in the overall managerial area. He is a founder member of M/s. Ramco Systems Limited. He is a member on the Board of several companies of well diversified Ramco Group of industries including Ramco Cements Limited and Ramco Industries Limited. He is an active member of Young President's Organization (YPO).

**Mr. S.S. Ramachandra Raja**, 77 years, *Non Executive Director*, holds a degree in Science from the University of Madras in 1956. Mr. S.S. Ramachandra Raja has over 57 years of professional experience. His line of experience has been in the overall managerial area. He is on the board of several companies, including Ramco Industries Limited, Rajapalayam Mills Limited, and Sri Vishnu Shankar Mill Limited. He has been on our Board since February 19, 1997.

**Mr. N.K. Shrikantan Raja**, 64 years, *Independent Director*, holds a degree in Commerce from University of Madras in 1971. Mr. N.K. Shrikantan Raja has over 42 years of professional experience. His line of experience has been in the overall managerial area. He is on the board of several companies, including Ramco Industries Limited and Sri Vishnu Shankar Mill Limited. He has been on our Board since February 19, 1997.

**Mr. M.M. Venkatachalam**, 54 years, *Independent Director*, has a graduate degree in agriculture from the University of Agricultural Sciences in Bangalore in 1980 and a Masters in Business Administration from the George Washington University, USA in 1985. Mr. M.M. Venkatachalam has over 28 years of professional experience. His line of experience has been in the overall managerial area. He was the Vice Chairman of The Planters' Association of Tamilnadu and the past president of The Employers' Federation of Southern India. He has been on our Board since April 5, 2001.

**Mr. V. Jagadisan**, 80 years, *Independent Director*, is a member of Institute of Chartered Accountants of India and qualified as a Chartered Accountant in the year 1956. Mr. V. Jagadisan has over 57 years of professional experience. He is a senior Chartered Accountant and a Tax Consultant in Chennai. He has been on our Board since June 15, 2001.

**Mr. A. V. Dharmakrishnan**, 56 years, *Non Executive Director*, is a member of Institute of Chartered Accountants of India and qualified as a Chartered Accountant in the year 1980. Mr. A.V. Dharmakrishnan has over 31 years of professional experience. He is currently the –Chief Executive Officer of MCL (*currently known as RCL*) and has been associated with MCL for 31 years since May 1982. He has been managing finance & related functions of MCL and advising the Ramco Group on financial matters. Mr. A. V. Dharmakrishnan is also a director on the Board of Rajapalayam Mills Limited and Ontime Industrial Services Limited. He has been on our Board since January 31, 2008.

**Mr. R.S. Agarwal**, 70 years, *Independent Director* is a Bachelor of Science and holds a Degree in Chemical Engineering from the Banaras Hindu University in the year 1965. He started his career in 1965 and after serving in various capacities with Star Paper Mills Limited for 9 years and with Industrial Development Company of India (IDBI) for 28 years, retired as an Executive Director of IDBI. While in service with IDBI, he had dealt with many subjects and projects including Member of "Satyam Committee" set up by Government of India in 1999-2000 for formulation of policy for textile industry, involvement in preparation of policy notes, detailed guidelines and implementation of "Technology Upgradation Fund (TUF)" introduced by the Ministry of Textiles, Government of India in April 1999, involvement in preparation of policy paper and guidelines on development of "Special Economic Zone" in the country for the Ministry of Commerce, Government of India in January 2002. He has headed the Infrastructure Finance Department and Project Appraisal Department of IDBI from February 1999 to March 2002, during which period about 30 large size power projects in the range of 250MW to 500MW were evaluated and sanctioned under assistance by IDBI.

Each of our Directors has confirmed that none of the shares of the listed companies, in which they are/were directors, have been/were suspended from being traded on the BSE. and/or NSE and/or any other stock exchanges at any period during the last five years from the date of this Draft Letter of Offer.

Each of our Directors have confirmed that none of the shares of the listed companies, in which they are/were directors have been/ were delisted on the BSE and/or NSE and/or any other stock exchanges, except as disclosed hereunder

S.No	Name of Director	Name of the Company	Name of the Stock Exchange listed on	Date of delisting	Compulsory or Voluntary Delisting	Reason for delisting	Date of relisting (if relisted)	Name of the Stock Exchange relisted on	Date of Appointment as Director	Term of Directorship
1	Mr. M. M. Venkatachalam	Parry Agro Industries Limited	Cochin  BSE, MSE & NSE	2008  2008	Voluntary  Voluntary	Due to insignificant trading  Delisting post open offer	N.A  N.A	N.A  N.A	November 19, 2003	Retirement by rotation
2	Mr. P. R. Ramasubrahmaneya Raja	Ramco Cements Limited	Bangalore Stock Exchange , Mangalore Stock Exchange and Calcutta Stock	2003-2004	Voluntary	Due to insignificant trading	N.A	N.A	March 20, 1958	Retirement by rotation

S.No	Name of Director	Name of the Company	Name of the Stock Exchange listed on	Date of delisting	Compulsory or Voluntary Delisting	Reason for delisting	Date of relisting (if relisted)	Name of the Stock Exchange relisted on	Date of Appointment as Director	Term of Directorship
			Exchange Ahmedabad Stock Exchange and Hyderabad Stock Exchange	2004-2005	Voluntary	Due to insignificant trading	N.A	N.A		
			Delhi Stock Exchange	2005-2006	Voluntary	Due to insignificant trading	N.A	N.A		
3	Mr. P. R. Venketrama Raja	Ramco Cements Limited	Bangalore Stock Exchange, Mangalore Stock Exchange and Calcutta Stock Exchange	2003-2004	Voluntary	Due to insignificant trading	N.A	N.A	May 23, 1985	Retirement by rotation
			Ahmedabad Stock Exchange and Hyderabad Stock Exchange	2004-2005	Voluntary	Due to insignificant trading	N.A	N.A		
			Delhi Stock Exchange	2005-2006	Voluntary	Due to insignificant trading	N.A	N.A		
4	Mr. R. S. Agarwal	Ramco Cements Limited	Bangalore Stock Exchange, Mangalore Stock Exchange and Calcutta Stock Exchange	2003-2004	Voluntary	Due to insignificant trading	N.A	N.A	January 30, 2006	Retirement by rotation
			Ahmedabad	2004-	Voluntary	Due to	N.A	N.A		

S.No	Name of Director	Name of the Company	Name of the Stock Exchange listed on	Date of delisting	Compulsory or Voluntary Delisting	Reason for delisting	Date of relisting (if relisted)	Name of the Stock Exchange relisted on	Date of Appointment as Director	Term of Directorship
			ad Stock Exchange and Hyderabad Stock Exchange	2005		insignificant trading				
			Delhi Stock Exchange	2005-2006	Voluntary	Due to insignificant trading	N.A	N.A		
		Suryalakshmi Cotton Mills Limited	Hyderabad Stock Exchange	2006-07	Voluntary	Due to insignificant trading	N.A	N.A	July 31, 2003	Retirement by rotation
			Delhi Stock Exchange	2004-05						

### Borrowing Powers of Directors

Pursuant to a resolution approved by our Shareholders at the AGM held on July 29, 2013, the current borrowing powers of the Directors pursuant to section 293(1)(d) of the Companies Act shall not exceed ₹ 5,000 million (Rupees Five Thousand million only) at any point in time, notwithstanding that the money to be borrowed together with the moneys already borrowed by the Company (excluding all temporary loans obtained by the Company from its bankers in the ordinary course of its business), will exceed the aggregate of the paid-up capital and free reserves of the Company, that is to say, reserves not set apart for any specific purpose.

### Compensation to our Directors

In the Board meeting held on June 15, 2001, it was resolved to pay only sitting fees to directors other than Executive directors for attending Board /Committee meetings, as follows:

Sr. No.	Meeting of Directors	Sitting Fees payable
1.	Board Meeting	₹5,000/-
2.	Audit Committee	₹5,000/-
3.	Shareholders Committee	₹2,500/-

All our Directors, including Independent Directors, may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a committee thereof as well as to the extent of other remuneration and reimbursement of expenses payable to them under our Articles of Association.

### Compensation to our Chairman

Mr. P.R. Ramasubrahmaneya Rajha was appointed as our Chairman and director since Incorporation. Our Chairman is entitled to sitting fees of ₹5,000/- per meeting of the Board and ₹2,500 for every meeting of the Shareholders Committee. Apart from the sitting fees, we are not paying him any kind of remuneration/compensation.

#### **Compensation to our Managing Director/ Whole-Time Directors/**

##### ***Mr. P R Venketrama Raja***

Pursuant to the resolution passed by the Board of Directors in its meeting dated January 28, 2010 Mr. P. R. Venketrama Raja has been re-appointed as Managing Director with effect from February 23, 2010 for a period of 5 years. The same has been subsequently ratified by the shareholders in the AGM dated August 2, 2010. The following board/shareholders resolution was passed pertaining to his remuneration:

#### **(A) Salary, Allowances, Perquisites And Commission:**

1. Not exceeding 5% of the Net Profits of the Company, computed in the manner laid down in the Companies Act and payable by way of Salary/ Allowances/ other Perquisites / benefits and/or Commission, as determined by the Remuneration Committee from time to time.
2. The Remuneration Committee is authorized to fix, alter, determine or vary from time to time the quantum and/or the composition of the Remuneration payable to the MD, including the modes of payment, in such manner and to such extent not exceeding the limits specified in the Companies Act, 1956 and/or Schedule XIII thereto or such other provisions as may be applicable in this regard, as in force from time to time.
3. Provided that that in accordance with the provisions of Section III of the Part II of the Schedule XIII to the Companies Act, the total remuneration payable by the Company and RIL, of which also Shri P.R. Venketrama Raja is the Vice-Chairman and Managing Director, shall not exceed 5% of the Net Profits of the Company or the Net Profits of RIL whichever is higher.

#### **(B) Minimum Remuneration:**

Where in any financial year during the currency of the tenure of the MD, we have Nil Profits or the Profits are inadequate, MD shall be paid remuneration as under:

1. Remuneration payable not exceeding the maximum remuneration payable under Section II (subject to Section III) of Part II of Schedule XIII to the Companies Act, 1956, based on the effective capital of the Company and in accordance with the approval of the Remuneration Committee at the relevant point of time.
2. Contributions to Provident Fund, Superannuation Fund or Annuity Fund to the extent singly or taken together are not taxable under the Income Tax Act, 1961;
3. Gratuity payable at a rate not exceeding half a month's salary for each completed year of service; and
4. Encashment of Leave at the end of the tenure.

#### **(C) General:**

1. The perquisites shall be valued in terms of the actual expenditure. However, where such actual expenditure cannot be ascertained, such perquisites shall be valued as per the Income Tax Rules.

2. MD shall not be entitled to any sitting fees for attending the meetings of the Board or of the Committee(s) of which he is a member.
3. MD shall be subject to all other service conditions and employee benefit schemes, as applicable to any other employee of the Company.

#### **Break up of Managing Director's remuneration for the Fiscal 2013**

<b>Sr No.</b>	<b>Particulars</b>	<b>Remuneration</b>
1.	Salary Basic Pay:	₹ 7,20,000 /- Per Annum
	<b>Total:</b>	<b>₹ 7,20,000/- Per Annum</b>
	Perquisites	
2.	House Rent Allowance	3,60,000/- Per Annum
3.	Provident Fund	86,400/- Per Annum

The above remuneration has been adjusted in the overall maximum remuneration payable by Ramco Industries Limited at 5% of its net profits computed in accordance with the said provisions of the said Act

#### **Family Relationship between our Directors**

None of our Directors are related to each other except the following:

- (a) Mr. P.R. Ramasubrahmaneya Rajha and Mr. P. R. Venketrama Raja who are father and son respectively.
- (b) Mr. S.S. Ramachandra Raja is the husband of Mr. P.R. Ramasubrahmaneya Rajha's sister.

#### **Shareholding of Board of Directors in our Company as of June 30, 2013**

<b>Name of Director</b>	<b>No. of Equity Shares held (Pre-Issue)</b>
P.R. Ramasubrahmaneya Rajha	3,62,469
P. R. Venketrama Raja	17,79,961
S.S. Ramachandra Raja	30,158
N.K. Shrikantan Raja	6,702
M.M. Venkatachalam	NIL
V. Jagadisan	NIL
A. V. Dharmakrishnan	2,484
R S Agarwal	NIL

#### **Interest of Directors**

Except as stated in Related Party Transactions appearing in the "Financial Information" on page 95 of this Draft Letter of Offer, and to the extent of shareholding, our Directors do not have any other interest in our business.

Our Directors do not have any interest in us other than to the extent of the remuneration or benefits to which they are entitled as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business and to the extent of the Equity Shares held by them, or funds controlled by them, if any, and options granted to them under the ESOP/ESOS.

Except for the following there are no outstanding options granted to our Directors under ESOS 2008, ESOS 2009 Plan A or ESOS 2009 Plan B:

Sl. No.	Name of the Director	Date of the Compensation committee meeting	No of options granted	Terms and Conditions
1.	Mr. A V Dharmakrishnan, Non-Executive Director	October 27, 2009	20,000	20,000 options was granted under ESOS 2009 - Plan A at an exercise price of ₹ 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., October 25, 2022
2.	Mr. A V Dharmakrishnan, Non-Executive Director	December 22, 2011	20,000	20,000 options was granted under ESOS 2009 - Plan A at an exercise price of ₹ 61 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., December 21, 2024
3.	Mr. A. V. Dharmakrishnan, Non-Executive Director	May 17, 2012	45,000	20,000 options was granted under ESOS 2009 - Plan A and 25,000 options under ESOS 2009 – Plan B at an exercise price of ₹ 10 per share as per SEBI guidelines with a vesting period of 1 year and an exercise period of 10 years from the date of vesting, i.e., May 16, 2023.
4.	Mr. A.V. Dharmakrishnan, Non-Executive Director	May 31, 2013	5,000	5,000 options was granted under ESOS 2009 - Plan A at an exercise price of ₹ 10 per share as per SEBI guidelines with a vesting period of 1 year and an exercise period of 10 years from the date of vesting, i.e., May 30, 2024.

Except as stated otherwise in this Draft Letter of Offer, we have not entered into any contract, agreement or arrangement during the preceding two (2) years from the date of this Draft Letter of Offer, in which the Directors are interested directly or indirectly and no payments have been made to them in respect of these contracts, agreements or arrangements or are proposed to be made to them.

#### **Nominee Directors or members of Senior Management**

None of our Directors or senior managerial personnel has been appointed pursuant to any arrangement or understanding with any banks, customers or vendors, we have dealt with or are presently dealing with.

#### **Arrangements with Directors**

Except as stated above under the heading “**Compensation to our Directors**” “**Compensation to our Chairman**” and “**Compensation to our Managing Director/Whole-Time Directors**”, there are presently no contracts or other arrangements between our Company and our Directors with respect to their compensation or other benefits (including any benefits post their tenure or upon termination).



## SECTION VI – FINANCIAL INFORMATION

### FINANCIAL STATEMENTS

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

We have audited the accompanying financial statements of Ramco Systems Limited (‘the Company’) which comprise the Balance Sheet as at 31<sup>st</sup> March, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

#### Management’s Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 (“the Act”). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor’s Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2013;
- (ii) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
- (iii) in the case of the Cash Flow Statement, of the cash flow for the year ended on that date.

#### Report on Other Legal and Regulatory Requirements

- 1 As required by the Companies (Auditor’s Report) Order, 2003 (“the Order”), as amended, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- 2 As required by Section 227(3) of the Act, 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 purpose of our audit;

- (b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- (c) the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- (d) in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956; and
- (e) on the basis of written representations received from the directors as on 31<sup>st</sup> March, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

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

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

Place : Chennai  
Date : 30<sup>th</sup> May, 2013

## ANNEXURE TO THE AUDITOR'S REPORT

Annexure referred to in our report of even date on the accounts for the year ended 31<sup>st</sup> March, 2013;

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation 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 ₹ 1,620.00 million during the year from a party listed in the Register maintained under Section 301 of the Companies Act, 1956. The year end balance is ₹ 137.50 million and the maximum outstanding during the year is ₹ 682.50 million. No loans have been granted to any such parties by the Company.  
(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 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 and 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, 2013 for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, there are disputed statutory dues aggregating to Rs.13.29 million. that have not been deposited on account of matters pending before appropriate authority, are as under:

<b>Name of the statute</b>	<b>Nature of dues</b>	<b>Forum where dispute is pending</b>	<b>(₹ million.)</b>
Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	9.84
Wealth Tax Act, 1957	Wealth Tax	Commissioner of Wealth Tax (Appeals)	2.50
Central Sales Tax Act, 1956	Central Sales Tax	Appellate Deputy Commissioner (CT)	0.95

- (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 or in the immediately preceding 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 any 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, 2013

**BALANCE SHEET AS AT MARCH 31, 2013**

	Note	As at 31.03.2013 (₹ million.)	As at 31.03.2012 (₹ million.)
	Number		
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	2	157.73	155.52
Reserves and Surplus	3	<u>1,341.32</u>	<u>1,507.67</u>
		<u>1,499.05</u>	<u>1,663.19</u>
<b>Share Application Money Pending Allotment</b>	4	-	0.56
<b>Non-current Liabilities</b>			
Long Term Borrowings	5	11.98	7.39
Other Long Term Liabilities	6	38.40	40.75
Long Term Provisions	7	<u>98.70</u>	<u>72.28</u>
		<u>149.08</u>	<u>120.42</u>
<b>Current Liabilities</b>			
Short Term Borrowings	8	2,852.50	1,985.00
Trade Payables	9	299.34	320.78
Other Current Liabilities	10	145.89	114.75
Short Term Provisions	11	<u>2.52</u>	<u>34.58</u>
		<u>3,300.25</u>	<u>2,455.11</u>
<b>TOTAL</b>		<u>4,948.38</u>	<u>4,239.28</u>
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Fixed Assets	12		
- Tangible Assets		161.60	155.01
- Intangible Assets		2,075.91	1,661.53
Non-current Investments	13	1,239.31	1,222.57
Long Term Loans and Advances	14	128.75	104.70
Other Non-current Assets	15	-	-
		<u>3,605.57</u>	<u>3,143.81</u>
<b>Current Assets</b>			
Inventories	16	0.14	16.93
Trade Receivables	17	800.78	630.92
Cash and Bank Balances	18	51.94	34.75
Short Term Loans and Advances	19	106.40	86.83
Other Current Assets	20	<u>383.55</u>	<u>326.04</u>
		<u>1,342.81</u>	<u>1,095.47</u>
<b>TOTAL</b>		<u>4,948.38</u>	<u>4,239.28</u>

Notes on Financial Statements

1 to 36

As per our report annexed  
For CNGSN & Associates

**P R RAMASUBRAHMANEYA RAJHA**  
Chairman

**S S RAMACHANDRA  
RAJA**

Chartered Accountants  
Registration No.004915S

**C N GANGADARAN**

**P R VENKETRAMA**

**N K SHRIKANTAN RAJA**

**V JAGADISAN**

**M M VENKATACHALAM**

**RAJA**

Partner

Vice Chairman and Managing Director

Membership No.:11205

**A V DHARMAKRISHNAN  
R S  
AGARWAL**

Place : Chennai

**G VENKATRAM**

Date : 30<sup>th</sup> May, 2013

Company Secretary

Directors

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2013**

	Note Number	Year ended 31.03.2013 (₹ million.)	Year ended 31.03.2012 (Rs. million.)
<b>INCOME</b>			
Revenue from Operations	21	1,690.93	1,518.24
Other Income	22	60.82	56.64
<b>Total Revenue</b>		<b>1,751.75</b>	<b>1,574.88</b>
<b>EXPENDITURE</b>			
Changes in Inventories of Finished Goods, Stock-in-process and Stock-in-trade	23	16.79	(15.90)
Purchase of Stock-in-trade		59.92	29.37
Employee Benefit Expense	24	888.33	718.02
Finance Costs	25	60.52	25.64
Depreciation and Amortisation Expense	12	324.00	273.36
Other Expenses	26	590.28	573.97
<b>Total expenses</b>		<b>1,939.84</b>	<b>1,604.46</b>
<b>Profit / (Loss) Before Tax</b>		<b>(188.09)</b>	<b>(29.58)</b>
Tax Expenses			
- Current Tax	11	-	-
<b>Profit / (Loss) For The Year</b>		<b>(188.09)</b>	<b>(29.58)</b>
Earnings per equity share (EPS) of face value of Rs.10 each;			
Basic & Diluted EPS (Rs.)		(12.01)	(1.91)
Weighted average number of Equity Shares outstanding - Basic		15,665,293	15,512,389
Weighted average number of Equity Shares outstanding - Diluted		16,094,293	15,605,539

Notes on Financial Statements

1 to 36

As per our report annexed <b>For CNGSN &amp; Associates</b> Chartered Accountants	<b>P R RAMASUBRAHMANEYA</b> <b>RAJHA</b> Chairman	<b>S S RAMACHANDRA</b> <b>RAJA</b> <b>N K SHRIKANTAN</b> <b>RAJA</b>
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Registration No.004915S

**C N GANGADARAN**  
Partner

Membership No.:11205

Place : Chennai  
Date : 30<sup>th</sup> May, 2013

**P R VENKETRAMA RAJA**  
Vice Chairman and Managing Director

**G VENKATRAM**  
Company Secretary

**V**  
**JAGADISAN**  
**M M**  
**VENKATACHALAM**  
**A V**  
**DHARMAKRISHNAN**

**R S AGARWAL**

Directors

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013**

	Year ended 31.03.2013 (Rs. million.)	Year ended 31.03.2012 (Rs. million.)
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Net Profit/(Loss) before tax as per Statement of Profit and Loss</b>	<b>(188.09)</b>	<b>(29.58)</b>
<b>Adjusted for:</b>		
Depreciation and Amortisation Expense	324.00	273.36
Bad debts written off	29.44	24.92
Finance Costs	60.53	25.64
(Profit)/Loss on Sale of Assets (Net)	4.66	1.62
Interest Income	(1.97)	(0.21)
Unrealised Exchange (Gain)/Loss	(12.21)	(33.56)
Employee Cost under ESOS/ESPS	15.91	-
<b>Operating Profit/(Loss) Before Working Capital Changes</b>	<b>232.27</b>	<b>262.19</b>
<b>Working Capital Changes:</b>		
Trade receivables, Loans & advances and Other current / Non-current assets	(289.74)	(87.30)
Earmarked balances with Banks - Margin money deposit	0.62	(0.10)
Inventories	16.79	(15.90)
Trade payables, Provisions and Other liabilities	(0.63)	(11.76)
<b>Cash Generated from Operations</b>	<b>(40.69)</b>	<b>147.13</b>
Taxes Paid	-	-
<b>Net Cash (Used in)/Generated from Operating Activities</b>	<b>(40.69)</b>	<b>147.13</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Addition to Fixed Assets	(526.07)	(411.12)
Investment in Equity of Subsidiaries	(16.74)	(0.62)
Loans to Subsidiaries-Net	(10.68)	-
Proceeds from Sale of Fixed Assets	2.53	1.42
Term deposit with Banks-others	(1.16)	(0.04)
Proceeds from Long Term Borrowings for assets under Hire purchase / Finance lease	13.47	6.14
Repayment of Long Term Borrowings for assets under Hire purchase / Finance lease	(6.47)	(9.15)
Interest Income	1.97	0.21
<b>Net Cash (Used in)/Generated from Investing Activities</b>	<b>(543.15)</b>	<b>(413.16)</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Issue of Share Capital on account of exercise of Employee Stock Options	7.92	0.80
Proceeds from Short Term Borrowings	6,005.00	3,622.50
Repayment of Short Term Borrowings	(5,137.50)	(3,187.50)
Finance Costs paid	(286.71)	(192.59)
<b>Net Cash (Used in) / Generated from Financing Activities</b>	<b>588.71</b>	<b>243.21</b>
<b>Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>4.88</b>	<b>(22.82)</b>
<b>Cash and Cash Equivalents at the beginning of the year</b>	<b>31.86</b>	<b>21.12</b>
Effect of Unrealised Foreign Exchange Fluctuation Gain/(Loss)	12.21	33.56
<b>Cash and Cash Equivalents at the end of the year</b>	<b>48.96</b>	<b>31.86</b>
Earmarked Balances with Banks		
- Term Deposits held as margin money against bank guarantees	0.58	1.19
- Balance in ESOS / Rights issue	0.16	0.61

accounts

Term Deposits - Others

2.24

1.09

**Closing Cash and Bank Balances**

51.94

34.75

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**P R RAMASUBRAHMANEYA**

As per our report annexed  
**For CNGSN & Associates**

**RAJHA**

**S S RAMACHANDRA RAJA**

Chairman

**N K SHRIKANTAN  
RAJA**

Chartered Accountants

Registration No.004915S

**V  
JAGADISAN**

**C N GANGADARAN**  
Partner

**P R VENKETRAMA RAJA**  
Vice Chairman and Managing Director

**M M  
VENKATACHALAM**

Membership No.:11205

**A V  
DHARMAKRISHNAN**

Place : Chennai

**G VENKATRAM**

**R S  
AGARWAL**

Date : 30<sup>th</sup> May, 2013

Company Secretary

Directors

## NOTES ON FINANCIAL STATEMENTS

### 1 SIGNIFICANT ACCOUNTING POLICIES

#### I Basis of Preparation and Presentation of Financial Statements

##### A 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 notified under the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956. All income and expenditure having a material bearing on the financial statements are recognized on accrual basis.

##### B Use of Estimates:

The preparation of financial statements in accordance with the generally accepted accounting principles requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates in the future periods.

#### II Revenue Recognition

##### A Software and related services

###### i) License Fees

License Fee revenue is recognised 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 recognised in accordance with percentage of completion method of accounting. In case of time and material contracts, revenue is recognised 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 recognised upon despatch of goods to customers.

##### C Other Income

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

#### III Fixed Assets and Depreciation

##### A Tangible Assets

Tangible Fixed Assets are capitalised 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 capitalised at the gross value and interest thereon charged to Statement of Profit and Loss.

In respect of Assets leased prior to 1<sup>st</sup> April, 2001, the lease rentals paid during the year are charged to Statement of Profit and Loss. 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) Company is filing patent applications and costs incurred for filing the patent application like consultancy and filing fees are capitalised upon grant of Patents.

The useful life of the above assets is estimated as ten years and depreciation is charged accordingly.

- (c) Computer Software purchased for own use are grouped under Intangible Assets. 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.

## **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 Statement of Profit and Loss. Exchange difference in respect of foreign currency liabilities incurred for acquiring fixed assets on or before accounting period commencing after December 7, 2006 is added to the cost of respective fixed assets.

## **VII Translation of Financial Statements of Foreign Branch**

All income and expenditure transactions during the year are reported at a monthly moving average exchange rate for the respective periods. Monetary assets and liabilities are translated at the rate prevailing on the Balance Sheet date. Non-monetary assets and liabilities are translated at the rate prevailing on the date of the transaction

and the balance in 'head office account' whether debit or credit, is reported at the amount of the balance in the 'branch account' in the books of the head of face, after adjusting for un responded transactions. Net gain / loss on foreign currency translation is recognized in the Statement of Profit and Loss.

## **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 Statement of Profit and Loss for the year in which the related service is rendered. Other benefits are treated as below:

### **Gratuity**

In accordance with the Indian law, the company provides for gratuity, a defined benefit plan ("The Gratuity Plan"), covering all employees. These employees are covered under the Group Gratuity Scheme of the Life Insurance Corporation of India. The contribution to the said scheme are charged to the Statement of Profit and Loss. 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 Statement of Profit and Loss.

### **Superannuation**

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 along with salary. The company has no further obligation beyond its contributions / payments.

### **National Pension System**

The employees of the Company have been given an option to participate in a defined contribution plan ("National pension System"), maintained by the fund managers approved by the Pension Fund Regulatory and Development Authority. For those who opt to participate, the company makes contributions equal to 10% of the covered employee's basic salary. For those who do not opt to participate, an amount equivalent to the contribution determined at the time of exercise of option is paid along with salary. The company has no further obligation beyond its contributions / payments.

### **Provident Fund**

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

Borrowing costs that are attributable to the acquisition or construction or production of qualifying assets are capitalized as part of cost of those assets as per Accounting Standard 16. All other borrowing costs are charged to Statement of Profit and Loss

**XII 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 Statement of Profit and Loss. 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 rebated at the recoverable amount subject to a maximum of depreciated historical cost.

<b>2 Share Capital</b>	<b>As at 31.03.2013 (Rs. million.)</b>	<b>As at 31.03.2012 (Rs. million.)</b>
<b>Authorised</b>		
50,000,000 (previous year 50,000,000) Equity Shares of Rs.10 each	<b>500.00</b>	500.00
<b>Issued</b>		
16,086,293 (previous year 15,865,921) Equity Shares of Rs.10 each	<b>160.86</b>	158.66
<b>Subscribed</b>		
16,086,293 (previous year 15,865,921) Equity Shares of Rs.10 each	<b>160.86</b>	158.66
<b>Paid-up</b>		
15,737,115 (previous year 15,516,743) Equity Shares of Rs.10 each (includes value of forfeited shares of Rs.353,890 (previous year Rs.353,890) for 349,178 shares)	<b>157.73</b>	155.52
	<b>157.73</b>	155.52

The company has only one class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share.

As at  
31.03.2013      As at  
31.03.2012  
(Rs.  
million.) (Rs. million.)

**2.1 Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period:**

Shares outstanding at the beginning of the year 15,516,743 (previous year 15,501,384)	<b>155.52</b>	155.37
Shares issued during the year under ESOS/ESPS- 220,372 (previous year 15,359)	<b>2.21</b>	0.15
Shares outstanding at the end of the year 15,737,115 (previous year 15,516,743)	<b>157.73</b>	155.52

2.2 Number of non-resident shareholders	<b>74</b>	72
Number of shares held by the non-resident shareholders	<b>37,016</b>	33,612
Dividend remitted in foreign currency	<b>Nil</b>	Nil

**2.3 Shares in the company held by each shareholder holding more than 5 percent shares specifying the number of shares held:**

Name	As at 31.03.2013		As at 31.03.2012	
	Shares held	% of holding	Shares held	% of holding
Shri P R Venketrana Raja	<b>1,779,961</b>	<b>11.31</b>	1,729,397	11.15
Ramco Industries Limited	<b>4,822,215</b>	<b>30.64</b>	4,822,215	31.07
Madras Cements Limited	<b>2,117,810</b>	<b>13.46</b>	2,117,810	13.64

**2.4 Shares reserved for issue under options and contracts/commitments for the sale of shares/disinvestment, including the terms and amounts:**

The Company has formulated various employee Stock Option Schemes. The summary is provided below:

Name of Stock Option Schemes	As at 31.03.2013			As at 31.03.2012		
	Outstanding Nos.	Exercise Price (Rs.)	Value (Rs. million.)	Outstanding Nos.	Exercise Price (Rs.)	Value (Rs. million.)
ESOP 2000	<b>1,300</b>	<b>177</b>	<b>0.23</b>	1,300	177	0.23
ESOS 2003	<b>500</b>	<b>266</b>	<b>0.13</b>	500	266	0.13
ESOS 2003	<b>2,700</b>	<b>177</b>	<b>0.48</b>	3,200	177	0.57
ESOS 2008	<b>460,082</b>	<b>53</b>	<b>24.38</b>	668,944	53	35.45
ESOS 2008	<b>50,000</b>	<b>143</b>	<b>7.15</b>	-	-	-
ESOS 2008	<b>25,000</b>	<b>138</b>	<b>3.45</b>	-	-	-
ESOS 2008	<b>50,000</b>	<b>125</b>	<b>6.25</b>	-	-	-



ESOS 2009 - Plan A	259,031	94	24.35	303,763	94	28.55
ESOS 2009 - Plan A	20,000	98	1.96	20,000	98	1.96
ESOS 2009 - Plan A	20,000	61	1.22	20,000	61	1.22
ESOS 2009 - Plan A	60,000	115	6.90	-	-	-
ESOS 2009 - Plan A	20,000	10	0.20	-	-	-
ESOS 2009 - Plan B	389,483	94	36.61	454,800	94	42.75
ESOS 2009 - Plan B	25,000	10	0.25	-	-	-
ESOS 2009 - Plan B	60,000	115	6.90	-	-	-
<b>Total</b>	<b>1,443,096</b>		<b>120.46</b>	1,472,507		110.86

Further details of the above Schemes can be obtained from ANNEXURE B to the Director's Report.

	<b>As at 31.03.2013 (Rs. million.)</b>	As at 31.03.2012 (Rs. million.)
<b>3 Reserves and Surplus</b>		
Securities Premium Account (includes value of forfeited shares of Rs.111,910 (previous year Rs.111,910) for 349,178 shares)	<b>1,966.61</b>	1,949.57
Share Options Outstanding	<b>4.70</b>	-
Balance in Profit and Loss Account	<b>(629.99)</b>	(441.90)
	<b><u>1,341.32</u></b>	<u>1,507.67</u>
<b>3.1 Securities Premium Account</b>		
Opening Balance	<b>1,949.57</b>	1,948.91
Shares issued during the year under ESOS-120,372 (previous year 15,359)	<b>5.83</b>	0.66
Add: Transferred from stock options outstanding *	<b>11.21</b>	-
Closing Balance	<b><u>1,966.61</u></b>	<u>1,949.57</u>
* Represents premium accounted (without receipt in cash) towards the difference between the market price of Rs. 122.05 prevailing on the relevant date and the issue price of Rs. 10 on 1,00,000 share allotted on 28 <sup>th</sup> May, 2012 under ESOS, as per SEBI guidelines.		
<b>3.2 Stock Options Outstanding</b>		
Gross employee stock compensation for options granted in earlier years	-	-
Add: Gross compensation options/shares granted during the year	<b>15.91</b>	-
Less: Transferred to Securities Premium on exercise of stock options/shares	<b>(11.21)</b>	-
Closing balance	<b><u>4.70</u></b>	<u>-</u>
<b>3.3 Balance in Profit and Loss Account</b>		
Opening balance	<b>(441.90)</b>	(412.32)
Current year Profit / (Loss)	<b>(188.09)</b>	(29.58)
Closing balance	<b><u>(629.99)</u></b>	<u>(441.90)</u>
<b>4 Share Application Money Pending Allotment</b>		
(a) Terms and conditions	-	Refer note

- |  |   |                  |
|--|---|------------------|
|  |   | below            |
| (b) Number of shares proposed to be issued (No.)   | - | 10,500           |
| (c) Amount of premium (Rs. million.)   | - | 0.45             |
| (d) The period before which shares are to be allotted  | - | Refer note below |
| (e) Whether the company has sufficient authorized share capital to cover the share capital amount on allotment of shares out of share application money  | - | Yes              |
| (f) Interest accrued on amount due for refund  | - | Not Applicable   |
| (g) The period for which the share application money has been pending beyond the period for allotment as mentioned in the share application form along with the reasons for such share application money being pending | - | Nil              |

**Note:** The Share Application Money Pending Allotment as at the previous year end, represents receipt pursuant to the exercise of Options under the Employee Stock Option Scheme, 2008 of the Company. Under the said scheme, 1 share of Rs.10 each, at a premium of Rs.43 per share needs to be issued for each option exercised. The shares need to be allotted within 6 weeks of receipt of exercise application along with remittance of exercise money. No such application money has been pending beyond the stipulated time for allotment.

## 5 Long Term Borrowings

Hire Purchase Loans, secured \* **11.98**      7.39

\*Includes loan from Banks Rs.0.07 million. (previous year Rs.0.27 million.)  
and others Rs. 11.91 million. (previous year Rs.7.12 million.)

5.1 The hire purchase loans are secured by hypothecation of assets (Vehicles) procured under the hire purchase scheme.

5.2 Terms of repayment: These loans are repayable in 48/60 equal monthly instalments from the date of disbursement. The interest and maturity profile are as under:

As at 31.03.2013

Rate of Interest	2016-17	2015-16	2014-15	Total
	(Rs. million.)	(Rs. million.)	(Rs. million.)	(Rs. million.)
9.00%	-	-	0.46	0.46
10.25%	-	-	0.15	0.15
10.50%	-	0.02	0.24	0.26
10.75%	0.43	0.39	0.35	1.17
11.00%	1.02	1.35	1.20	3.57
11.25%	0.43	1.61	1.44	3.48
11.50%	0.03	1.14	1.72	2.89
<b>Total</b>	<b>1.91</b>	<b>4.51</b>	<b>5.56</b>	<b>11.98</b>

As at 31.03.2012

Rate of Interest	2015-16	2014-15	2013-14	Total
------------------	---------	---------	---------	-------

	(Rs. million.)	(Rs. million.)	(Rs. million.)	(Rs. million.)
8.50%	-	0.11	0.45	0.56
9.00%	-	0.56	1.32	1.88
10.25%	-	0.15	0.16	0.31
10.50%	0.01	0.54	0.64	1.19
11.50%	0.80	1.40	1.25	3.45
Total	0.81	2.76	3.82	7.39

	As at 31.03.2013 (Rs. million.)	As at 31.03.2012 (Rs. million.)
<b>6 Other Long Term Liabilities</b>		
Trade Payables	-	2.36
Other Long Term Liabilities *	<b>38.40</b>	38.39
	<b>38.40</b>	40.75
* Represents rental advance(s)		
<b>7 Long Term Provisions</b>		
Provision for gratuity	<b>18.56</b>	6.34
Provision for leave encashment	<b>80.14</b>	65.94
	<b>98.70</b>	72.28
<b>8 Short Term Borrowings</b>		
Loans repayable on demand from Banks, secured	<b>85.00</b>	110.00
Loans repayable on demand from Banks, unsecured	<b>100.00</b>	-
Loans from Banks, unsecured	<b>2,530.00</b>	1,745.00
Loan repayable on demand from related parties, unsecured	<b>137.50</b>	130.00
	<b>2,852.50</b>	1,985.00

#### 8.1 Short Term Borrowings Terms of Repayment and Security details

Loans repayable on demand, from Banks, secured, consists of:

- (a) Rs.10.00 million (previous year Rs.10.00 million) 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 Corporate Guarantee from Ramco Industries Limited and
- (b) Rs.75.00 million (previous year Rs.100.00 million) secured by a pari-passu first charge on the current assets including stocks and book debts and supported by Corporate Guarantee from Ramco Industries Limited.

Loans repayable on demand, from Banks, unsecured, consists of:

- (a) Rs. 100.00 million (previous year Nil), supported by Corporate Guarantee from Madras Cements Limited. Loans from Banks, unsecured, consists of:
- (a) Rs. 2,230.00 million (previous year Rs. 1,450.00 million), supported by Corporate Guarantee from Madras Cements Limited and
- (b) Rs.300.00 million (previous year Rs.295.00 million), supported by Corporate Guarantee from Ramco Industries Limited.

Loan repayable on demand from related parties, unsecured, consists of:

- (a) Rs.137.50 million. (previous year Rs.130.00 million.) from Madras Cements Limited.

	<b>As at 31.03.2013 (Rs. million.)</b>	As at 31.03.2012 (Rs. million.)
<b>9 Trade Payables</b>		
Subsidiaries	<b>93.21</b>	150.08
Others	<b>206.13</b>	170.70
	<b><u>299.34</u></b>	<u>320.78</u>
<b>9.1</b>	There are no Micro and Small Enterprises, to whom the Company owes dues as at 31 <sup>st</sup> March, 2013 and on 31 <sup>st</sup> March, 2012. 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.	
<b>10 Other Current Liabilities</b>		
Unearned revenue	<b>50.13</b>	52.18
Hire Purchase Loans, secured #	<b>5.75</b>	3.47
Interest accrued but not due	<b>0.44</b>	0.40
Share application money due for refund	-	0.03
Statutory dues payable	<b>23.14</b>	20.51
Expenses payable	<b>31.47</b>	18.54
Others *	<b>34.96</b>	19.62
	<b><u>145.89</u></b>	<u>114.75</u>
#	Secured by hypothecation of assets (vehicles) procured under the hire purchase scheme. Includes loan from Banks Rs. 0.20 million. (previous year Rs.0.20 million.) and others Rs. 5.55 million. (previous year Rs.3.27 million.).	
*	Includes advance collected from customers and payable to vendors for capital payables.	
<b>11 Short Term Provisions</b>		
Provision for gratuity	-	22.45
Provision for superannuation, leave encashment	<b>2.52</b>	12.13
	<b><u>2.52</u></b>	<u>34.58</u>

- 11.1** 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 during current and previous year. Profits of the Dubai Branch are tax free. The company has net deferred tax assets as on 31<sup>st</sup> March, 2013 and as on 31<sup>st</sup> March, 2012, which arise mainly on account of carry forward losses. However the company has not taken credit for such net deferred tax assets.

## 12 Fixed Assets

(Rs.  
million.)

Asset Description	Gross Block				Depreciation Block				Net Block	
	As at 01.04.2012	Additions	Withdrawals	As at 31.03.2013	Up to 01.04.2012	For the year	Withdrawals	Up to 31.03.2013	As at 01.04.2012	As at 31.03.2013
<b>TANGIBLE ASSETS</b>										
Building	3.12	-	-	3.12	1.46	0.10	-	1.56	1.66	1.56
Plant & Machinery - EDP	300.08	33.91	1.76	332.23	220.55	36.90	1.28	256.17	79.53	76.06
Furniture	31.03	4.41	0.95	34.49	19.14	2.86	0.23	21.77	11.89	12.72
Office Equipments	0.82	-	-	0.82	0.56	0.03	-	0.59	0.26	0.23
Electrical Items	65.91	7.55	3.27	70.19	18.39	3.48	0.65	21.22	47.52	48.97
Vehicles	16.69	13.34	4.57	25.46	2.54	2.05	1.19	3.40	14.15	22.06
<b>Sub-Total</b>	<b>417.65</b>	<b>59.21</b>	<b>10.55</b>	<b>466.31</b>	<b>262.64</b>	<b>45.42</b>	<b>3.35</b>	<b>304.71</b>	<b>155.01</b>	<b>161.60</b>
Previous year	372.32	53.45	8.12	417.65	225.29	42.43	5.08	262.64	147.03	155.01
<b>INTANGIBLE ASSETS</b>										
Technology Platform	751.61	143.18	-	894.79	330.63	65.54	-	396.17	420.98	498.62
Product Software	1,789.95	458.79	-	2,248.74	606.41	178.99	-	785.40	1,183.54	1,463.34
Patents	8.84	2.18	-	11.02	1.90	0.99	-	2.89	6.94	8.13
Software	273.51	88.81	-	362.32	223.44	33.06	-	256.50	50.07	105.82
<b>Sub-Total</b>	<b>2,823.91</b>	<b>692.96</b>	<b>-</b>	<b>3,516.87</b>	<b>1,162.38</b>	<b>278.58</b>	<b>-</b>	<b>1,440.96</b>	<b>1,661.53</b>	<b>2,075.91</b>
Previous year	2,301.14	522.77	-	2,823.91	931.45	230.93	-	1,162.38	1,369.69	1,661.53
<b>Grand Total</b>	<b>3,241.56</b>	<b>752.17</b>	<b>10.55</b>	<b>3,983.18</b>	<b>1,425.02</b>	<b>324.00</b>	<b>3.34</b>	<b>1,745.67</b>	<b>1,816.54</b>	<b>2,237.51</b>
Previous year	2,673.46	576.22	8.12	3,241.56	1,156.74	273.36	5.08	1,425.02	1,516.72	1,816.54

Note: 1 Gross block under vehicles includes assets purchased under Hire Purchase Rs.24.72 million (previous year Rs.15.94 million), Net block as on 31<sup>st</sup> March, 2013 Rs.21.63 million.(previous year Rs.13.64 million).

2 Gross block under plant & machinery-EDP includes assets purchased under Finance Lease Rs.25.29 million (previous year Rs.25.29 million.), Net Block as on 31<sup>st</sup> March, 2013 Rs.7.39 million (previous year Rs.11.34 million.).

3 Additions to the gross block in respect of technology platform include capitalisation of interest amounting to Rs.53.78 million (previous year Rs.37.90 million.) and product software include Rs.172.32 million (previous year Rs.127.21 million).

<b>As at</b>	As at
<b>31.03.2013</b>	31.03.2012
<b>(Rs.</b>	(Rs.
<b>million.)</b>	million.)

## 13 Non-current Investments

**Equity investments in subsidiaries at cost, long term, trade, unquoted**

192,729,550 Shares in Ramco Systems Corporation, USA of face value of USD 0.0145 each (previous year 192,729,550 shares @ USD 0.0145 each)	<b>743.41</b>	743.41
1,400,000 Shares in Ramco Systems Ltd., Switzerland of face value of CHF 1 each (previous year 1,400,000 Shares @ CHF 1 each)	<b>441.70</b>	441.70
725,000 Shares in Ramco Systems Pte. Ltd., Singapore of face value of SGD 1 each (previous year 725,000 Shares @ SGD 1 each)	<b>18.62</b>	18.62
1,280,000 Shares in Ramco Systems Sdn. Bhd., Malaysia of face value of RM 1 each (previous year 1,280,000 Shares @ RM 1 each)	<b>18.22</b>	18.22

100 Shares in RSL Enterprise Solutions (Pty.) Ltd., South Africa of face value of ZAR	-	-
1 each amounting to Rs. 701 (previous year 100 Shares @ ZAR 1 each amounting to Rs. 701)		
50 Shares in Ramco Systems Dubai, FZ-LLC, of AED 1,000 each (previous year 50 Shares @ AED 1,000 each)	0.62	0.62
250,000 Shares in Ramco Systems Australia Pty Ltd., Australia, of AUD 1 each (previous year Nil)	14.66	-
100,000 Shares in RSL Software Company Limited, Sudan, of SDG 1 each (previous year Nil)	2.08	-

<b>1,239.31</b>	<b>1,222.57</b>
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<b>As at</b>	<b>As at</b>
<b>31.03.2013</b>	<b>31.03.2012</b>
<b>(Rs.</b>	<b>(Rs.</b>
<b>million.)</b>	<b>million.)</b>

**14 Long Term Loans and Advances Unsecured, considered good**

Advance Tax and Tax deducted at source	<b>99.63</b>	72.51
Security deposits	<b>29.12</b>	32.19
	<b>128.75</b>	<b>104.70</b>

**15 Other Non-current Assets**

Trade receivables, unsecured, considered doubtful	<b>4.66</b>	4.66
Provision for doubtful trade receivables	<b>(4.66)</b>	(4.66)
	<b>-</b>	<b>-</b>

**16 Inventories**

Stock-in-trade *	<b>0.14</b>	16.93
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\* Represents hardware and software materials held for resale, valued at cost or net realisable value whichever is lower and as certified by management

**17 Trade Receivables**

**Unsecured, considered good**

**(a) Over six months from the date they were due for payment**

Trade receivables - subsidiaries	<b>60.68</b>	3.75
Trade receivables - others	<b>300.09</b>	283.98

**(b) Others**

Trade receivables - subsidiaries	<b>133.28</b>	108.36
Trade receivables - others	<b>306.73</b>	234.83
	<b>800.78</b>	<b>630.92</b>

(Rs.  
million.)

**17.1 Trade Receivables includes dues from Subsidiaries as below:**

<b>Subsidiary</b>	<b>Outstanding as at</b>		<b>Maximum amount due during</b>	
	<b>31.03.2013</b>	<b>31.03.2012</b>	<b>2012-13</b>	<b>2011-12</b>
Ramco Systems Corporation, USA	<b>9.40</b>	21.75	<b>57.73</b>	21.75
Ramco Systems Sdn. Bhd., Malaysia	<b>5.16</b>	-	<b>5.16</b>	-
Ramco Systems Pte Ltd., Singapore	<b>22.06</b>	6.29	<b>25.66</b>	19.59
RSL Enterprise Solutions (Pty.) Ltd., South Africa	<b>110.04</b>	50.17	<b>110.04</b>	142.87
Ramco Systems Canada Inc., Canada	<b>0.29</b>	19.07	<b>21.57</b>	61.46
Ramco Systems FZ-LLC, Dubai	<b>44.10</b>	14.83	<b>44.10</b>	14.83

RSL Software Company Ltd., Sudan	2.65	-	8.57	-
Ramco Systems Australia Pty Ltd, Australia	0.26	-	0.26	-
	<b>193.96</b>	112.11	<b>273.09</b>	260.50

## 18 Cash and Bank Balances

### Cash and cash equivalents

Cash on hand	0.20	0.12
Balance with Banks	48.76	31.74
<b>Other Bank balances</b>		
Term deposits held as margin money against bank guarantees	0.58	1.19
Term deposits others	2.24	1.09
Balance in Rights Issue / ESOS accounts	0.16	0.61
	<b>51.94</b>	<b>34.75</b>

## 19 Short Term Loans and Advances

### Unsecured, considered good

Loans and advances to related parties	10.68	-
Loans and advances others *	95.72	86.83
	<b>106.40</b>	<b>86.83</b>

\* Includes customer security deposits, vendor advances, employee advances, statutory advances and prepaid expenses

### 19.1 Short Term Loans and Advances includes dues from Subsidiaries as below:

(Rs.  
million.)

Subsidiary	Outstanding as at		Maximum amount due during	
	31.03.2013	31.03.2012	2012-13	2011-12
Ramco Systems Pte Ltd., Singapore	4.35	-	17.46	-
RSL Enterprise Solutions (Pty.) Ltd., South Africa	6.33	-	20.99	-
Ramco Systems FZ-LLC., Dubai	-	-	-	2.83
	<b>10.68</b>	-	<b>38.45</b>	<b>2.83</b>

## 20 Other Current Assets

Unbilled revenue	380.81	323.57
Software work in progress	2.74	2.47
	<b>383.55</b>	<b>326.04</b>

As at  
31.03.2013  
(Rs.  
million.)

As at  
31.03.2012  
(Rs.  
million.)

Year ended  
31.03.2013  
(Rs.  
million.)

Year ended  
31.03.2012  
(Rs.  
million.)

## 21 Revenue from operations

Software revenue (License & Services)	1,473.73	1,371.51
Resale software and hardware materials	90.25	20.94
Royalty income	126.95	125.79
	<b>1,690.93</b>	<b>1,518.24</b>

### 21.1 Earnings in foreign exchange

Export of goods and services on FOB basis	308.47	357.16
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Royalty			<b>126.95</b>	125.79
			<b>435.42</b>	482.95
<b>22 Other Income</b>				
Interest income			<b>1.97</b>	1.60
Profit on sale of assets			<b>0.45</b>	0.05
Recovery of expenses from customers			<b>11.22</b>	8.20
Rent income			<b>46.91</b>	46.49
Other income			<b>0.27</b>	0.30
			<b>60.82</b>	56.64
<b>23 Changes in Inventories of Stock-in-trade</b>				
Opening stock			<b>16.93</b>	1.03
Closing stock			<b>0.14</b>	16.93
			<b>16.79</b>	(15.90)
<b>23.1 Value of consumption of imported and indigenous raw materials and spare parts</b>				
		<b>Year ended 31.03.2013</b>	<b>Year ended 31.03.2012</b>	
<b>Resale Materials</b>		<b>(Rs. million.)</b>	<b>% (Rs. million.)</b>	<b>%</b>
Imported	<b>20.07</b>	<b>26.16</b>	8.51	63.15
Indigenous	<b>56.64</b>	<b>73.84</b>	4.96	36.85
	<b>76.71</b>	<b>100.00</b>	13.47	100.00
			<b>Year ended 31.03.2013</b>	<b>Year ended 31.03.2012</b>
			<b>(Rs. million.)</b>	<b>(Rs. million.)</b>
<b>23.2 CIF value of Imports</b>				
Resale materials			<b>7.07</b>	15.25
Capital goods			<b>45.15</b>	19.78
Outflow for patent applications			<b>3.26</b>	1.49
			<b>55.48</b>	36.52
<b>24 Employee Benefit Expense</b>				
Salaries, wages, bonus etc.,			<b>783.04</b>	634.38
Provident fund contribution			<b>44.59</b>	39.32
Gratuity and other retirals			<b>53.68</b>	37.47
Staff welfare			<b>7.02</b>	6.85
			<b>888.33</b>	718.02



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

### (a) Defined Contribution Plan:

Employer's Contribution to Provident Fund	44.59	39.32
Employer's Contribution to Superannuation & National Pension System	17.19	13.96

### (b) Defined Benefit Plan:

Particulars	As at 31.03.2013		As at 31.03.2012	
	Gratuity (Funded)	Leave encashment (Unfunded)	Gratuity (Funded)	Leave encashment (Unfunded)
(₹. million.)				
<b>Reconciliation of opening and closing balances of defined benefit plan:</b>				
Defined Benefit obligation as on 1 <sup>st</sup> April	102.01	70.15	76.11	49.14
Current Service Cost	18.69	2.80	14.42	3.60
Interest Cost	7.92	5.47	5.93	3.63
Actuarial (gain) / loss	19.16	(18.39)	9.46	21.26
Benefits paid	(15.51)	(10.15)	(3.91)	(7.48)
Defined Benefit obligation as on 31 <sup>st</sup> March	132.27	54.63*	102.01	70.15
<b>Reconciliation of opening and closing balances of fair value of plan assets:</b>				
Fair value of plan assets as on 1 <sup>st</sup> April	73.22	-	69.08	-
Expected return on plan assets	7.11	-	5.44	-
Actuarial (gain)/loss	2.17	-	0.86	-
Employer contribution	46.72	-	1.75	-
Benefits paid	(15.51)	-	(3.91)	-
Fair value of plan assets as on 31 <sup>st</sup> March	113.71	-	73.22	-
Actual return on plan assets	9.28	-	6.31	-
<b>Reconciliation of fair value of assets and obligations:</b>				
Fair value of plan assets	113.71	-	73.22	-
Present value of obligation	(132.27)	(54.63)	(102.01)	(70.15)
Amount recognized in Balance Sheet	(18.56)	(54.63)	(28.79)	(70.15)
<b>Expense recognized during the year:</b>				
Current Service Cost	18.69	2.80	14.42	3.60
Interest Cost	7.92	5.47	5.93	3.63
Expected return on plan assets	(7.11)	-	(5.44)	-
Actuarial (gain) / loss	16.99	18.39	8.60	21.26
Net Cost	36.49	26.66	23.51	28.49
<b>Investment Details:</b>				
GOI Securities	-	-	-	-
State Government Securities	-	-	-	-
High Quality Corporate Bonds	-	-	-	-
Funds with LIC	100%	-	100%	-
Others	-	-	-	-

(Rs.  
million.)

Particulars	As at 31.03.2013		As at 31.03.2012	
	Gratuity (Funded)	Leave encashment (Unfunded)	Gratuity (Funded)	Leave encashment (Unfunded)
<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%	8%	8%

\* During the year the Company had revised the leave policy effective 1<sup>st</sup> January, 2013. As per this, the leave encashment liability was crystalised at Rs. 32.04 million. Out of which an amount of Rs. 4.00 million. was paid till 31<sup>st</sup> March, 2013. Hence the crystalised liability of Rs. 32.04 million., had been excluded from arriving at the actuarial liability as on 31<sup>st</sup> March 2013.

	<b>Year ended 31.03.2013 (Rs. million.)</b>	Year ended 31.03.2012 (Rs. million.)
<b>25 Finance Costs</b>		
Interest on Loans	<b>58.08</b>	24.88
Other finance costs	<b>2.44</b>	0.76
	<b>60.52</b>	25.64
<b>26 Other Expenses</b>		
Advertisement & sales promotion	<b>34.75</b>	63.15
Bank charges	<b>1.39</b>	1.72
Bad and doubtful debts & advances	<b>29.44</b>	24.92
Consultancy charges	<b>20.81</b>	15.80
Foreign exchange fluctuation, net	<b>(14.31)</b>	(33.56)
Insurance	<b>2.37</b>	1.61
Loss on sale of fixed assets	<b>5.11</b>	1.67
Office maintenance	<b>17.41</b>	16.17
Outsourcing costs	<b>91.80</b>	114.34
Power & fuel	<b>16.63</b>	11.94
Printing & stationery	<b>2.39</b>	2.10
Postage, telephone & communication	<b>31.36</b>	19.93
Rent	<b>150.98</b>	141.88
Repairs - Buildings	<b>3.91</b>	-
Repairs - Plant & Machinery	<b>7.97</b>	9.10
Repairs - Others	<b>8.07</b>	6.78
Rates & taxes	<b>20.07</b>	14.04
Sales commission and other selling	<b>9.79</b>	9.51
Software subscription and maintenance	<b>26.55</b>	9.84
Travel & conveyance	<b>105.31</b>	102.76
Unfructified patent expenses	<b>9.09</b>	25.39
Other miscellaneous expenses	<b>9.39</b>	14.88
	<b>590.28</b>	573.97
	<b>As at 31.03.2013 (Rs. million.)</b>	As at 31.03.2012 (Rs. million.)
<b>27 Contingent Liabilities and Commitments</b>		
<b>27.1 Contingent Liabilities:</b>		

(a) Bank Guarantees	<b>33.52</b>	38.38
(b) Disputed Income tax / Wealth tax demand – pending before the first appellate authority	<b>12.34</b>	9.84
(c) In respect of disputed Sales tax demand amounting to Rs. 1.91 million. (previous year Nil), appeal is pending with the first Appellate Authority. Against this, Rs. 0.95 million. has been deposited and for the balance, Bank Guarantee has been furnished.		

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.

## 27.2 Commitments:

(a) Estimated amount of contracts remaining to be executed on capital account and not provided for	<b>19.75</b>	22.01
(b) The Company has undertaken to provide to continued financial support to its subsidiaries Ramco Systems Ltd., Switzerland, RSL Enterprise Solutions (Pty) Ltd., South Africa and Ramco Systems Pte. Ltd., Singapore		

	<b>Year ended 31.03.2013 (Rs. million.)</b>	Year ended 31.03.2012 (Rs. million.)
<b>28 Expenditure in Foreign Currency on account of:</b>		
Professional / consultation fees	<b>11.66</b>	3.99
Travelling	<b>41.68</b>	33.73
Others	<b>19.15</b>	8.11
	<b>72.49</b>	45.83
<b>29 Fees paid to Statutory Auditors (Excluding service tax)</b>		
Statutory Audit	<b>0.85</b>	0.85
Tax Audit	<b>0.15</b>	0.15
Independent Auditor's report under AS-21	<b>0.20</b>	0.20
Other certification	<b>0.50</b>	0.24
Reimbursement of out of pocket expenses	<b>0.06</b>	0.08
	<b>1.76</b>	1.52

## 30 Research and Development

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

## 31 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 Accountant of India does not apply.

## 32 Related Party Transactions

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

**(a) Subsidiary Companies:**

- 1 Ramco Systems Corporation, USA
- 2 Ramco Systems Ltd., Switzerland
- 3 Ramco Systems Pte Ltd., Singapore
- 4 Ramco Systems Sdn Bhd., Malaysia
- 5 RSL Enterprise Solutions (Pty) Ltd., South Africa
- 6 Ramco Systems Canada Inc., Canada (wholly owned subsidiary of Ramco Systems Corporation, USA)
- 7 Ramco Systems FZ-LLC, Dubai
- 8 RSL Software Company Limited, Sudan
- 9 Ramco Systems Australia Pty Ltd., Australia

**(b) Key Management Personnel and Relatives:**

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

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

- 1 Rajapalayam Mills Limited
- 2 Madras Cements Limited
- 3 Ramco Industries Limited
- 4 The Ramaraju Surgical Cotton Mills Limited
- 5 Sri Vishnu Shankar Mills Limited
- 6 Sandhya Spinning Mill Limited
- 7 Thanjavur Spinning Mill Limited
- 8 Rajapalayam Spinners Limited
- 9 Sri Harini Textiles Limited
- 10 Swarna Bhoomi Estate
- 11 Thanga Vilas Estate

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

(Rs. million.)				
Particulars	Transactions	Outstanding as	Transactions	Outstanding as
	during 2012-13	at 31.03.2013	during 2011-12	at 31.03.2012
<b>Income from Sale of goods &amp; services</b>				
Ramco Systems Corporation, USA	55.40	0.26	41.60	0.38
Ramco Systems Canada Inc., Canada	0.58	-	106.46	16.80
Ramco Systems Limited, Switzerland	4.00	-	18.79	-
Ramco Systems Sdn. Bhd., Malaysia	9.22	3.08	1.41	-
Ramco Systems Pte. Ltd., Singapore	16.80	7.63	9.42	1.69
RSL Enterprise Solutions (Pty) Ltd., S.Africa	130.86	110.04	129.76	50.17
Ramco Systems FZ-LLC, Dubai	42.86	34.03	7.50	7.49
RSL Software Company Limited, Sudan	5.11	2.65	-	-
Ramco Systems Australia Pty Ltd., Australia	0.38	0.27	-	-
Madras Cements Limited	567.12	70.66	198.71	1.37
Ramco Industries Limited	8.85	0.09	19.76	-
Rajapalayam Mills Limited	1.28	0.04	1.27	-
Sri Vishnu Shankar Mills Limited	0.65	0.01	0.66	-
Sandhya Spinning Mill Limited	0.55	-	0.55	-
Thanjavur Spinning Mill Limited	0.31	-	0.32	-
Rajapalayam Spinners Limited	0.14	-	0.14	-
Sri Harini Textiles Limited	0.09	-	0.09	-
The Ramaraju Surgical Cotton Mills Limited	0.81	0.02	0.82	-
Swarna Bhoomi Estate	0.10	-	0.40	-
Thanga Vilas Estate	0.13	-	0.62	-
<b>Income from royalty</b>				
Ramco Systems Corporation, USA	58.17	9.14	66.53	21.37
Ramco Systems Canada Inc., Canada	1.19	0.29	5.59	2.27
Ramco Systems Limited, Switzerland	20.12	-	19.03	-
Ramco Systems Sdn. Bhd., Malaysia	7.16	2.08	8.78	-
Ramco Systems Pte. Ltd., Singapore	29.36	14.42	20.00	4.60
Ramco Systems FZ-LLC, Dubai	10.94	10.07	5.86	7.34

(Rs. million.)				
Particulars	Transactions	Outstanding as	Transactions	Outstanding as
	during 2012-13	at 31.03.2013	during 2011-12	at 31.03.2012
<b>Cost of services availed</b>				
Ramco Systems Corporation, USA	-	67.16	-	109.28
Ramco Systems Limited, Switzerland	-	26.05	-	37.52
Ramco Systems Sdn. Bhd., Malaysia	-	-	-	3.28
<b>Loans availed</b>				
Madras Cements Limited	1,620.00	137.50	1,012.50	130.00
<b>Loans given</b>				
RSL Enterprise Solutions (Pty) Ltd., S.Africa	27.30	6.33	-	-
Ramco Systems FZ-LLC, Dubai	-	-	1.24	-
Ramco Systems Pte. Ltd., Singapore	13.13	4.35	-	-
<b>Investments</b>				
RSL Software Company Limited., Sudan	2.08	-	-	-
Ramco Systems Australia Pty Ltd., Australia	14.66	-	-	-

Ramco Systems FZ-LLC, Dubai	-	-	0.62	-
<b>Interest - Expense</b>				
Madras Cements Limited	32.64	-	17.35	-
<b>Interest - Income</b>				
RSL Enterprise Solutions (Pty) Ltd., S.Africa	0.97	4.33	-	-
Ramco Systems FZ-LLC, Dubai	-	-	0.07	-
Ramco Systems Pte. Ltd., Singapore	0.55	-	-	-
<b>Rent - Expense</b>				
Madras Cements Limited	78.23	-	78.23	-

**Notes:**(a) Details of corporate guarantees given by the Group are given in Note No.8.1 above.

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

(i) Remuneration paid to Shri P R Venketrama Raja for the year is Rs.1.17 million. (Previous year Rs.1.17 million.).

(ii)Sitting fee paid to Shri P R Ramasubrahmaneya Rajha Rs.0.02 million. (Previous year Rs. 0.04 million.).

(c) The above figures include taxes as applicable.

**33** Amounts recovered from Subsidiaries towards expenses incurred on account of on-site employees to the extent of Rs. 74.28 million. (previous year Rs.48.60 million.) have been netted of from expenses.

**34** Figures for the previous year has been regrouped/restated wherever necessary to make them comparable with the figures for current year.

**35** 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.

**36** The figures in Rupees have been rounded off to the million in both current and previous year.

As per our report annexed  
**For CNGSN & Associates**

**P R RAMASUBRAHMANEYA RAJHA**  
Chairman

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

Chartered Accountants  
Registration No.004915S

**V JAGADISAN**

**C N GANGADARAN**  
Partner

**P R VENKETRAMA RAJA**  
Vice Chairman and Managing Director

**M M VENKATACHALAM**

Membership No.:11205

**A V DHARMAKRISHNAN**

Place : Chennai  
Date : 30<sup>th</sup> May, 2013

**G VENKATRAM**  
Company Secretary

**R S AGARWAL**

Directors

**RESEARCH AND DEVELOPMENT ACTIVITIES  
(REFER SL.NO.30 OF NOTES ON FINANCIAL STATEMENTS)**

**BALANCE SHEET AS AT MARCH 31, 2013**

	Note Number	As at 31.03.2013 (Rs. million.)	As at 31.03.2012 (Rs. million.)
<b>EQUITY AND LIABILITIES</b>			
Reserves and Surplus	1	(2,753.48)	(2,496.33)
		<u>(2,753.48)</u>	<u>(2,496.33)</u>
<b>Current Liabilities</b>			
Short Term Borrowings		2,110.83	1,699.86
Trade Payables		5.21	6.31
Other Current Liabilities		0.01	0.86
Head Office Contra Account		2,631.35	2,403.30
		<u>4,747.40</u>	<u>4,110.33</u>
<b>TOTAL</b>		<u>1,993.92</u>	<u>1,614.00</u>
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Fixed Assets	2		
- Tangible Assets		1.52	8.44
- Intangible Assets		1,992.40	1,605.56
<b>TOTAL</b>		<u>1,993.92</u>	<u>1,614.00</u>

Notes on financials of Research & Development Activities

**1 to 6**

As per our report annexed  
For CNGSN & Associates

**P R RAMASUBRAHMANEYA RAJHA**  
Chairman

**S S RAMACHANDRA RAJA**  
N K SHRIKANTAN

Chartered Accountants

Registration No.004915S

**C N GANGADARAN**  
Partner

Membership No.:11205

Place : Chennai

Date : 30<sup>th</sup> May, 2013

**P R VENKETRAMA**  
**RAJA**  
Vice Chairman and Managing Director

**G VENKATRAM**  
Company Secretary

**RAJA**  
**V**  
**JAGADISAN**  
**M M**  
**VENKATACHALAM**  
**A V**  
**DHARMAKRISHNAN**  
**R S**  
**AGARWAL**

Directors



**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2013**

	Note Number	Year ended 31.03.2013 (Rs. million.)	Year ended 31.03.2012 (Rs. million.)
<b>INCOME</b>			
Profit on sale of fixed assets		-	0.06
		-	0.06
<b>EXPENDITURE</b>			
Employee Benefit Expense	3	-	-
Finance Costs	4	-	-
Depreciation and Amortisation Expense	2	257.15	207.37
Other Expenses	5	-	-
<b>Total Expenditure</b>		<b>257.15</b>	<b>207.37</b>
<b>Profit / (Loss) For the Year</b>		<b>(257.15)</b>	<b>(207.31)</b>
Notes on financials of Research & Development Activities	<b>1 to 6</b>		

As per our report annexed  
For **CNGSN & Associates**

Chartered Accountants  
Registration No.004915S

**C N GANGADARAN**  
Partner

Membership No.:11205

Place : Chennai

**P R RAMASUBRAHMANEYA**

**RAJHA**  
Chairman

**P R VENKETRAMA RAJA**  
Vice Chairman and Managing Director

**G VENKATRAM**

**S S RAMACHANDRA RAJA**

**N K SHRIKANTAN RAJA**

**V JAGADISAN**

**M M VENKATACHALAM**

**A V DHARMAKRISHNAN**

**R S AGARWAL**

Directors

Date : 30<sup>th</sup> May, 2013

Company Secretary

## NOTES ON FINANCIALS OF RESEARCH & DEVELOPMENT ACTIVITIES

	As at 31.03.2013 (Rs. million.)	As at 31.03.2012 (Rs. million.)
<b>1 Revenue Expenditure of Research and Development Activities</b>		
Transferred from Statement of Profit and Loss	(257.15)	(207.31)
Balance brought forward from previous year	<u>(2,496.33)</u>	<u>(2,289.02)</u>
	<u>(2,753.48)</u>	<u>(2,496.33)</u>
		(Rs. million.)
<b>2 Fixed Assets</b>		

Asset Description	Gross Block				Depreciation Block				Net Block	
	As at 01.04.2012	Additions	With- drawals	As at 31.03.2013	Upto 01.04.2012	For the year	With- drawals	Upto 31.03.2013	As at 01.04.2012	As at 31.03.2013
<b>TANGIBLE ASSETS</b>										
Plant & Machinery-EDP	80.45	-	-	80.45	72.05	6.91	-	78.96	8.40	1.49
Electrical Items	0.12	-	-	0.12	0.08	0.01	-	0.09	0.04	0.03
<b>Sub-Total</b>	<b>80.57</b>	<b>-</b>	<b>-</b>	<b>80.57</b>	<b>72.13</b>	<b>6.92</b>	<b>-</b>	<b>79.05</b>	<b>8.44</b>	<b>1.52</b>
Previous year	84.71	0.22	4.36	80.57	72.95	3.56	4.38	72.13	11.76	8.44
<b>INTANGIBLE ASSETS</b>										
Technology Platform	751.61	143.18	-	894.79	330.63	65.54	-	396.17	420.98	498.62
Product Software	1,789.95	458.79	-	2,248.73	606.41	179.00	-	785.41	1,183.54	1,463.33
Computer Software	41.10	35.10	-	76.20	40.06	5.69	-	45.75	1.04	30.44
<b>Sub-Total</b>	<b>2,582.66</b>	<b>637.06</b>	<b>-</b>	<b>3,219.72</b>	<b>977.10</b>	<b>250.23</b>	<b>-</b>	<b>1,227.34</b>	<b>1,605.56</b>	<b>1,992.40</b>
Previous year	2,073.68	508.98	-	2,582.66	773.29	203.81	-	977.10	1,300.39	1,605.56
<b>GRAND TOTAL</b>	<b>2,663.23</b>	<b>637.06</b>	<b>-</b>	<b>3,300.29</b>	<b>1,049.23</b>	<b>257.15</b>	<b>-</b>	<b>1,306.39</b>	<b>1,614.00</b>	<b>1,993.92</b>
Previous year	2,158.39	509.20	4.36	2,663.23	846.24	207.37	4.38	1,049.23	1,312.15	1,614.00

	Year ended 31.03.2013 (Rs. million.)	Year ended 31.03.2012 (Rs. million.)
<b>3 Employee Benefit Expense</b>		
Salaries, Bonus, contributions etc.,	320.64	294.91
Staff welfare	2.49	8.02
Gross cost	<u>323.13</u>	<u>302.93</u>
Less: Product Research and Development Expenditure Capitalised	<u>(323.13)</u>	<u>(302.93)</u>
	-	-
<b>4 Finance Costs</b>		
Interest on loans	<u>226.09</u>	<u>165.11</u>
Gross cost	<u>226.09</u>	<u>165.11</u>
Less: Product Research and Development Expenditure Capitalised	<u>(226.09)</u>	<u>(165.11)</u>
	-	-
<b>5 Other Expenses</b>		
Postage, telephone &	1.79	1.12

communication		
Power & fuel	<b>29.78</b>	24.59
Travel & conveyance	<b>0.24</b>	0.17
Consultancy & outsourcing charges	<b>19.64</b>	13.99
Other miscellaneous expenses	<b>1.29</b>	1.07
Gross cost	<b>52.74</b>	40.94
Less: Product Research and Development Expenditure Capitalised	<b>(52.74)</b>	(40.94)
	<b>-</b>	-
<b>6 Calculation of Total R&amp;D Expenditure</b>		
(i) Capital Expenditure for R&D (exclusive of Product Research & Development Expenditure capitalised) (Refer Note No. 2)	<b>35.10</b>	0.22
(ii) Recurring R&D Expenditure:		
Employee Benefit Expense-Gross (Refer Note No. 3)	<b>323.13</b>	302.93
Finance Costs-gross (Refer Note No.4)	<b>226.09</b>	165.11
Other Expenses-gross (Refer Note No.5)	<b>52.74</b>	40.94
Sub-total	<b>601.96</b>	508.98
Total R&D expenditure (i) + (ii)	<b>637.06</b>	509.20

## **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 audited the accompanying consolidated financial statements of Ramco Systems Limited ('the Company') and its subsidiaries, which comprise the Consolidated Balance Sheet as at 31<sup>st</sup> March, 2013, the consolidated Statement of Profit and Loss and Consolidated Cash Flows Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the Consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by The Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2013;
- (ii) in the case of the Consolidated Statement of Profit and Loss Account, of the loss for the year ended on that date; and
- (iii) in the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

### **Other matters**

We did not audit the financial statements of certain subsidiaries, whose financial statements reflect total assets of Rs. 378.94 million as at 31<sup>st</sup> March, 2013 and total revenues of Rs. 604.41 million for the year then ended. These financial

statements have been audited / reviewed by other auditors, whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of these subsidiaries, is based solely on the report of the other auditors. We have relied on the unaudited financial statements of the Associate for the year ended 28<sup>th</sup> February, 2013. Our opinion, in so far as it relates to the amounts included in respect of that Associate is based solely on such unaudited financial statements. Our opinion is not qualified in respect of other matters.

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

**C N GANGADARAN**  
Partner

Membership No.:11205

Place : Chennai  
Date : 30<sup>th</sup> May, 2013

**CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2013**

	Note Number	As at 31.03.2013 (Rs. million.)	As at 31.03.2013 (USD million.)	As at 31.03.2012 (Rs. million.)	As at 31.03.2012 (USD million.)
<b>EQUITY AND LIABILITIES</b>					
<b>Shareholders' Funds</b>					
Share Capital	2	157.73	3.60	155.52	3.56
Reserves and Surplus	3	1,127.44	20.20	1,498.20	29.04
		<u>1,285.17</u>	<u>23.80</u>	<u>1,653.72</u>	<u>32.60</u>
<b>Share Application Money pending allotment</b>		-	-	0.56	0.01
<b>Minority Interest</b>	27	0.36	0.01	1.73	0.05
<b>Non-current Liabilities</b>					
Long Term Borrowings	4	11.98	0.22	7.39	0.15
Deferred Tax Liability (Net)	30	1.28	0.03	1.45	0.03
Other Long Term Liabilities	5	38.40	0.71	40.75	0.81
Long Term Provisions	6	148.45	2.75	110.03	2.17
		<u>200.11</u>	<u>3.71</u>	<u>159.62</u>	<u>3.16</u>
<b>Current Liabilities</b>					
Short Term Borrowings	7	2,852.50	52.84	1,985.00	39.14
Trade Payables	8	300.79	5.57	233.30	4.59
Other Current Liabilities	9	295.57	5.48	250.43	4.94
Short Term Provisions	10	2.66	0.05	35.98	0.71
		<u>3,451.52</u>	<u>63.94</u>	<u>2,504.71</u>	<u>49.38</u>
<b>TOTAL</b>		<u>4,937.16</u>	<u>91.46</u>	<u>4,320.34</u>	<u>85.20</u>
<b>ASSETS</b>					
<b>Non-current Assets</b>					
Fixed Assets	11				
-Tangible Assets		168.47	3.12	164.07	3.23
-Intangible Assets		2,076.86	38.48	1,663.75	32.81
Goodwill (on consolidation)		994.51	18.42	994.51	19.61
Non-current Investments	12	2.68	0.05	0.90	0.02
Long Term Loans and Advances	13	149.17	2.76	128.63	2.54
Other Non-current Assets	14	-	-	-	-
		<u>3,391.69</u>	<u>62.83</u>	<u>2,951.86</u>	<u>58.21</u>
<b>Current Assets</b>					
Inventories	15	0.14	0.01	16.93	0.33
Trade Receivables	16	769.34	14.25	682.98	13.47
Cash and Bank Balances	17	132.88	2.46	114.04	2.25
Short Term Loans and Advances	18	105.39	1.95	97.40	1.92
Other Current Assets	19	537.72	9.96	457.13	9.02
		<u>1,545.47</u>	<u>28.63</u>	<u>1,368.48</u>	<u>26.99</u>
<b>TOTAL</b>		<u>4,937.16</u>	<u>91.46</u>	<u>4,320.34</u>	<u>85.20</u>

Notes on Consolidated financial statements **1 to 33**

**P R RAMASUBRAHMANEYA**

As per our report annexed  
For CNGSN & Associates

**RAJHA**  
Chairman

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

Chartered Accountants  
Registration No.004915S

**C N GANGADARAN**  
Partner

Membership No.:11205

Place : Chennai  
Date : 30<sup>th</sup> May, 2013

**P R VENKETRAMA RAJA**  
Vice Chairman and Managing Director

**G VENKATRAM**  
Company Secretary

**RAJA**  
**V JAGADISAN**  
**M M**  
**VENKATACHALAM**  
**A V**  
**DHARMAKRISHNAN**

**R S AGARWAL**

Directors



**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2013**

	Note Number	Year ended 31.03.2013 (Rs. million.)	Year ended 31.03.2013 (USD million.)	Year ended 31.03.2012 (Rs. million.)	Year ended 31.03.2012 (USD million.)
<b>INCOME</b>					
Revenue from Operations	20	2,392.72	44.53	2,229.78	47.26
Other Income	21	81.20	1.51	111.67	2.37
<b>Total Revenue</b>		<b>2,473.92</b>	<b>46.04</b>	<b>2,341.45</b>	<b>49.63</b>
<b>EXPENDITURE</b>					
Changes in Inventories of Finished Goods, Stock-in-process and Stock-in-trade	22	16.79	0.33	(15.90)	(0.31)
Purchase of stock-in-trade		60.71	1.11	31.38	0.64
Employee Benefit Expense	23	1,421.79	26.46	1,147.43	24.32
Finance Costs	24	60.53	1.13	25.68	0.54
Depreciation and Amortisation Expense	11	330.54	6.15	280.32	5.94
Other Expenses	25	991.44	18.45	963.52	20.44
<b>Total expenses</b>		<b>2,881.80</b>	<b>53.63</b>	<b>2,432.43</b>	<b>51.57</b>
<b>Profit / (Loss) Before Tax</b>		<b>(407.88)</b>	<b>(7.59)</b>	<b>(90.98)</b>	<b>(1.94)</b>
Tax Expenses	30				
- Current Tax		(0.37)	(0.01)	(4.54)	(0.10)
- Deferred Tax		-	-	0.22	-
<b>Profit / (Loss) After Tax and Before Minority Interest &amp; Equity in Earnings</b>		<b>(407.51)</b>	<b>(7.58)</b>	<b>(86.66)</b>	<b>(1.84)</b>
Minority Interest	27	1.36	0.04	1.68	0.04
Equity in Earnings of Affiliates	27	1.78	0.03	(4.29)	(0.09)
<b>Profit / (Loss) For The Year</b>		<b>(404.37)</b>	<b>(7.51)</b>	<b>(89.27)</b>	<b>(1.89)</b>

Earnings per equity share (EPS) of face value of Rs.10 each:

Basic & Diluted EPS (in Rs. and USD)	(25.81)	(0.48)	(5.75)	(0.12)
Weighted average number of Equity Shares outstanding - Basic	15,665,293		15,512,389	
Weighted average number of Equity Shares outstanding - Diluted	16,094,293		15,605,539	

Notes on Consolidated financial statements **1 to 33**

As per our report annexed  
**For CNGSN & Associates**  
Chartered Accountants

**P R RAMASUBRAHMANEYA RAJHA**  
Chairman

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

Registration No.004915S

**C N GANGADARAN**  
Partner

Membership No.:11205

Place : Chennai

Date : 30<sup>th</sup> May, 2013

**P R VENKETRAMA RAJA**  
Vice Chairman and Managing Director

**G VENKATRAM**  
Company Secretary

**V JAGADISAN**  
**M M VENKATACHALAM**

**A V DHARMAKRISHNAN**

**R S AGARWAL**

Directors

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013**

	Year ended 31.03.2013 (Rs. million.)	Year ended 31.03.2013 (USD million.)	Year ended 31.03.2012 (Rs. million.)	Year ended 31.03.2012 (USD million.)
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>Net Profit/(Loss) before tax as per Statement of Profit and Loss</b>	<b>(407.88)</b>	<b>(7.59)</b>	<b>(90.98)</b>	<b>(1.94)</b>
<b>Adjusted for:</b>				
Depreciation and Amortisation Expense	330.54	6.15	280.32	5.94
Bad debts written off	59.12	1.10	26.07	0.55
Provision for bad and doubtful debts	23.53	0.44	99.17	2.10
Finance Costs	60.53	1.13	25.68	0.54
(Profit)/Loss on Sale of Assets-Net	4.69	0.09	1.65	0.04
Interest Income	(0.60)	(0.01)	(0.35)	(0.01)
Effect of exchange difference on translation of deferred tax liability & fixed assets	(0.71)	3.33	(1.25)	9.75
Unrealised Exchange (Gain)/Loss	(11.70)	(0.22)	(1.12)	(0.02)
Effect of change in Foreign Currency Translation Reserve	11.86	(1.72)	22.74	(4.40)
Employee cost under ESOS/ESPS	15.91	0.29	-	-
<b>Operating Profit/(Loss) Before Working Capital Changes</b>	<b>85.29</b>	<b>2.99</b>	<b>361.93</b>	<b>12.55</b>
<b>Working Capital Changes:</b>				
Trade Receivables, Loans & Advances and Other Current /Non-current assets	(286.45)	(3.70)	(128.71)	1.16
Earmarked Balances with Banks - Margin money deposit	0.62	0.01	(0.10)	-
Inventories	16.79	0.33	(15.90)	(0.31)
Trade Payables, Provisions and Other liabilities	114.32	1.32	11.80	(1.66)
<b>Cash Generated from Operations</b>	<b>(69.43)</b>	<b>0.95</b>	<b>229.02</b>	<b>11.75</b>
Taxes Paid	7.44	0.16	(22.28)	(0.46)
<b>Net Cash (Used in)/Generated from Operating Activities</b>	<b>(61.99)</b>	<b>1.11</b>	<b>206.74</b>	<b>11.29</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>				
Addition to Fixed Assets	(528.71)	(9.78)	(416.87)	(11.09)
Proceeds from Sale of Fixed Assets	2.59	0.05	2.53	0.05
Term deposit with Banks - others	(1.16)	(0.02)	(0.03)	-
Proceeds from Long Term Borrowings for assets under Hire purchase / Finance lease	13.47	0.24	6.14	0.08
Repayment of Long Term Borrowings for assets under Hire purchase / Finance lease	(6.46)	(0.12)	(9.15)	(0.19)
Interest Income	0.60	0.01	0.35	0.01
<b>Net Cash (Used in)/Generated from Investing Activities</b>	<b>(519.67)</b>	<b>(9.62)</b>	<b>(417.03)</b>	<b>(11.14)</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>				
Proceeds from Issue of Share Capital an account of exercise of employee stock options	7.92	0.15	0.80	0.02
Proceeds from Short Term Borrowings	6,005.00	108.87	3,622.50	66.96
Repayment of Short Term Borrowings	(5,137.50)	(95.17)	(3,187.50)	(62.87)
Finance Costs paid	(286.72)	(5.34)	(192.63)	(3.84)
<b>Net Cash (Used in)/Generated from Financing Activities</b>	<b>588.70</b>	<b>8.51</b>	<b>243.17</b>	<b>0.27</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>7.04</b>	<b>-</b>	<b>32.88</b>	<b>0.42</b>
Effect of Unrealised Foreign Exchange Fluctuation Gain/(Loss)	11.70	0.22	1.12	0.02
Cash and Cash Equivalents at the beginning of the year	111.15	2.19	77.15	1.75
<b>Cash and Cash Equivalents at the end of the year</b>	<b>129.89</b>	<b>2.41</b>	<b>111.15</b>	<b>2.19</b>

Earmarked Balances with Banks				
- Term Deposits held as margin money against bank guarantees	<b>0.58</b>	<b>0.01</b>	1.19	0.03
- Balance in ESOP / Rights issue accounts	<b>0.17</b>	-	0.61	0.01
Term Deposits - Others	<b>2.24</b>	<b>0.04</b>	1.09	0.02
<b>Closing Cash and Bank Balances</b>	<b>132.88</b>	<b>2.46</b>	114.04	2.25

	<b>P R RAMASUBRAHMANEYA</b>	<b>S S RAMACHANDRA</b>
As per our report annexed	<b>RAJHA</b>	<b>RAJA</b>
<b>For CNGSN &amp; Associates</b>	Chairman	<b>N K SHRIKANTAN</b>
		<b>RAJA</b>
Chartered Accountants		V
		<b>JAGADISA</b>
Registration No.004915S		N
		<b>M M</b>
<b>C N GANGADARAN</b>	<b>P R VENKETRAMA RAJA</b>	<b>VENKATACHALA</b>
Partner	Vice Chairman and Managing Director	<b>M</b>
		<b>A V</b>
Membership No.:11205		<b>DHARMAKRISHNA</b>
		N
Place : Chennai	<b>G VENKATRAM</b>	<b>R S AGARWAL</b>
Date : 30 <sup>th</sup> May, 2013	Company Secretary	Directors

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

### 1 SIGNIFICANT ACCOUNTING POLICIES

#### I BASIS OF PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

##### A 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 notified under the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956. All income and expenditure having a material bearing on the financial statements are recognized on accrual basis.

##### B Use of Estimates:

The preparation of financial statements in accordance with the generally accepted accounting principles requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates in the future periods.

#### 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 excess of cost of investments in subsidiary companies over its share of the equity of the subsidiary companies is recognised as 'Goodwill (on Consolidation)'. Such goodwill arising on consolidation is not amortised, but tested for impairment.

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 Foreign Currency Translation Reserve Account and is being classified under Reserves and Surplus Account.

#### IV OTHER SIGNIFICANT ACCOUNTING POLICIES:

These are set out in the note no. 1 under notes on the standalone financial statements of Ramco Systems Limited, India.

#### GENERAL INFORMATION

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., (wholly owned subsidiary of Ramco Systems Corporation, USA)	Canada	98%	31 <sup>st</sup> March
(g)	Ramco Systems FZ-LLC, Dubai	Dubai	100%	31 <sup>st</sup> March
(h)	RSL Software Company Ltd.,	Sudan	100%	31 <sup>st</sup> March
(i)	Ramco Systems Australia Pty Ltd., (Incorporated on 20 <sup>th</sup> August, 2012)	Australia	100%	31 <sup>st</sup> March
	<b>Affiliate</b>			
(a)	CityWorks (Pty) Limited (earlier known as Redlex 47 (Pty) Limited)	South Africa	30%	28 <sup>th</sup> February

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	<b>As at 31.03.2013</b>	<b>As at 31.03.2013</b>	<b>As at 31.03.2012</b>	<b>As at 31.03.2012</b>
	<b>(Rs. million.)</b>	<b>(USD million.)</b>	<b>(Rs. million.)</b>	<b>(USD million.)</b>
<b>2 Share Capital</b>				
<b>Authorised</b>				
50,000,000 (previous year 50,000,000) Equity Shares of Rs.10 each	<b>500.00</b>		<b>500.00</b>	
<b>Issued</b>				
16,086,293 (previous year 15,865,921) Equity Shares of Rs.10 each	<b>160.86</b>	<b>3.68</b>	<b>158.66</b>	<b>3.64</b>
<b>Subscribed</b>				
16,086,293 (previous year 15,865,921) Equity Shares of Rs.10 each	<b>160.86</b>	<b>3.68</b>	<b>158.66</b>	<b>3.64</b>
<b>Paid-up</b>				
15,737,115 (previous year 15,516,743) Equity Shares of Rs.10 each (includes value of forfeited shares of Rs.353,890 (previous year Rs.353,890) for 349,178 shares)				

157.73      3.60      155.52      3.56

The company has only one class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share.

<b>2.1 Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period:</b>				
Shares outstanding at the beginning of the year 15,516,743 (previous year 15,501,384)	155.52	3.56	155.37	3.56
Shares issued during the year under ESOS/ESPS- 220,372 (previous year 15,359)	2.21	0.04	0.15	-
Shares outstanding at the end of the year 15,737,115 (previous year 15,516,743)	<u>157.73</u>	<u>3.60</u>	<u>155.52</u>	<u>3.56</u>

<b>3 Reserves and Surplus</b>				
Securities Premium Account (includes value of forfeited shares of Rs.111,910 (previous year Rs.111,910) for 349,178 shares)	1,966.61	45.41	1,949.57	45.10
Foreign Currency Translation reserve	75.40	(6.57)	63.54	(4.85)
Share Options Outstanding	4.71	0.08	-	-
Balance in Statement of Profit and Loss	<u>(919.28)</u>	<u>(18.72)</u>	<u>(514.91)</u>	<u>(11.21)</u>
	<u>1,127.44</u>	<u>20.20</u>	<u>1,498.20</u>	<u>29.04</u>

<b>3.1 Securities Premium Account</b>				
Opening Balance	1,949.57	45.10	1,948.91	45.09
Shares issued during the year under ESOS-120,372 (previous year 15,359)	5.83	0.11	0.66	0.01
Add: Transferred from stock options outstanding *	<u>11.21</u>	<u>0.20</u>	<u>-</u>	<u>-</u>
Closing Balance	<u>1,966.61</u>	<u>45.41</u>	<u>1,949.57</u>	<u>45.10</u>

\*Represents premium accounted (without receipt in cash) towards the difference between the market price of Rs. 122.05 prevailing on the relevant date and the issue price of Rs. 10 on 1,00,000 share allotted on 28<sup>th</sup> May, 2012 under ESOS, as per SEBI guidelines.

<b>3.2 Stock Options Outstanding</b>				
*Gross employee stock compensation for options granted in earlier years	-	-	-	-
*Add: Gross compensation options/shares granted during the year	15.92	0.28	-	-
*Less: Transferred to Securities Premium on exercise of stock options/ shares	<u>(11.21)</u>	<u>(0.20)</u>	<u>-</u>	<u>-</u>
Closing balance	<u>4.71</u>	<u>0.08</u>	<u>-</u>	<u>-</u>

<b>3.3 Balance in Statement Profit and Loss</b>				
Opening balance	(514.91)	(11.21)	(425.64)	(9.32)
Current year Profit / (Loss)	<u>(404.37)</u>	<u>(7.51)</u>	<u>(89.27)</u>	<u>(1.89)</u>
Closing balance	<u>(919.28)</u>	<u>(18.72)</u>	<u>(514.91)</u>	<u>(11.21)</u>

As at	As at	As at	As at
31.03.2013	31.03.2013	31.03.2012	31.03.2012
(Rs. million.)	(USD million.)	(Rs. million.)	(USD million.)

<b>3.4 Foreign Currency Translation Reserve</b>				
Opening balance	63.54	(4.85)	40.80	(0.45)
Movement during the year	<u>11.86</u>	<u>(1.72)</u>	<u>22.74</u>	<u>(4.40)</u>
Closing balance	<u>75.40</u>	<u>(6.57)</u>	<u>63.54</u>	<u>(4.85)</u>

<b>4 Long Term Borrowings</b>				
Hire purchase loans, secured *	11.98	0.22	7.39	0.15

\* Includes loan from Banks Rs. 0.07 million. (previous year Rs. 0.27 million. USD 0.01 million.) and others Rs.



11.91 million. USD 0.22 million. (previous year Rs.7.12 million. USD 0.14 million.)

- 4.1 The hire purchase loans are secured by hypothecation of assets (Vehicles) procured under the hire purchase scheme.
- 4.2 Terms of repayment: These loans are repayable in 48/60 equal monthly installments from the date of disbursement. The interest and maturity profile are as under:

As at 31.03.2013							In million	
Rate of Interest	2016-17	2016-17	2015-16	2015-16	2014-15	2014-15	Total	Total
	Rs.	USD	Rs.	USD	Rs.	USD	Rs.	USD
9.00%	-	-	-	-	0.46	0.01	0.46	0.01
10.25%	-	-	-	-	0.15	-	0.15	-
10.50%	-	-	0.02	-	0.24	-	0.26	-
10.75%	0.44	0.01	0.39	0.01	0.35	0.01	1.18	0.03
11.00%	1.02	0.02	1.35	0.02	1.20	0.02	3.57	0.07
11.25%	0.43	0.01	1.61	0.03	1.44	0.03	3.48	0.06
11.50%	0.02	-	1.14	0.02	1.72	0.03	2.88	0.05
<b>TOTAL</b>	<b>1.91</b>	<b>0.04</b>	<b>4.51</b>	<b>0.08</b>	<b>5.56</b>	<b>0.10</b>	<b>11.98</b>	<b>0.22</b>

As at 31.03.2012							In million	
Rate of Interest	2015-16	2015-16	2014-15	2014-15	2013-14	2013-14	Total	Total
	Rs.	USD	Rs.	USD	Rs.	USD	Rs.	USD
8.50%	-	-	0.11	-	0.45	0.01	0.56	0.01
9.00%	-	-	0.56	0.01	1.32	0.03	1.88	0.04
10.25%	-	-	0.15	-	0.16	0.01	0.31	0.01
10.50%	0.01	-	0.54	0.01	0.64	0.01	1.19	0.02
11.50%	0.80	0.02	1.40	0.03	1.25	0.02	3.45	0.07
<b>TOTAL</b>	<b>0.81</b>	<b>0.02</b>	<b>2.76</b>	<b>0.05</b>	<b>3.82</b>	<b>0.08</b>	<b>7.39</b>	<b>0.15</b>

#### 5 Other Long Term Liabilities

Trade payables	-	-	2.36	0.05
Other long term liabilities *	<b>38.40</b>	<b>0.71</b>	38.39	0.76
	<b>38.40</b>	<b>0.71</b>	40.75	0.81

\* Represents rental advance(s)

#### 6 Long Term Provisions

Provision for gratuity	<b>33.27</b>	<b>0.62</b>	18.52	0.37
Provision for leave encashment	<b>115.18</b>	<b>2.13</b>	91.51	1.80
	<b>148.45</b>	<b>2.75</b>	110.03	2.17

#### 7 Short Term Borrowings

Loans repayable on demand from Banks, secured	<b>85.00</b>	<b>1.57</b>	110.00	2.17
Loans repayable on demand from Banks, unsecured	<b>100.00</b>	<b>1.85</b>	-	-
Loans from Banks, unsecured	<b>2,530.00</b>	<b>46.87</b>	1,745.00	34.41
Loans repayable on demand from related parties, unsecured	<b>137.50</b>	<b>2.55</b>	130.00	2.56
	<b>2,852.50</b>	<b>52.84</b>	1,985.00	39.14

#### 7.1 Short Term Borrowings Terms of Repayment and Security details

Loans repayable on demand, from Banks, secured, consists of:

- (a) Rs.10.00 million. USD 0.19 million. (previous year Rs.10.00 million. USD 0.20 million.) 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 Corporate Guarantee from Ramco Industries Limited and
- (b) Rs.75.00 million. USD 1.38 million. (previous year Rs.100.00 million. USD 1.97 million.) secured by a pari-

passu first charge on the current assets including stocks and book debts and supported by Corporate Guarantee from Ramco Industries Limited.

Loans repayable on demand, from Banks, secured, consists of:

- (a) ₹ 100.00 million. USD 1.85 million. (previous year Nil), supported by Corporate Guarantee from Madras Cements Limited.

Loans from Banks, unsecured, consists of :

- (a) Rs. 2,230.00 million. USD 41.31 million. (previous year Rs. 1,450.00 million. USD 28.59 million.), supported by Corporate Guarantee from Madras Cements Limited and  
 (b) Rs.300.00 million. USD 5.56 million. (previous year Rs.295.00 million. USD 5.82 million.), supported by Corporate Guarantee from Ramco Industries Limited.

Loans repayable on demand from related parties, unsecured, consists of:

- (a) Rs.137.50 million. USD 2.55 million. (previous year Rs.130.00 million. USD 2.56 million.) from Madras Cements Limited.

	As at 31.03.2013 (Rs. million.)	As at 31.03.2013 (USD million.)	As at 31.03.2012 (Rs. million.)	As at 31.03.2012 (USD million.)
<b>8 Trade Payables</b>				
Trade payables	300.79	5.57	233.30	4.59
<b>9 Other Current Liabilities</b>				
Unearned revenue	167.42	3.10	162.94	3.21
Hire purchase loans, secured #	5.75	0.10	3.47	0.07
Interest accrued but not due	0.44	0.02	0.40	0.01
Share application money due for refund	-	-	0.03	-
Statutory dues payable	35.15	0.65	31.48	0.62
Expenses payable	51.85	0.96	30.88	0.61
Others *	34.96	0.65	21.23	0.42
	295.57	5.48	250.43	4.94

# Secured by hypothecation of assets (vehicles) procured under the hire purchase scheme. Includes loan from Banks Rs. 0.20 million. (previous year Rs.0.20 million.) and others Rs. 5.55 million. USD 0.10 million. (previous year Rs.3.27 million. USD 0.07 million.)

\* Includes advance collected from customers and payable to vendors for capital payables

#### 10 Short Term Provisions

Provision for gratuity	-	-	22.45	0.44
Provision for superannuation, leave encashment	2.52	0.05	12.13	0.24
Provision for taxation	0.14	-	1.40	0.03
	2.66	0.05	35.98	0.71

Schedule V

21. Fixed Assets

Asset Description	Cost Book						Depreciation Book						Set-Back			
	As at 01.04.2017		Additions		Transfers/Disposals		As at 31.03.2018		Transfers/Disposals		As at 01.04.2018		As at 31.03.2019			
	Rs. Mn	U.S. \$ Mn	Rs. Mn	U.S. \$ Mn	Rs. Mn	U.S. \$ Mn	Rs. Mn	U.S. \$ Mn	Rs. Mn	U.S. \$ Mn	Rs. Mn	U.S. \$ Mn	Rs. Mn	U.S. \$ Mn		
<b>TANGIBLE ASSETS</b>																
Building	3.13	0.05	-	-	-	-	3.13	0.05	1.46	0.03	-	-	1.58	0.04	1.58	0.03
Furn & Machinery																
ATV	47.71	0.24	39.63	0.01	0.04	(0.35)	49.33	0.43	329.03	0.95	41.21	0.77	374.33	0.94	384.48	1.24
Other	0.54	0.20	0.23	-	0.04	-	1.01	0.28	9.03	0.09	0.04	-	10.01	0.19	1.01	0.20
Plant and	67.35	1.24	5.11	0.00	1.14	(0.00)	72.66	1.24	31.82	1.11	1.44	0.00	80.28	1.12	11.69	0.23
Office Equipment	14.70	0.29	1.28	0.01	0.28	-	16.01	0.20	34.26	0.28	0.23	-	15.78	0.29	0.24	-
Electrical Equip	68.11	1.20	1.46	0.02	(0.02)	(0.00)	71.17	1.22	31.63	0.26	1.46	0.06	70.71	1.18	47.59	0.94
Vehicle	14.69	0.34	13.14	0.25	-	(0.02)	15.46	0.40	1.54	0.06	1.05	0.04	14.15	0.32	23.68	0.47
<b>Sub-Total</b>	<b>99.00</b>	<b>11.77</b>	<b>60.54</b>	<b>1.34</b>	<b>0.27</b>	<b>(0.35)</b>	<b>69.29</b>	<b>12.17</b>	<b>411.99</b>	<b>0.93</b>	<b>46.39</b>	<b>0.93</b>	<b>494.99</b>	<b>0.95</b>	<b>344.07</b>	<b>1.29</b>
Reserve for	151.77	11.95	37.03	1.39	21.85	(1.07)	179.62	11.77	397.25	1.35	43.03	1.31	437.23	1.34	177.39	1.39
<b>TOTAL TANGIBLE ASSETS</b>																
Technology Reserves	73.63	14.01	140.11	2.65	-	(0.00)	164.79	14.57	330.63	6.51	41.54	1.23	346.17	7.23	430.00	9.31
Reserve for share	1,709.65	15.29	438.79	1.59	-	(1.14)	1,546.74	4.85	486.41	11.81	133.89	1.23	1,680.63	14.04	1,102.54	11.24
Patent	1.54	0.17	3.11	0.04	-	(0.00)	11.60	0.20	1.81	0.03	0.69	0.02	1.49	0.05	4.60	0.14
Computer Software	338.40	6.03	10.01	1.09	1.59	(0.34)	398.77	7.53	254.19	3.81	34.47	0.64	399.39	5.17	52.39	1.02
<b>Sub-Total</b>	<b>2,049.80</b>	<b>19.21</b>	<b>693.96</b>	<b>12.66</b>	<b>1.16</b>	<b>(1.20)</b>	<b>1,824.22</b>	<b>18.77</b>	<b>1,000.86</b>	<b>12.09</b>	<b>249.99</b>	<b>6.23</b>	<b>1,474.28</b>	<b>17.29</b>	<b>1,602.19</b>	<b>17.63</b>
Reserve for	2,123.39	19.21	324.14	10.13	4.00	(0.02)	2,109.03	19.33	359.03	11.84	212.51	4.91	1,896.52	19.39	1,375.68	13.08
Goodwill on acquisition																
Goodwill	664.81	10.41	-	-	-	(1.18)	663.63	10.42	-	-	-	-	-	-	664.81	10.41
Reserve for	664.81	10.49	-	-	-	(1.18)	663.63	10.52	-	-	-	-	-	-	664.81	10.51
<b>Grand Total</b>	<b>4,447.35</b>	<b>47.49</b>	<b>794.08</b>	<b>10.09</b>	<b>0.13</b>	<b>(0.15)</b>	<b>4,398.19</b>	<b>49.39</b>	<b>1,834.86</b>	<b>21.04</b>	<b>309.54</b>	<b>4.14</b>	<b>4,947.54</b>	<b>49.14</b>	<b>2,802.49</b>	<b>30.49</b>
Reserve for	3,377.08	30.93	102.97	11.29	20.77	(0.00)	3,277.33	31.99	1,244.21	29.94	203.23	3.94	3,282.99	32.04	2,152.33	23.07

Note:

1. Goodwill includes assets purchased under the Purchase Rs. 25.46 Mn. USD 0.49 Mn. period year Rs. 10.88 Mn. USD 0.14 Mn.; for book as on 31.03.2018 Rs. 23.10 Mn. USD 0.41 Mn. period year Rs. 14.15 Mn. USD 0.20 Mn.;
2. Goodwill includes assets purchased under Transfer Loans Rs. 21.28 Mn. USD 0.49 Mn. period year Rs. 12.29 Mn. USD 0.20 Mn.; for book as on 31.03.2018 Rs. 17.29 Mn. USD 0.39 Mn.; period year Rs. 11.14 Mn. USD 0.23 Mn.;
3. Additions to the gross book in respect of technology platform include capitalization of former intangible Rs. 33.79 Mn. USD 1.09 Mn. period year Rs. 37.01 Mn. USD 1.19 Mn.; and product returns include Rs. 171.33 Mn. USD 1.29 Mn. period year Rs. 127.21 Mn. USD 1.21 Mn.;

	As at 31.03.2013 (Rs. million.)	As at 31.03.2013 (USD million.)	As at 31.03.2012 (Rs. million.)	As at 31.03.2012 (USD million.)
<b>12 Non-current Investments</b>				
<b>Trade, unquoted, long term</b>				
Investments in Equity instruments - 300 shares (previous year 300) of face value of ZAR 1 each in CityWorks (Pty) Limited, South Africa	2.68	0.05	0.90	0.02
<b>13 Long Term Loans and Advances Unsecured, considered good</b>				
Security deposits	38.84	0.72	37.09	0.73
Advance Tax and Tax deducted at source	110.33	2.04	91.54	1.81
	<u>149.17</u>	<u>2.76</u>	<u>128.63</u>	<u>2.54</u>
<b>14 Other Non-current Assets</b>				
Trade receivables, unsecured, considered doubtful	186.38	3.45	161.14	3.18
Provision for doubtful trade receivables	(186.38)	(3.45)	(161.14)	(3.18)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>15 Inventories</b>				
Stock-in-trade *	0.14	0.01	16.93	0.33
* Represents hardware and software materials held for resale, valued at cost or net realisable value whichever is lower and as certified by management				
<b>16 Trade Receivables</b>				
<b>Unsecured, considered good</b>				
<b>(a) Over six months from the date they were due for payment</b>				
Trade receivables	319.86	5.92	337.90	6.66
<b>(b) Others</b>				
Trade receivables	449.48	8.33	345.08	6.81
	<u>769.34</u>	<u>14.25</u>	<u>682.98</u>	<u>13.47</u>
<b>17 Cash and Bank Balances</b>				
<b>Cash and cash equivalents</b>				
Cash on hand	0.26	0.01	0.19	-
Balance with Banks	129.63	2.40	110.96	2.19
<b>Other bank balances</b>				
Term deposits held as margin money against bank	0.58	0.01	1.19	0.03

guarantees				
Term deposits others	2.24	0.04	1.09	0.02
Balance in Rights Issue / ESOS accounts	0.17	-	0.61	0.01
	<b>132.88</b>	<b>2.46</b>	114.04	2.25
	<b>As at 31.03.2013</b>	<b>As at 31.03.2013</b>	As at 31.03.2012	As at 31.03.2012
	<b>(Rs. million.)</b>	<b>(USD million.)</b>	(Rs. million.)	(USD million.)
<b>18 Short Term Loans and Advances</b>				
<b>Unsecured, considered good</b>				
Loans and advances others *	105.39	1.95	97.40	1.92
* Includes customer security deposits, vendor advances, employee advances, statutory advances and prepaid expenses				
<b>19 Other Current Assets</b>				
Unbilled Revenue	534.98	9.91	454.66	8.97
Software work in progress	2.74	0.05	2.47	0.05
	<b>537.72</b>	<b>9.96</b>	457.13	9.02
	<b>Year ended 31.03.2013</b>	<b>Year ended 31.03.2013</b>	Year ended 31.03.2012	Year ended 31.03.2012
	<b>(Rs. million.)</b>	<b>(USD million.)</b>	(Rs. million.)	(USD million.)
<b>20 Revenue from operations</b>				
Software revenue (License & Services)	2,301.63	42.83	2,196.59	46.56
Value added resale software and hardware materials	91.09	1.70	33.19	0.70
	<b>2,392.72</b>	<b>44.53</b>	2,229.78	47.26
<b>21 Other Income</b>				
Interest income	0.61	0.01	1.73	0.04
Profit on sale of assets	0.45	0.01	0.06	-
Recovery of expenses from customers	29.54	0.55	59.48	1.26
Rent income	46.91	0.87	46.49	0.99
Other Income	3.69	0.07	3.91	0.08
	<b>81.20</b>	<b>1.51</b>	111.67	2.37
<b>22 Changes in Inventories of Stock-in-trade</b>				
Opening stock	16.93	0.33	1.03	0.02
Closing stock	0.14	-	16.93	0.33
	<b>16.79</b>	<b>0.33</b>	(15.90)	(0.31)

<b>23 Employee Benefit Expense</b>				
Salaries, wages, bonus etc.,	1,295.19	24.10	1,038.21	22.01
Provident fund contribution	50.88	0.95	55.34	1.17
Gratuity and other retirals	66.46	1.24	45.83	0.97
Staff welfare	9.26	0.17	8.05	0.17
	<b>1,421.79</b>	<b>26.46</b>	1,147.43	24.32
<b>24 Finance Costs</b>				
Interest on loans	58.09	1.08	24.92	0.52
Other finance costs	2.44	0.05	0.76	0.02
	<b>60.53</b>	<b>1.13</b>	25.68	0.54
	<b>Year ended</b>	<b>Year ended</b>	Year ended	Year ended
	<b>31.03.2013</b>	<b>31.03.2013</b>	31.03.2012	31.03.2012
	(Rs.	(USD	(Rs.	(USD
	million.)	million.)	million.)	million.)
<b>25 Other Expenses</b>				
Advertisement & sales promotion	75.89	1.41	82.23	1.74
Bank charges	2.73	0.05	2.72	0.06
Bad and doubtful debts & advances	59.12	1.10	26.07	0.55
Consultancy charges	48.90	0.91	39.66	0.84
Foreign exchange fluctuation, net	(3.65)	(0.07)	(29.10)	(0.62)
Insurance	9.80	0.18	7.35	0.16
Loss on sale of fixed assets	5.14	0.10	1.71	0.04
Office maintenance	21.61	0.40	18.44	0.39
Outsourcing costs	123.84	2.30	137.73	2.92
Provision for doubtful debts	23.53	0.44	99.17	2.10
Power & fuel	18.35	0.34	13.20	0.28
Printing & stationery	3.18	0.06	2.58	0.05
Postage, telephone & communication	53.39	0.99	37.95	0.80
Rent	184.98	3.44	167.69	3.55
Repairs - Buildings	3.91	0.07	0.01	-
Repairs - Plant & Machinery	8.66	0.16	9.73	0.21
Repairs - Others	8.60	0.16	6.85	0.15
Rates & taxes	23.48	0.44	21.63	0.46
Sales commission and other selling	48.29	0.90	42.56	0.90
Software subscription and maintenance	26.55	0.49	9.84	0.21
Travel & conveyance	220.94	4.11	219.06	4.64
Unfructified patent expenses	9.09	0.17	25.39	0.54
Other miscellaneous expenses	15.11	0.30	21.05	0.47
	<b>991.44</b>	<b>18.45</b>	963.52	20.44
	<b>As at</b>	<b>As at</b>	As at	As at
	<b>31.03.2013</b>	<b>31.03.2013</b>	31.03.2012	31.03.2012

	(Rs. million.)	(USD million.)	(Rs. million.)	(USD million.)
<b>26 Contingent Liabilities and Commitments</b>				
<b>26.1 Contingent Liabilities:</b>				
(a) Bank Guarantees	33.52	0.62	38.38	0.76
(b) Disputed Income tax / Wealth tax demands – pending before the first appellate authority	12.34	0.23	9.84	0.21
(c) In respect of disputed Sales tax demand amounting to Rs. 1.91 million. USD 0.04 million. (previous year Nil), appeal is pending with the first appellate authority. Against this, Rs. 0.95 million. USD 0.02 million. has been deposited and for the balance, Bank Guarantee has been furnished.				
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.				
<b>26.2 Commitments:</b>				
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for	19.75	0.37	22.01	0.43

## 27 Minority Interest & Equity in Earnings

The share of Minority Interest in the subsidiaries of 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 CityWorks (Pty) Limited, South Africa for the year Mar 2012-Feb 2013 is clubbed with the value of investment.

## 28 Segment Revenue

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

## 29 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                  | 7 Thanjavur Spinning Mill Limited |
| 2 Madras Cements Limited                     | 8 Rajapalayam Spinners Limited    |
| 3 Ramco Industries Limited                   | 9 Sri Harini Textiles Limited     |
| 4 The Ramaraju Surgical Cotton Mills Limited | 10 Swarna Bhoomi Estate           |
| 5 Sri Vishnu Shankar Mills Limited           | 11 Thanga Vilas Estate            |

6 Sandhya Spinning Mill Limited



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

In  
million

Particulars	Transactions during 2012-13		Outstanding as at 31.03.2013		Transactions during 2011-12		Outstanding as at 31.03.2012	
	Rs.	USD	Rs.	USD	Rs.	USD	Rs.	USD
<b>Income from Sale of goods &amp; services</b>								
Madras Cements Limited	567.12	10.55	70.66	1.31	198.71	3.92	1.37	0.03
Ramco Industries Limited	8.85	0.16	0.09	-	19.76	0.39	-	-
Rajapalayam Mills Limited	1.28	0.02	0.04	-	1.27	0.02	-	-
The Ramaraju Surgical Cotton Mills Limited	0.81	0.02	0.02	-	0.82	0.02	-	-
Sri Vishnu Shankar Mills Limited	0.65	0.01	0.01	-	0.66	0.01	-	-
Sandhya Spinning Mill Limited	0.55	0.01	-	-	0.55	0.01	-	-
Thanjavur Spinning Mill Limited	0.31	0.01	-	-	0.32	0.01	-	-
Rajapalayam Spinners Limited	0.14	-	-	-	0.14	-	-	-
Sri Harini Textiles Limited	0.09	-	-	-	0.09	-	-	-
Swarna Bhoomi Estate	0.10	-	-	-	0.40	0.01	-	-
Thanga Vilas Estate	0.13	-	-	-	0.62	0.01	-	-
<b>Loans availed</b>								
Madras Cements Limited	1620.00	30.15	137.50	2.55	1,012.50	19.97	130.00	2.56
<b>Interest - Expense</b>								
Madras Cements Limited	32.64	0.61	-	-	17.35	0.34	-	-
<b>Rent - Expense</b>								
Madras Cements Limited	78.23	1.45	-	-	78.23	1.54	-	-

Notes: (a) Details of corporate guarantees given by the Group are given in Note No.7.1 above.

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

(i) Remuneration paid to Shri P R Venketrama Raja is Rs.1.17 million. USD 0.03 million. (Previous year Rs.1.17 million. USD 0.03 million.).

(ii) Sitting fee paid to Shri P R Ramasubrahmaneya Rajha Rs.0.02 million. (Previous year Rs.0.04 million.).

(c) The above figures includes taxes as applicable.

### 30 Current Tax

#### Ramco Systems Limited, India

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 during current and previous year. Profits of the Dubai Branch are tax free.

No provision for taxation has been made by subsidiaries, except RSL Software Company Ltd., Sudan in the absence of taxable profits. It includes credit for tax refund due in respect of Ramco Systems Canada Inc., Canada. The Tax provision for the previous year represents the provision made by Ramco Systems Corporation, USA and includes credit for tax refund due by Ramco Systems Canada Inc., Canada.

#### Deferred Tax

#### Ramco Systems Limited, India

The Company has net deferred tax assets as at 31<sup>st</sup> March, 2013 and as on 31<sup>st</sup> March, 2012, 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, except in case of RSL Enterprise Solutions (Pty) Limited, South Africa, where in net deferred tax assets arise during the year due to accumulated losses, for which no credit has been considered for.

- 31** Figures for the previous year has been regrouped/restated wherever necessary to make them comparable with the figures for current year.
- 32** For translating local currency of subsidiaries into Indian Rupees the exchange rate applied is as per serial number III of the accounting policies given in Note No. 1. 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.
- 33** The figures in Rupees and USD have been rounded off to the million in both current and previous year.

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As per our report annexed  
**For CNGSN & Associates**

**P R RAMASUBRAHMANEYA RAJHA**  
Chairman

**S S RAMACHANDRA RAJA**

Chartered Accountants  
Registration No.004915S

**N K SHRIKANTAN RAJA**

**C N GANGADARAN**  
Partner

**P R VENKETRAMA RAJA**  
Vice Chairman and Managing Director

**V JAGADISAN**

**M M VENKATACHALAM**

Membership No.:11205

**A V DHARMAKRISHNAN**

Place : Chennai  
Date : 30<sup>th</sup> May, 2013

**G VENKATRAM**  
Company Secretary

**R S AGARWAL**

Directors

**The Board of Directors of  
Ramco Systems Limited,  
Chennai - 600 113**

**LIMITED REVIEW REPORT ON THE UN-AUDITED (PROVISIONAL) FINANCIAL RESULTS OF THE  
COMPANY FOR THE QUARTER ENDED 30<sup>th</sup> JUNE, 2013.**

We have reviewed the accompanying statement of unaudited financial results of **M/s. Ramco Systems Limited** for the period ended **30<sup>th</sup> June, 2013**, except for the disclosures regarding 'Public Shareholding' and 'Promoter and Promoter Group Shareholding' which have been traced from disclosures made by the management and have not been audited by us. This statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the Standard on Review Engagement (SRE) 2400, Engagements to Review Financial Statements issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with applicable accounting standards and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreement including the manner in which it is to be disclosed, or that it contains any material misstatement.

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

**G CHELLA KRISHNA**  
Partner  
Membership No: 210474

Place: Rajapalayam  
Date: 29<sup>th</sup> July, 2013

Rs. million

## Part I - Unaudited Global Consolidated Financial Results (under AS-21) for the Quarter Ended June 30, 2013

Sl. No.	Particulars	Quarter Ended						Year Ended	
		30.06.2013 (Unaudited)		31.03.2013 (Audited) Refer Note No. 8		30.06.2012 (Unaudited)		31.03.2013 (Audited)	
		USD million.	Rs. million.	USD million	Rs. million.	USD million	Rs. million	USD millio n.	Rs. million.
1	(a) Net Sales / Income from Operations	10.82	593.06	12.94	691.22	8.55	450.99	44.53	2,392.72
	(b) Other Operating Income	0.41	22.49	0.44	23.77	0.37	19.67	1.51	81.20
	<b>Total Income from Operations</b>	<b>11.23</b>	<b>615.55</b>	<b>13.38</b>	<b>714.99</b>	<b>8.92</b>	<b>470.66</b>	<b>46.04</b>	<b>2,473.92</b>
2	Expenditure:								
	(a) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(0.01)	(0.17)	-	-	(0.02)	(2.99)	0.33	16.79
	(b) Cost of materials consumed	-	-	-	-	-	-	-	-
	(c) Purchase of stock-in-trade	0.07	3.53	0.21	11.31	0.03	3.74	1.11	60.71
	(d) Employee benefits expense	6.45	353.64	5.99	319.76	6.85	361.48	26.46	1,421.79
	(e) Depreciation and amortisation expense	1.73	94.78	1.62	86.36	1.47	77.75	6.15	330.54
	(f) Other expenditure	4.27	233.77	6.32	337.88	3.25	170.91	18.45	991.44
	<b>Total Expenditure</b>	<b>12.51</b>	<b>685.55</b>	<b>14.14</b>	<b>755.31</b>	<b>11.58</b>	<b>610.89</b>	<b>52.50</b>	<b>2,821.27</b>
3	<b>Profit / Loss from Operations before Other Income, Finance Costs &amp; Exceptional Items (1-2)</b>	<b>(1.28)</b>	<b>(70.00)</b>	<b>(0.76)</b>	<b>(40.32)</b>	<b>(2.66)</b>	<b>(140.23)</b>	<b>(6.46)</b>	<b>(347.35)</b>
4	Other Income	-	-	-	-	-	-	-	-
5	<b>Profit / Loss from Ordinary Activities before Finance Costs and Exceptional Items (3+4)</b>	<b>(1.28)</b>	<b>(70.00)</b>	<b>(0.76)</b>	<b>(40.32)</b>	<b>(2.66)</b>	<b>(140.23)</b>	<b>(6.46)</b>	<b>(347.35)</b>
6	Finance Costs	0.42	22.92	0.35	18.88	0.20	10.64	1.13	60.53
7	<b>Profit / Loss from Ordinary Activities after Finance Costs but before Exceptional Items (5-6)</b>	<b>(1.70)</b>	<b>(92.92)</b>	<b>(1.11)</b>	<b>(59.20)</b>	<b>(2.86)</b>	<b>(150.87)</b>	<b>(7.59)</b>	<b>(407.88)</b>
8	Exceptional Items	-	-	-	-	-	-	-	-
9	<b>Profit / Loss from Ordinary Activities Before Tax (7-8)</b>	<b>(1.70)</b>	<b>(92.92)</b>	<b>(1.11)</b>	<b>(59.20)</b>	<b>(2.86)</b>	<b>(150.87)</b>	<b>(7.59)</b>	<b>(407.88)</b>
10	Tax Expense:								

	Current Taxation	-	-	(0.01)	(0.37)	-	-	(0.01)	(0.37)
	Deferred Taxation	-	-	-	-	-	-	-	-
11	<b>Net Profit / Loss from Ordinary Activities After Tax (9-10)</b>	<b>(1.70)</b>	<b>(92.92)</b>	<b>(1.10)</b>	<b>(58.83)</b>	<b>(2.86)</b>	<b>(150.87)</b>	<b>(7.58)</b>	<b>(407.51)</b>
12	Extraordinary Items (net of tax expenses)	-	-	-	-	-	-	-	-
13	<b>Net Profit / Loss for the period (11-12)</b>	<b>(1.70)</b>	<b>(92.92)</b>	<b>(1.10)</b>	<b>(58.83)</b>	<b>(2.86)</b>	<b>(150.87)</b>	<b>(7.58)</b>	<b>(407.51)</b>
14	Minority Interest	(0.01)	(0.51)	(0.01)	(0.29)	0.02	1.04	0.04	1.36
15	Share of Profit / (Loss) of Associates - net of Foreign Exchange Translation Adjustment	-	-	0.05	1.78	-	-	0.03	1.78
16	<b>Net Profit / Loss After Taxes, Minority Interest and Share of Profit / (Loss) of Associates (13+14+15)</b>	<b>(1.71)</b>	<b>(93.43)</b>	<b>(1.06)</b>	<b>(57.34)</b>	<b>(2.84)</b>	<b>(149.83)</b>	<b>(7.51)</b>	<b>(404.37)</b>
17	Paid - up Equity Share Capital - Face value of Rs.10/- each	3.60	157.74	3.60	157.73	3.59	156.74	3.60	157.73
18	Reserves excluding Revaluation Reserves							26.77	1,052.04
19	Earnings Per Share - before & after Extraordinary Items (in USD and in Rs.)								
	Basic EPS	(0.11)	(5.94)	(0.07)	(3.66)	(0.18)	(0.96)	(0.48)	(25.81)
	Diluted EPS	(0.11)	(5.94)	(0.07)	(3.66)	(0.18)	(0.96)	(0.48)	(25.81)
		(Not annualised)	(Not annualised)	(Not annualised)	(Not annualised)	(Not annualised)	(Not annualised)	(Annualised)	(Annualised)

**PART II - Select information for the quarter and year ended June 30, 2013**

A	PARTICULARS OF SHAREHOLDING	Quarter Ended			Year Ended
		30.06.2013	31.03.2013	30.06.2012	31.03.2013
1	Public Shareholding:				
	a) Number of Shares	4,921,061	4,956,458	5,032,320	4,956,458
	b) Percentage of Shareholding	31.27%	31.50%	32.19%	31.50%
2	Promoters and promoter group Shareholding				
	a) Pledged/Encumbered:				
	- Number of Shares	-	-	-	-
	- Percentage of shares (as a % of the total shareholding of promoter and	-	-	-	-

promoter group)				
- Percentage of shares (as a % of the total share capital of the company)	-	-	-	-
b) Non-encumbered:				
- Number of Shares	10,817,894	10,780,657	10,601,763	10,780,657
- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	100.00%	100.00%	100.00%	100.00%
- Percentage of shares (as a % of the total share capital of the company)	68.73%	68.50%	67.81%	68.50%

<b>B INVESTOR COMPLAINTS</b>	<b>3 Months Ended 30.06.2013</b>
Pending at the beginning of the quarter	-
Received during the quarter	-
Disposed of during the quarter	-
Remaining unresolved at the end of the quarter	-

Notes: (The amounts in brackets in the notes denote the figures for the corresponding quarter of the previous year).

- The financial results of the Company for the quarter ended June 30, 2013, duly approved by the Board of Directors in its meeting held on July 29, 2013, have been filed with the Stock Exchanges and are also posted in the website of the Company. Investors desirous of viewing the same can access the Company's website, [www.ramco.com](http://www.ramco.com) or on the websites of BSE ([www.bseindia.com](http://www.bseindia.com)) or NSE ([www.nseindia.com](http://www.nseindia.com)).
- Other Operating income for the quarter includes rental income of ₹ 11.7 million. USD 0.21 million. (₹ 11.67 million. USD 0.22 million) and recovery of expenses from customers Rs.10.72 million. USD 0.20 million. (₹ 6.93 million. USD 0.13 million).
- The Board of Directors, in its meeting held on May 30, 2013 has, subject to receipt of requisite approvals and market conditions, approved an issue of equity shares aggregating up to ₹ 1250 million on Rights basis to the shareholders. The Company is in the process of filing the Draft Letter of Offer with the Securities and Exchange Board of India ("SEBI").
- During the quarter, the company had allotted a total of 1,840 equity shares of Rs.10 each, under the Employees Stock Option Schemes/ Employee Stock Purchase Scheme of the Company on various dates. Accordingly, as at the date, the paid up capital of the Company increased from ₹ 157.73 million. USD 3.60 million to ₹157.74 million USD 3.60 million.
- 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.

6 Statement of Standalone Financials:

₹  
million.

<b>Particulars</b>	<b>Quarter Ended</b>	<b>Year ended</b>

	30.06.20 13 (Unaudited)	31.03.20 13 (Audited) Refer Note No. 8	30.06.2 012 (Unaudited)	31.03.20 13 (Audited)
Turnover (Operating income including other income)	378.11	425.14	378.58	1,751.75
Profit / (Loss) before tax	(92.60)	(19.86)	(45.62)	(188.09)
Profit / (Loss) after tax	(92.60)	(19.86)	(45.62)	(188.09)

- 7 Figures for the previous period have been regrouped / restated wherever necessary to make them comparable with the figures for the current period.
- 8 Figures for the quarter ended March 31, 2013 are the balancing figures between audited figures in respect of full financial year and published year to date figures up to the third quarter ended December 31, 2012.

Place : Rajapalayam  
Date : July 29, 2013

By order of the Board  
For Ramco Systems Limited  
P.R. Venketrana Raja  
Vice Chairman and Managing Director

Rs. million.

PART I - Unaudited Standalone Financial Results for the Quarter Ended June 30, 2013					
Sl. No.	Particulars	Quarter Ended		Year Ended	
		30.06.2013 (Unaudited)	31.03.2013 (Audited) Refer Note No. 7	30.06.2012 (Unaudited)	31.03.2013 (Audited)
1	(a) Net Sales / Income from Operations	359.35	408.14	363.04	1,690.93
	(b) Other Operating Income	18.76	17.00	15.54	60.82
	<b>Total Income from Operations</b>	<b>378.11</b>	<b>425.14</b>	<b>378.58</b>	<b>1,751.75</b>
2	Expenditure:				
	(a) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(0.17)	-	(2.99)	16.79
	(b) Cost of materials consumed	-	-	-	-
	(c) Purchase of stock-in-trade	3.52	10.77	3.74	59.92
	(d) Employee benefits expense	215.45	166.41	234.79	888.33
	(e) Depreciation and amortisation expense	93.14	84.63	76.16	324.00
	(f) Other expenditure	135.85	164.32	101.86	590.28
	<b>Total Expenditure</b>	<b>447.79</b>	<b>426.13</b>	<b>413.56</b>	<b>1,879.32</b>
3	<b>Profit / Loss from Operations before Other Income, Finance Costs &amp; Exceptional Items (1-2)</b>	<b>(69.68)</b>	<b>(0.99)</b>	<b>(34.98)</b>	<b>(127.57)</b>
4	Other Income	-	-	-	-
5	<b>Profit / Loss from Ordinary Activities before Finance Costs and Exceptional Items (3+4)</b>	<b>(69.68)</b>	<b>(0.99)</b>	<b>(34.98)</b>	<b>(127.57)</b>
6	Finance Costs	22.92	18.87	10.64	60.52
7	<b>Profit / Loss from Ordinary Activities after Finance Costs but before Exceptional Items (5-6)</b>	<b>(92.60)</b>	<b>(19.86)</b>	<b>(45.62)</b>	<b>(188.09)</b>
8	Exceptional Items	-	-	-	-
9	<b>Profit / Loss from Ordinary Activities Before Tax (7-8)</b>	<b>(92.60)</b>	<b>(19.86)</b>	<b>(45.62)</b>	<b>(188.09)</b>
10	Tax Expense:				
	Current Taxation	-	-	-	-
	Deferred Taxation	-	-	-	-
11	<b>Net Profit / Loss from Ordinary Activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



	<b>After Tax (9-10)</b>	<b>(92.60)</b>	<b>(19.86)</b>	<b>(45.62)</b>	<b>(188.09)</b>
12	Extraordinary Items (net of tax expenses)	-	-	-	-
13	<b>Net Profit / Loss for the period (11-12)</b>	<b>(92.60)</b>	<b>(19.86)</b>	<b>(45.62)</b>	<b>(188.09)</b>
14	Paid - up Equity Share Capital - Face value of ₹ 10/- each	157.74	157.73	156.74	157.73
15	Reserves excluding Revaluation Reserves				1,341.32
16	Earnings Per Share - before & after Extraordinary Items (in ₹ )				
	Basic EPS	(5.88)	(1.27)	(0.29)	(12.01)
	Diluted EPS	(5.88)	(1.27)	(0.29)	(12.01)
		(Not annualised)	(Not annualised)	(Not annualised)	(Annualised)

**PART II - Select information for the quarter and quarter ended June 30, 2013**

A	PARTICULARS OF SHAREHOLDING	Quarter Ended			Year Ended
		30.06.2013	31.03.2013	30.06.2012	31.03.2013
1	Public Shareholding:				
	a) Number of Shares	4,921,061	4,956,458	5,032,320	4,956,458
	b) Percentage of Shareholding	31.27%	31.50%	32.19%	31.50%
2	Promoters and promoter group Shareholding				
	a) Pledged/Encumbered:				
	- Number of Shares	-	-	-	-
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	-	-	-	-
	- Percentage of shares (as a % of the total share capital of the company)	-	-	-	-
	b) Non-encumbered:				
	- Number of Shares	10,817,894	10,780,657	10,601,763	10,780,657
	- Percentage of shares (as a% of the total shareholding of promoter and promoter group)	100.00%	100.00%	100.00%	100.00%
	- Percentage of shares (as a % of the total share capital of the company)	68.73%	68.50%	67.81%	68.50%

B	INVESTOR COMPLAINTS	3 Months Ended 30.06.2013
	Pending at the beginning of the quarter	-
	Received during the quarter	-
	Disposed of during the quarter	-
	Remaining unresolved at the end of the quarter	-

Notes: (The amounts in brackets in the notes denote the figures for the corresponding quarter of the previous year).

- The financial results of the Company for the quarter ended June 30, 2013, duly approved by the Board of Directors in its meeting held on July 29, 2013, have been filed with the Stock Exchanges and are also posted in the website of the the Company. Investors desirous of viewing the same can access the Company's website, www.ramco.com or on the websites of BSE (www.bseindia.com) or NSE (www.nseindia.com).
- Other operating income for the quarter includes rental income of ₹ 11.70 million. (₹ 11.67 million.) and recovery of expenses from customers ₹ 6.70 million. (₹ 3.61 million.).
- The Board of Directors, in its meeting held on May 30, 2013 has, subject to receipt of requisite approvals and market conditions, approved an issue of equity shares aggregating up to ₹ 1250 million on Rights basis to the shareholders. The Company is in the process of filing the Draft Letter of Offer with the Securities and Exchange Board of India ("SEBI").
- During the quarter, the company had allotted a total of 1,840 equity shares of ₹ 10 each, under the Employees Stock Option Schemes/ Employee Stock Purchase Scheme of the Company on various dates. Accordingly, as at

the date, the paid up capital of the Company increased from ₹ 157.73 million. to ₹ 157.74 million.

- 5 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.
- 6 Figures for the previous period have been regrouped / restated wherever necessary to make them comparable with the figures for the current period.
- 7 Figures for the quarter ended March 31, 2013 are the balancing figures between audited figures in respect of full financial year and published year to date figures up to the third quarter ended December 31, 2012.

Place : Rajapalayam  
Date : July 29, 2013

By order of the Board  
For Ramco Systems Limited  
P.R. Venketrana Raja  
Vice Chairman and Managing Director

## CERTAIN OTHER FINANCIAL INFORMATION

### Our Working Results for the period between April 1, 2013 and June 30, 2013

Particulars	Consolidated basis ₹ in millions	Unconsolidated basis ₹ in millions
Sales	593.06	359.35
Other Income	22.49	18.76
Estimated Gross Profit (excluding depreciation and taxes)	1.86	0.54
Provision for Depreciation	94.78	93.14
Provision for Taxation	0	0
Minority Interest	(0.51)	0
Estimated Net Profit/Loss	(93.43)	(92.6)

#### Material changes and commitments, if any affecting our financial position

Except as disclosed in the section titled “Material Developments” on page 177 of this Draft Letter of Offer there are no material changes and commitments, if any affecting our financial position.

#### Week-end prices for the last four weeks, current market price; and highest and lowest prices of Equity Shares during the period with the relative dates

For details in connection with the week-end prices for the last four weeks, current market price, and highest and lowest prices of the Equity Shares, please refer to the section titled “Market Price Information” on page 165 of this Draft Letter of Offer.

## ACCOUNTING RATIOS AND CAPITALIZATION STATEMENT

The following table presents certain accounting and other ratios derived from our audited financial statements as at March 31, 2013, included in the section titled “Financial Information” on page no. 95 of this Draft Letter of Offer.

<b>Unconsolidated basis</b>		
<b>Particulars</b>	<b>Fiscal 2013</b>	<b>Fiscal 2012</b>
Weighted average number of equity shares outstanding during the year for basic EPS (in millions)	15.67	15.51
Weighted average number of equity shares outstanding during the year for diluted EPS (in millions)	16.09	15.61
Number of equity shares outstanding at end of the year (in millions)	15.74	15.52
Basic EPS (₹ per Share)	(12.01)	(1.91)
Diluted EPS (₹ per Share)	(12.01)	(1.91)
Return on Networth (%)	(0.13)	(0.02)
NAV per Share (₹ per Share)	95.26	107.19
<b>Consolidated basis</b>		
<b>Particulars</b>	<b>Fiscal 2013</b>	<b>Fiscal 2012</b>
Weighted average number of equity shares outstanding during the year for basic EPS (₹ in millions)	15.67	15.51
Weighted average number of equity shares outstanding during the year for diluted EPS (₹ in millions)	16.09	15.61
Number of equity shares outstanding at end of the year (in millions)	15.74	15.52
Basic EPS (₹ per Share)	(25.81)	(5.75)
Diluted EPS (₹ per Share)	(25.81)	(5.75)
Return on Networth (%)	(0.31)	(0.05)
NAV per Share (₹ per Share)	81.66	106.58

The above ratios have been computed as below:

**Basic EPS:** Net profit attributable to Equity Shareholders (excluding extraordinary items, if any) / Weighted average number of Equity Shares outstanding during the year

**Diluted EPS :** Net profit attributable to Equity Shareholders (excluding extraordinary items, if any) / Weighted average number of diluted Equity Shares outstanding during the year.

**Return on Networth:** Net profit attributable to Equity Shareholders (excluding extraordinary items, if any) / Net Worth at the end of the year (excluding revaluation reserves)

**NAV per Share:** Net worth at the end of the year (excluding revaluation reserves) / Number of Equity Shares outstanding at the end of the year

### Capitalisation Statement: (Based on unconsolidated financial statements)

<b>Capitalisation Statement</b>	<b>₹ in million</b>	
	<b>Pre-Issue as on March 31, 2013</b>	<b>As adjusted for the Issue</b>
<b>Loan Funds</b>		
Short Term Loans	2,858.25	[•]

<b>Capitalisation Statement</b>	<b>Pre-Issue as on March 31, 2013</b>	<b>As adjusted for the Issue</b>
Long Term Loans	11.98	[●]
<b>Total debt</b>	2,870.23	
<b>Shareholders Fund</b>		
<b>Share Capital</b>	157.73	[●]
Reserves	1,971.31	[●]
Profit and loss account	(629.99)	[●]
<b>Total Shareholders Funds</b>	1,499.05	[●]
Long Term Debt/Equity ratio	0.01	[●]
Total debt / Equity ratio	1.91	[●]

Since March 31, 2013 (which is the last date as of which financial information has been given above) share capital was increased from ₹ 157.73 million to ₹ 157.76 million due to allotment of 2,965 Equity Shares pursuant to exercise of options granted under ESOS 2008.

**The Issue price of ₹ [●]/- has been arrived at in consultation between us and the Lead Manager.**

## MARKET PRICE INFORMATION

Our Equity Shares are currently listed on the BSE, the NSE and the MSE. For details of listing of our Equity Shares, please see the section “History and Other Corporate Matters” on page 75 of this Draft Letter of Offer. Our Equity Shares are actively traded on both the BSE and the NSE, stock market data has been given separately for each of these Stock Exchanges. Since, our Equity Shares have not been traded on MSE for the period mentioned in the table below, the data for MSE has not been provided.

- a) The high, low and average market prices of our Equity Shares during the preceding three years were recorded, as stated below:

BSE							
Year	Date of High	High (₹)	Volume traded on date of High (No. of Equity Shares)	Date of Low	Low (₹)	Volume traded on Date of low (No. of Equity Shares)	Average price for the year (₹)
2012	8-Oct-12	155.35	2,858	5-Jan-12	65.25	51	116.21
2011	5-Jan-11	125.35	14,708	23-Nov-11	50.05	243	84.46
2010	15-Oct-10	146.50	372,162	24-Feb-10	91.20	3167	111.00

(Source: [www.bseindia.com](http://www.bseindia.com))

NSE							
Year	Date of High	High (₹)	Volume traded on date of High (No. of Equity Shares)	Date of Low	Low (₹)	Volume traded on Date of low (No. of Equity Shares)	Average price for the year (₹)
2012	8-Oct-12	157.85	10,379	9-Jan-12	65.70	961	115.82
2011	5-Jan-11	125.70	34,308	18-Nov-11	50.10	4570	84.47
2010	15-Oct-10	147.15	697,255	24-Feb-10	90.50	1889	111.05

(Source: [www.nseindia.com](http://www.nseindia.com))

### Notes

- High, low and average prices are of the daily closing prices.
- In case of two days with the same closing price, the date with higher volume has been considered.

- b) Monthly high and low prices and trading volumes on the Stock Exchanges for the six months preceding the date of filing of the Draft Letter of Offer is as stated below:

BSE							
Month / year	Date of High	High (₹)	Volume traded on date of High (No. of Equity Shares)	Date of Low	Low (₹)	Volume traded on Date of low (No. of Equity Shares)	Average price for the Month (₹)
July, 2013	10-Jul-13	93.55	4551	3-Jul-13	70.85	3549	84.56
June, 2013	4-Jun-13	91.00	474	28-Jun-13	72.85	1789	83.49
May, 2013	2-May-13	105.00	390	31-May-13	91.35	4695	98.57
April, 2013	1-Apr-13	113.85	6,966	30-Apr-13	100.00	200	104.66
March, 2013	26-Mar-13	119.10	4,966	4-Mar-13	85.40	3310	101.60
February, 2013	1-Feb-13	97.50	3,655	14-Feb-13	81.25	645	92.04

(Source: [www.bseindia.com](http://www.bseindia.com))

NSE							
Month	Date of High	High (₹)	Volume traded on date of High (No. of Equity Shares)	Date of Low	Low (₹)	Volume traded on Date of low (No. of Equity Shares)	Average price for the Month (₹)
July, 2013	22-Jul-13	93.75	100	3-Jul-13	69.85	3410	84.63
June, 2013	3-Jun-13	92.00	1025	28-Jun-13	72.75	1926	84.25
May, 2013	3-May-13	103.25	1402	31-May-13	92.00	2163	99.16
April, 2013	1-Apr-13	113.30	4219	11-Apr-13	100.00	146	103.93
March, 2013	26-Mar-13	120.00	46688	4-Mar-13	83.55	9855	101.83
February, 2013	26-Feb-13	97.20	9516	14-Feb-13	81.10	4838	92.07

(Source: [www.nseindia.com](http://www.nseindia.com))

#### Notes

- High, low and average prices are of the daily closing prices.
  - In case of two days with the same closing price, the date with higher volume has been considered.
- c) The week-end prices of our Equity Shares on the BSE and NSE in the last four weeks together with the high and low prices are set out below:

Week Ended on	Closing Price (₹)*	Date of High	High (₹)#	Date of Low	Low (₹)#
23-Aug-13	76.65	19-Aug-13	82.00	22-Aug-13	71.80
16-Aug-13	82.00	16-Aug-13	84.00	13-Aug-13	77.00
8-Aug-13	77.20	5-Aug-13	80.70	7-Aug-13	72.95
2-Aug-13	76.90	29-Jul-13	87.50	2-Aug-13	76.90

(Source: [www.bseindia.com](http://www.bseindia.com))

Week Ended on	Closing Price (₹)*	Date of High	High (₹)#	Date of Low	Low (₹)#
23-Aug-13	78.00	19-Aug-13	80.90	23-Aug-13	70.65
16-Aug-13	81.70	16-Aug-13	82.00	16-Aug-13	76.00
8-Aug-13	77.70	5-Aug-13	81.60	7-Aug-13	72.10
2-Aug-13	77.75	29-Jul-13	90.65	2-Aug-13	77.75

(Source: [www.nseindia.com](http://www.nseindia.com))

#### Notes

\*Closing prices on the end of the week.

#Based on daily high and low. In the event the high and low price of the Equity Shares are the same on more than one day, the day on which there has been higher volume of trading has been considered for the purposes of this section.

#### d) Current Market Price

Our Share price was ₹ 77.50 and the market capitalization was ₹ 1210 million on the BSE as on August 28, 2013.

Our Share price was ₹ 77.10 and the market capitalization was ₹ 1210 million on the NSE as on August 28, 2013.

e) The closing prices of Equity Shares as on May 31, 2013 (the trading day immediately following the day on which the resolution of the Board was passed approving the Rights Issue) on the BSE and the NSE were ₹ 91.35 and ₹ 92.00, respectively.



## SECTION VII – LEGAL AND OTHER INFORMATION

### OUTSTANDING LITIGATIONS AND OTHER DEFAULTS

Except as stated below, there are no (i) outstanding litigations, suits, criminal or civil prosecutions, statutory or legal proceedings including those for economic offences, tax liabilities, show cause notices or legal notices pending against our Company, whose outcome could have a materially adverse effect on the business, operations or financial position of our Company, (ii) pending criminal liability, cases involving moral turpitude on the part of our Company, proceedings involving material violations of statutory regulations by our Company or economic offences where proceedings have been initiated against our Company in the immediately preceding 10 years.

Except as specifically provided below, we confirm that:

- (a) there are no defaults, non-payments or statutory overdues, institutional/bank dues and dues payable to holders of debentures, bonds and arrears of cumulative preference shares that would have a material adverse effect on our business;
- (b) None of our directors are on the RBI’s list of willful defaulters;
- (c) No regulatory action has been initiated in the last three years against us and/or our subsidiaries;
- (d) there are presently no litigations or proceedings against our overseas/ step-down subsidiaries (including by any overseas regulators) and none of our subsidiaries are /were subject to any major litigation in last three years which would have a bearing on this Issue;
- (e) there are no outstanding litigations against group companies that have a bearing on this Issue;
- (f) there have been no notices issued against us in the last five year period by SEBI or Stock Exchanges and no proceedings have been initiated by SEBI or Stock Exchanges against us or our Subsidiaries.

#### Summary of legal proceedings filed by / against our Company:

Category	Company	
	Total number of cases	Amount Involved in ₹ in million (where quantifiable)
Civil proceedings	5	5.15
Criminal Proceedings	2	2.59
Consumer Proceedings	4	9.9
Tax proceedings*	14	19.02

*\*Tax proceedings typically pertain to disallowance of expenses and not further tax claims. Should any of the Tax proceedings be decided against us, expenses or exemptions that we have claimed will not be allowed, hence reducing taxable loss claimed by us. The amount of disputed tax liability is provided herein.*

#### A. Cases filed against our Company

##### 1. Parties: Ciba India Limited Vs Ramco Systems Limited

**Complaint/ Case No./ Forum:** Consumer Complaint No.502 of 2009 filed before the District Consumer Forum, Bandra, Mumbai

**Brief Facts:** The Complainant had engaged the services of our Company in respect of implementation of Ramco E. Application Payroll System for a consideration of ₹ 0.50 million. It is now alleged by the Complainant that the services provided by our Company were deficient and has claimed inter-alia for a refund of ₹ 0.44 million along with interest @ 18% p.a and also for a compensation of ₹ 1.58 million. Our Company has categorically denied the allegations of the Complainant and has also stated that the Complainant cannot be defined as a consumer under the Consumer Protection Act, 1986.

**Status:** The matter is pending adjudication

- 2. Parties:** Indication Instrument Limited Vs M/s Cosmic Softech Limited and Ramco Systems Limited  
**Complaint/ Case No./ Forum:** C.S.O.S. No.1781/2009 filed before the Civil Suit in the Delhi High Court  
**Brief Facts:** It is alleged by the Plaintiff that the Defendant No. 1, Cosmic Softech Ltd, has not performed its obligations. Consequently, the Plaintiff filed a suit for recovery of a sum of ₹ 2.84 million together with interest at 18% p.a. against Defendant No. 1. As our Company is a partner with the Defendant No. 1, our Company has been made a party to it. Our Company filed the written statement whereby our Company categorically denied all the allegations made by the Plaintiff and further submitted that the Plaint ought to be rejected/dismissed as it discloses no basis of liability and privity as against Company.  
**Status:** The matter is pending adjudication.
- 3. Parties:** Karan Motors Private Limited Vs Ramco Systems Limited  
**Complaint/ Case No./ Forum:** Complaint No: C-10/237/1033 filed before the State Consumer Redressal Commission, New Delhi at Delhi  
**Brief Facts:** It is alleged by the Complainant that there was a deficiency in providing the service in implementing the software “Ramco on demand ERP”. Consequently the Complainant has filed this Complaint against our Company for refund of ₹ 1.31 million paid by the Complainant towards subscription of the software and an additional claim of ₹5.76 million towards salary and interest, aggregating to ₹ 7.07 million. Our Company denied the allegations and stated that the complaint is not maintainable as the Complainant does not fall within the definition of consumer as per Consumer Protection Act, 1986.  
**Status:** The matter is pending adjudication.
- 4. Parties:** Southern Ferro Limited Vs Ramco Systems Limited  
**Complaint/ Case No./ Forum:** Complaint no 354/2012 filed before the State Consumer Redressal Forum, Dharwad  
**Brief Facts:** The Complainant had alleged that our Company had committed a deficiency in service by not implementing the on Demand ERP platform after receiving the consideration of ₹0.35 million from the Complainant. The Consumer Redressal Forum, Dharwad passed an order dated January 29, 2013 directing our Company to refund said amount of ₹ 0.35 million taken as the consideration from the Complainant along with ₹ 0.001 million towards the costs of the proceedings. Aggrieved, our Company filed an appeal with the State Consumer Forum, Bangalore and the same has been admitted. The Complainant has also filed an execution petition seeking enforcement of the order passed by the Consumer Redressal Forum, Dharwad, the maintainability of which has been contested by us.  
**Status:** The matter is pending adjudication.
- 5. Parties:** Sumo Technologies Private Limited Vs Ramco Systems Limited and M/s. Shruti Infoserve Engineering (P) Limited  
**Complaint/ Case No./ Forum:** Complaint No. 2003 of 2009 before the District Consumer Disputes Redressal Forum, Bangalore and Appeal No. 2188/2011  
**Brief Facts:** The Complainant had alleged that the 2<sup>nd</sup> Opposite Party was to procure and implement the software package as agreed to between the parties. The Complainant made a payment of ₹ 0.36 million towards the cost of the software package and implementation charges in favour of 2<sup>nd</sup> Opposite Party. It is alleged by the Complainant that a revision plan was issued by the 2<sup>nd</sup> Opposite Party towards completion of entire implementation and subsequently there was no response from the parties. As there was no response from the parties, the Complainant filed this complaint claiming for a refund of ₹ 0.36 million along with 18% interest and to pay a sum of ₹0.10 million as compensation. The said District Consumer Disputes Redressal Forum, Bangalore (“District Forum”) passed an order dated December 15, 2009 dismissing the complaint. Aggrieved by the said order, the Complainant filed an appeal bearing No. 30 of 2010 before the Karnataka State Consumer Redressal Commission, Bangalore (“State Commission”) and an order was passed on February 22, 2011 allowing the appeal and the matter was remanded back to the District Consumer Redressal Forum to dispose the matter afresh. The District Forum heard the matter and passed an order on July 13, 2011 thereby partly allowing the complaint and directed our Company and 2<sup>nd</sup> Opposite Party to pay the Complainant the aforesaid sum along with 12% p.a. Aggrieved by the said order, our Company filed an appeal before the Karnataka State Consumer Disputes Redressal Commission against 2<sup>nd</sup> Opposite Party and the Complainant stating that the District Forum has failed to appreciate the contention that although we were acting as the facilitator to the 2<sup>nd</sup> Opposite Party, our Company had no role to play in the implementation of the software and thus prayed before State Commission to set aside the order passed by the District Forum. Subsequently, the 2<sup>nd</sup> Opposite Party filed a revision petition bearing No. 1337 of 2011 before the National

Consumer Disputes Redressal Commission, New Delhi (“National Commission”) against the order passed by the District Forum on February 22, 2011 allowing the appeal filed by the Complainant. The National Commission passed a stay order on the order passed by the District Forum on July 13, 2011.

**Status:** The parties have agreed to compromise the matter and shall be filing the compromise petition before the authorities.

6. **Parties:** Association of Owners of Residency (Regency and Regalia) Vs The Member Secretary (Respondent 1), The Commissioner - Chennai Corporation (Respondent No. 2) and the Ramco Systems Limited (Respondent 3).

**Complaint/ Case No./ Forum:** Writ Petition No. 16266 of 2013 before the High Court of Judicature at Madras

**Brief Facts:** The Petitioner has filed the aforesaid writ petition before the Hon’ble High Court of Madras, alleging certain violations of the building sanction plan with regard to the occupation of certain parking spaces on the common pathway adjacent to the premises on which the Company is situated. The Petitioner in its petition has sought an injunction against the Company, restraining them or their agents from parking their vehicles on the eastern side of the common pathway

**Status:** The matter is pending adjudication.

## B. Cases filed by the Company

1. **Parties:** Ramco Systems Limited Vs Srimata Cyber Service Private Limited and another

**Complaint/ Case No./ Forum:** Criminal Complaint No. 12297 of 2003 and 13924 of 2003 filed before V Metropolitan Magistrate, Hyderabad

**Brief Facts** The Accused had issued three cheques amounting to ₹ 0.09 million in favour of our Company towards consideration for the services provided by the Company. However, on presentation, the same were dishonoured by the bank stating “Insufficient Funds”. Consequently, our Company filed the Complaints under section 138 of the Negotiable Instruments Act, 1938

**Status:** The matter is pending adjudication

2. **Parties:** Ramco Systems Limited Vs Deldot Systems Limited

**Complaint/ Case No./ Forum:** Company Petition No. 256 of 2002 filed before the Hon’ble High Court, Bangalore

**Brief Facts** Our Company filed a winding up petition was filed in the High Court, Bangalore under Section 433(e) and 439 of the Companies Act, 1956 against Respondent Company on account of non-payment of dues by the Respondent. The amount claimed is ₹ 1.20 million along with interest. Thereafter, the Hon’ble High Court, vide an order dated June 16, 2004, directed that the Respondent be wound up.

**Status:** The matter is pending adjudication

3. **Parties:** Ramco Systems Limited Vs Net Savvy Technologies, New Delhi and another

**Complaint/ Case No./ Forum:** Execution Petition in Civil Suit No. 65 of 2002 filed before Additional District Judge, New Delhi

**Brief Facts** The Court of the District and Sessions Judge, New Delhi had passed an order in our favour in respect of a money recovery suit that we had filed against Net Savvy Technologies. Pursuant to the same, we have filed an execution petition for enforcement of the order of the Sessions court seeking inter alia order for attachments of immovable properties and goods lying at the defendants premise and its sale for realization of decree amount and also attachments of certain bank accounts. The amount prayed for recovery is to the extent of ₹ 0.42 million which includes the decree amount, costs and interest.

**Status:** The matter is pending adjudication

4. **Parties:** Ramco Systems Limited Vs India Paging Services Limited Bangalore and ors

**Complaint/ Case No./ Forum:** Original Suit No. 2075 of 2003 filed before the City Civil Court, Bangalore

**Brief Facts** Our Company filed this recovery suit of an amount of ₹ 0.41 million on account of non-payment of dues by India Paging Services. As the Defendant, India Paging Services Limited was ordered to be wound up by a High Court order dated June 29, 2006 filed by other creditors, our Company filed an application under Section 446 of the Companies Act, 1956 before the Hon’ble High Court of Karnataka, Bangalore, seeking the leave of the Hon’ble High Court to prosecute the above suit against the said defendant. Our application was allowed by the Hon’ble High Court and the matter has been now posted for orders before the City Civil Court, Bangalore.

**Status:** The matter is pending adjudication

**5. Parties:** Ramco Systems Limited Vs. K. Gopinath, Managing Director, and another  
**Complaint/ Case No./ Forum:** 3684/COP/Visitors/2013 on behalf of the Commission of Police, Egmore, Chennai.  
**Brief Facts** Our Company has paid an amount of ₹2.43 million to Modern Computer I.T. Store Private Limited for supply of certain products. However, accused failed to provide the products. Hence, our Company filed a criminal complaint on March 8, 2013 against Mr. Gopinath, the managing director of the accused company, alleging fraud. The complaint was registered and forwarded to the Deputy Commissioner – Central Crime Branch for further investigation. Thereafter on request of our Company, the police registered an FIR bearing 72/2013 on April 2, 2013.  
**Status:** The matter is pending adjudication

#### **C. Notices**

**Party:** ZTC International Landscape Solutions Private Limited (**ZTC**)

**Date of Notice:** January 28, 2013

**Brief Facts:** Our Company is in receipt of a notice dated January 28, 2013 issued by ZTC stating that they had entered into certain contracts for providing to use of software programmes owned by our Company and paid an amount of ₹ 0.59 million as an advance. ZTC has, vide the notice claimed refund of the monies advanced along with interest of 24% per month on account of the alleged deficient services.

**Status:** Our Company has issued a reply dated April 6, 2013 denying all allegations. The said reply has been acknowledged. No further correspondence has taken place.

**Party:** VNC Electrodes, Industrial Estate, Karur (**VNC**)

**Date of Notice:** December 24, 2012

**Brief Facts:** Our Company is in receipt of a notice dated December 24, 2012 issued by VNC alleging that the software installed by our Company was not functioning in a proper manner and several errors were being displayed. Accordingly, VNC has sought for a payment of ₹ 4.10 million towards refund of monies paid and incidental costs.

**Status:** Our Company has issued a reply dated February 18, 2013 denying all allegations. The said reply has been acknowledged. No further correspondence has taken place.

#### **D. Criminal Proceedings against our Directors**

None

#### **E. Tax Litigations**

*Proceedings initiated by our Company*

### **INCOME TAX CASES**

#### **1. Assessment years 2000-01, 2001-2002 and 2002-03**

Our Company has filed three appeals dated February 20, 2009 bearing Tax Case (Appeals) before the High Court of Judicature, Madras under Section 260 A of the Income Tax Act, 1961 against order of Income Tax Appellate Tribunal, Chennai 'D' bench dated 16.09.2008 in ITA No. 2653 of 2005, 2654 of 2005 and 2655 of 2005, pertaining to certain disallowances for Assessment Year 2000-2001, 2001-02 and 2002-03. The total expenditure (weighted) claimed under Section 35(2AB) for the three assessment year was ₹ 268.64 million, ₹ 344.56 million and ₹ 449.88 million (weighted) and the amount allowed by the CIT (Appeals) under the said section was ₹ 173.93 million, ₹ 301.20 million and ₹ 395.00 million (weighted) respectively. Our Company claimed the difference between claimed expenditure and expenditure approved by DSIR pertaining to 'revenue' expenditure to the extent of ₹ 75.77 million, ₹ 28.91 million and ₹ 36.59 million for the three assessment years respectively, as business expenditure in terms of Section 35(1) read with Section 28 of the Income Tax Act. Since the CIT (Appeals) did not adjudicate on the alternative claim and only directed Company to file a rectification petition with Assessing Officer, our Company filed an appeal against the order of CIT (Appeals) with the Income Tax Appellate Tribunal which vide its order dated 16.09.2008 disallowed the alternate claim. Aggrieved by the order of the ITAT, this appeal has been filed.

**Status:** The matter is presently pending adjudication.

## **2. Assessment year 2005-06**

Our Company filed an Appeal with CIT (Appeals) II, Madurai against re-assessment order made under Section 143 (3) read with Section 147 dated 13.04.2010, of Income Tax Act pertaining to Assessment year 2005-2006. The appeal was filed on ground that the re-opening of the assessment is not legal, the re-opening for the purpose of considering that dividend from Malaysian subsidiary of ₹ 7.77 million is taxable is not correct re-opening for disallowing write off of trade receivable of ₹ 880.20 million is not correct and allowable u/s 36(1)(vii).

**Status:** The matter is presently pending adjudication.

## **3. Assessment year 2005-06**

Our Company filed an Appeal dated December 6, 2011 with CIT (Appeals) II, Madurai against re-assessment order dated 23.11.2011 made under Section 143 (3) read with Section 147, of Income Tax Act pertaining to Assessment year 2005-2006. The appeal was filed on ground that the re-opening after 4 years is not legal and that earlier the claim was accepted whereas disallowing the same now without any fresh material is not justified. Originally, the Income Tax Department (“Department”) issued a notice stating that the income chargeable to tax has escaped assessment within the meaning of Section 147 of the Income Tax Act and stated that the assessee has claimed deduction under Section 35 (2AB) of ₹ 221.86 million whereas the DSIR allowed only to the extent of ₹ 134.83 million thus rejecting the claim of ₹ 87.22 million. Thereafter, an assessment order was passed on November 23, 2011 against our Company disallowing the claim under Section 35 (1) (i) of ₹ 87.22 million.

**Status:** The matter is presently pending adjudication.

## **4. Assessment year 2006-07**

Our Company filed an appeal on December 7, 2009 with CIT (Appeals) II, Madurai pertaining to Assessment Year 2006-2007 against order of intimation date March 28, 2009 accepting the income returned but omitting to give credit for TDS of ₹ 8.93 million filed along with return of income plus ₹ 2.19 million TDS certificates filed on December 23, 2008, plus ₹ 4,758 TDS certificates filed on August 20, 2009 totaling TDS credit ₹ 11.13 million. Thereafter, the Department conducted another re-assessment for which an order was passed under Section 143 (3) read with Section 147 of Income Tax Act dated April 13, 2010 against which an appeal was filed by our Company on May 17, 2010 with the CIT (Appeals) II, Madurai on the ground that the re-assessment and reasons recorded for re-opening of the assessment were not legal, disallowance of claim of ₹ 4.66 million under Section 35(2AB) was not legal, dividend from Malaysian subsidiary of ₹ 6.20 million held taxable, disallowance of ₹ 1.21 million under Section 40(a)(i) and omission to grant refund and interest thereon of ₹ 8.75 million and further refund on TDS credit of ₹ 2.38 million.

Our Company filed another Appeal on July 1, 2010 with the CIT (Appeals) II, Madurai of 2010-2011 for inclusion of additional grounds of appeal thereby seeking revision to the original claim to the following extent – i.e., ₹ 252.18 million as the claim under Section 35 (2AB) and further to consider an amount of ₹ 142.85 million as allowable deduction in terms of Section 35(1) of the Income Tax Act, pursuant to the approval received from DSIR.

Our Company has received a refund of TDS of ₹ 10.67 million out of which the balance receivable is ₹ 0.46 million.

**Status:** The matter is presently pending adjudication.

## **5. Assessment year 2007-08**

Our Company filed an appeal on January 22, 2010 with the CIT (Appeals) II, Madurai pertaining to Assessment Year 2007-2008 against order of assessment dated 30.12.2009 made under Section 143(3) of the Income Tax Act. Our Company has objected to the additions, disallowances and other issues pertaining to disallowance under Section 35(2AB) for ₹ 293.40 million, disallowance under Section 40(a)(i) of ₹ 2.41 million claim of exemption for

dividend from foreign subsidiary denied of ₹ 46.64 million, allowing of credit only to the extent of ₹10.53 million out of the credit relating to TDS for ₹ 11.95 million and the balance remaining of ₹1.42 million. Our Company filed another appeal on July 1, 2010 for revising the claim for ₹ 235.35 million under Section 35(2AB) and ₹ 38.70 million under Section 35(1) of the Income Tax Act by filing the additional grounds of appeal pursuant to the receipt of approval from DSIR. Out of the total TDS claim of ₹ 11.95 million, our Company has received a refund of ₹ 11.57 million out of which the balance receivable is ₹ 0.37 million/-.

**Status:** The matter is presently pending adjudication.

#### **6. Assessment year 2008-09**

Our Company filed an appeal on November 9, 2010 with the CIT (Appeals) II, Madurai on the ground of disputing the disallowances made to the income returns, dividend from Malaysian subsidiary held taxable of ₹8.34 million disallowance under Section 40(a)(i) of ₹ 2.05 million and omission to grant refund and interest thereon of ₹ 27.11 million. Previously, the Income Tax Department (“Department”) issued a notice on Sept 18, 2009 in connection with the return of income for the assessment year 2008-09 under Section 143 (2) of the Income Tax Act. Thereafter, the Department passed an Assessment Order dated Sep 21, 2010 whereby disallowing the claim under Section 35(2AB), disallowing of dividend from Malaysian subsidiary and disallowing under Section 40(a)(i).

Our Company has received a refund amount out of the omission to grant refund of ₹ 24.59 million out of which the balance receivable is ₹ 2.52 million.

**Status:** The matter is presently pending adjudication.

#### **7. Assessment year 2009-10**

Our Company filed an appeal on December 21, 2011 with the CIT (Appeals) II, Madurai against the Assessment Order dated November 28, 2011 disallowing the claim under Section 35(2AB), commission paid, disallowance under Section 40(a)(i), on the ground that the re-assessment was not justified in determining the total income of ₹ 364.36 million as against loss of ₹ 627.14 million returned by the Company, disallowing under Section 35 (2AB) and Section 35 (1) and (2) of ₹ 361.82 million, disallowance under Section 40(a)(i) of ₹ 1.96 million, charge of interest under Section 234D of ₹ 3.37 million and denial of refund of ₹ 1.66 million. Our Company filed another appeal on March 28, 2012 against an order passed by the Department on February 22, 2012, stating that the assessing officer is erred in omitting to reduce wealth tax provision of ₹ 1.00 million which was already disallowed by the assessee in the year 2008-09 and revised the total income to ₹47.68 million and demanded a tax of ₹ 9.84 million out of the revised total income.

The Department thereafter, issued another notice on August 2, 2012 under Section 154 to rectify the order passed on February 22, 2012 in connection with the mistake proposed to be rectified relating to unabsorbed depreciation of ₹ 12.22 million for assessment year 2000-01 was allowed beyond 8 years and unabsorbed depreciation of ₹15.79 million was set off against income other than business. Our Company has replied on September 4, 2012 thereby objecting the rectification of the order dated Feb 22, 2012 under Section 154.

The Department of Scientific and Industrial Research vide its letter approved the claim under Section 35 (2AB) based on which our Company has filed a petition for rectification under Section 154 dated July 3, 2013 to allow the expenses under 35(2AB) and under Section 35 (1) and to delete the demand of ₹ 9.84 million.

**Status:** The matter is presently pending adjudication.

#### **8. Assessment year 2010-11**

Our Company filed an appeal on May 16, 2013 with the CIT (Appeals) II, Madurai on the ground that the re-assessment was not justified in stating that the assessee has claimed duplicated carry forward loss of ₹ 199.60 million and not justified in denying weighted deduction under Section 35 (2AB) of ₹ 117.59/- million and disallowance under Section 40(a) (i) of ₹ 1.87 million, incorrect charge of interest under Section 234 A, 234D and 244A and incorrect determination of carry forward loss of ₹ 4.65 million. The Income Tax department issued a notice on August 31, 2011 in connection with the return of income for the assessment year 2010-11 under Section 143 (2) of the Income Tax Act and posted a hearing. Our Company attended the hearing and submitted certain documents. Thereafter, the department passed an Assessment Order dated March 28, 2013 whereby disallowance of claim under Section 35(2AB), disallowance under Section 40(a)(ia) and disallowance of duplicated carry forwarded loss for assessment year 2010-11. Our Company, subsequently, received the approval from the DSIR certifying the R&D expenditure and has accordingly written a letter/petition u/s 154 dated August 14, 2013 to allow the weighted deduction u/s 35(2AB) amounting to ₹ 72.78 million.

**Status:** The matter is presently pending adjudication. The disputed tax liability is ₹0.00 million (₹4,450/-)

#### **9. Assessment year 2011-12**

The Income Tax Department (“Department”) issued a notice on July 31, 2012 in connection with the return of income for the assessment year 2011-12 under Section 143 (2) of the Income Tax Act and posted a hearing. Thereafter, the Department issued another notice on May 8, 2013 in connection with the return of income for the assessment year 2011-12 under Section 143 (2) of the Income Tax Act and posted a hearing. During the meantime, the Company received an approval from DSIR towards the R&D allowing the claim of ₹ 276.92 million under Section 35(1) and 35(2) of the Income Tax Act and deduction of ₹ 195.76 million under Section 35 (2AB).

**Status:** The matter is presently pending adjudication.

#### **10. Assessment Year 2012-13**

Our Company received an intimation dated July 5, 2013 from Central Processing Centre, Income Tax Department, Bangalore for adjusting the demands pertaining to the Assessment year 2010-11, 2009-10 and 2007-08 totaling to ₹ 16.71 million against the refunds due for assessment year 2012-13. Subsequently, our Company filed a petition under Section 154 dated July 19, 2013 to the Assistant Commissioner of Income Tax, disputing that no tax is due to be payable. The demand that is in dispute for the assessment years are as follows:

- a) Assessment year 2010-11 - ₹ 0.00 million (₹ 4,450/-)
- b) Assessment year 2009-10 - ₹ 9.84 million
- c) Assessment year 2007-08 - ₹ 6.81 million
- d) Assessment year 2009-10 – ₹ 0.05 million

Out of the above, disputed tax liability for the assessment year 2010-11 for ₹ 0.00 million (₹ 4,450/-) and assessment year 2009-10 for ₹ 9.84 million have already been covered under the respective assessment years. The balance disputed tax liability for the assessment year 2012-13 is ₹ 6.86 million.

**Status:** The matter is presently pending adjudication.

### **WEALTH TAX CASES**

#### **1. Assessment year 2005-06 – Wealth Tax**

Our Company has filed an appeal on April 10, 2013 with CWT (Appeals) II, Madurai pertaining to Assessment Year 2005-2006 against order dated March 25, 2013 made under Section 16 (3) of the Wealth Tax Act stating that the issue of notice under Section 17 for assessment year 2005-06 is not legal and not based on any fresh material or statutory provision and cannot be made on the same material after 4 years by change of opinion. Further, it was alleged that the assessing officer had erred in rejecting the objection of the Assessee and that the re-assessment order is not legal or supported by the provisions of the wealth tax act. Originally, The Income Tax department had issued a

notice on March 30, 2012 stating that the wealth chargeable to tax had escaped assessment as per Section 17 of the Wealth Tax, hence the same has to be reassessed. The reason for re-opening was for adopting the guideline value for the property at Santhome, Chennai. Our Company accordingly responded on April 5, 2012 that, as per Part D Clause 14 of Schedule III of Wealth Tax act, the land in question had to be valued only at book value and that no depreciation is admissible. Thereafter, the Assistant Commissioner of Income Tax, Virudhunagar passed an order dated March 25, 2013 against our Company adopting the guideline value and demanded the payment of ₹ 0.76 million.

**Status:** The matter is presently pending adjudication.

## **2. Assessment year 2006-07**

Our Company has filed an appeal on April 27, 2010 with CWT (Appeals) II, Madurai pertaining to Assessment Year 2006-2007 against order dated 31.12.2009 passed by the assessing officer under Section 16(3) of the Wealth Tax Act stating that the net wealth tax escaped is not correct, the assessment is time barred as no order was served on assessee before 31.12.2009 and that the re-assessment was not justified as the assessing officer omitted to consider the detailed objections set out in letter dated 24.12.2009. Originally, the Income Tax department had issued a notice stating that the wealth chargeable to tax had escaped assessment as per Section 17 of the Wealth Tax, hence the same has to be reassessed and stated the reasons for re-opening the assessment was that our Company had offered only the purchase price in respect of land at Santhome, Chennai, whereas the value as on March 31, 2006 would be purchase price plus 40% increase (at 10% increase per year). Our Company accordingly filed its responses stating that the land in question had to be valued only at book value and that no depreciation is admissible. Thereafter, the Assistant Commissioner of Income Tax, Virudhunagar passed an order dated December 31, 2009 against our Company adopting the guideline value and demanded the payment of ₹ 0.78 million.

**Status:** The matter is presently pending adjudication.

## **3. Assessment year 2007-08**

Our Company has filed an appeal on April 10, 2013 with CWT (Appeals) II, Madurai pertaining to Assessment Year 2007-2008 against order dated 25.03.2013 made under Section 16(3) of the Wealth Tax Act stating that the issue of notice under Section 17 that assessment is not legal and not based on any fresh material or statutory provision. Further, it was alleged that the Assessing Officer had erred in rejecting the objection of the Assessee and that the view held in the re-assessment order is not legal or supported by the provisions of the Wealth Tax Act. Originally, the Income Tax department had issued a notice on March 12, 2012 stating that the wealth chargeable to tax had escaped assessment as per Section 17 of the Wealth Tax, hence the same has to be reassessed. The reason for re-opening was for adopting the guideline value of the property at Santhome, Chennai. Our Company accordingly responded on March 27, 2012 that, as per Part D Clause 14 of Schedule III of Wealth Tax act, the land in question had to be valued only at book value and that no depreciation is admissible. Thereafter, the Assistant Commissioner of Income Tax, Virudhunagar passed an order dated March 25, 2013 against our Company adopting the guideline value and demanded the payment of ₹ 0.76 million.

**Status:** The matter is presently pending adjudication.

## **4. Assessment year 2008-09**

The Income Tax department had issued a notice on March 25, 2013 for the assessment year 2008-09, stating that the wealth chargeable to tax had escaped assessment as per Section 17 of the Wealth Tax, hence the same has to be reassessed. The reason for re-opening was for adopting the guideline value for the property at Vadaplani, which was further clarified by our Company in its letter that we do not have any property at Vadaplani and that we have a property only at Santhome. Thereafter our Company accordingly responded on April 5 2013 that, as per Part D Clause 14 of Schedule III of Wealth Tax act, the land in question had to be valued only at book value and that no depreciation is admissible and that a building was already constructed in the land. The net wealth returned by our Company in the original return filed was ₹ 0.27 million.



**Status:** The matter is presently pending adjudication.

**F. Cases filed by or against our Subsidiaries:**

There are no litigations filed by or against any of our Subsidiaries.

## **GOVERNMENT AND OTHER APPROVALS**

Our Company has received the necessary consents, licenses, permissions and approvals from the government and various governmental agencies required for us to undertake our current business activities and except as stated below, there are no approvals and renewals required for carrying on our present business which are currently pending:

### **I. Pending approvals in relation to our business**

Renewed Shops and Commercial Establishments certificate for the Mumbai branch.

## MATERIAL DEVELOPMENTS

### Recent Developments

In accordance with circular no. F.2/5/SE/76 dated 5 February 1977 issued by the Ministry of Finance, Government of India, as amended by Ministry of Finance, Government of India through its circular dated 8 March 1977 and in accordance with sub-item (B) of item X of Part E of the SEBI Regulations, the information required to be disclosed for the period between the last date of financial statements provided to the shareholders and up to the end of the last but one month preceding the date of Draft Letter of Offer is provided below:

1. ***Working results of the Company on an unconsolidated basis for the period from April 1, 2013 to June 30, 2013:***

Particulars	Consolidated basis ₹ in millions	Unconsolidated basis ₹ in millions
Sales	593.06	359.35
Other Income	22.49	18.76
Estimated Gross Profit (excluding depreciation and taxes)	1.86	0.54
Provision for Depreciation	94.78	93.14
Provision for Taxation	0	0
Minority Interest	(0.51)	0
Estimated Net Profit/Loss	(93.43)	(92.6)

2. ***Material changes and commitments, affecting the financial position of our Company from the date of the latest audited balance sheet.***

- (a) On May 31, 2013, our Company had granted 5,000 stock options under ESOP-2009 Plan A to its eligible employee at ₹ 10/- each.
- (b) On July 29, 2013, our Company had granted 95,000 stock options under ESOP-2008 to its eligible employees.
- (c) On May 31, 2013, our Company allotted 1,840 equity shares on exercise under ESOS 2008 to its eligible employees.
- (d) On July 29, 2013, our Company allotted 1,125 equity shares on exercise under ESOS 2008 to its eligible employees.

3. ***The financial results of our Company for the quarter ended June 30, 2013, duly approved by the Board of Directors in its meeting held on July 29, 2013, have been filed with the Stock Exchanges and are also posted in the website of our Company. Investors desirous of viewing the same can access our Company's website, [www.ramco.com](http://www.ramco.com) or on the websites of BSE ([www.bseindia.com](http://www.bseindia.com)) or NSE ([www.nseindia.com](http://www.nseindia.com)).***

## OTHER REGULATORY AND STATUTORY INFORMATION

### Authority for the Issue

Pursuant to a resolution under Sections 81(1), and other provisions of the Companies Act passed by our Board of Directors on May 30, 2013, it has been decided to make the rights offer to the Eligible Equity Shareholders of our Company with a right to renounce.

### Prohibition by SEBI, RBI or governmental authorities

Our Company, our Directors, our Promoters, our Group Companies and the members of our Promoter Group have not been restrained from buying, selling or dealing in securities under any order or direction passed by SEBI.

Except as stated below, our Company, our Directors, our Promoters, the members of our Promoter Group, our Group Companies, the persons in control of our Company, and the companies with which our Directors, Promoters or persons in control are associated as directors or promoters or persons in control have not been prohibited from accessing or operating in the capital markets under any order or direction passed by SEBI.

- (i) *Mr. R.S. Agarwal, an Independent Director on our Board is also a director of Videocon Industries Limited, a listed entity. SEBI had passed an order dated June 04, 2013 against Videocon Industries Limited along with its promoters and directors in respect of non compliance with minimum public shareholding requirement. SEBI had vide the said order inter-alia restrained directors from holding any new position as director in any listed company and prohibited them from buying, selling or otherwise dealing in the securities of their respective companies, either directly or indirectly, in any manner whatsoever, except for the purpose of complying with the minimum public shareholding requirement from June 04, 2013 till compliance minimum public shareholding requirement.*

None of our Company, our Group Companies, members of our Promoter Group or ventures with which our Promoter was associated with in the past have been declared as willful defaulters by the RBI or any other governmental authority and there have been no violations of securities laws committed by any of them in the past and no such proceedings are currently pending against them.

### Securities Related Business

None of the Directors of our Company are associated with the securities markets in any manner.

### Compliance with Part E of Schedule VIII of ICDR Regulations

Our Company is in compliance with the provisions specified in Clause (1) of Part E of Schedule VIII of the ICDR Regulations as explained below:

- (a) Our Company has been filing periodic reports, statements and information in compliance with the Listing Agreements for the last three years immediately preceding the date of filing of this Draft Letter of Offer with SEBI;
- (b) The reports, statements and information referred to in sub-clause (a) above are available on the website of BSE and NSE which are recognised stock exchanges with nationwide trading terminals; and
- (c) Our Company has an investor grievance-handling mechanism which includes meeting of the Shareholders' and Investors' Grievance Committee at frequent intervals, appropriate delegation of power by the Board as regards share transfer and clearly laid down systems and procedures for timely and satisfactory redressal of investor grievances.

## **Disclaimer Clause of SEBI**

**AS REQUIRED, A COPY OF THE DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT LETTER OF OFFER TO SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT LETTER OF OFFER. THE LEAD MANAGER, CENTRUM CAPITAL LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT LETTER OF OFFER ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT LETTER OF OFFER, THE LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGER, CENTRUM CAPITAL LIMITED HAS FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED AUGUST 30, 2013 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992 WHICH READS AS FOLLOWS:**

- 1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC., AND OTHER MATERIALS IN CONNECTION WITH THE FINALISATION OF THE DRAFT LETTER OF OFFER PERTAINING TO THE SAID ISSUE;**
- 2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE ISSUER, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE ISSUER,**

**WE CONFIRM THAT:**

- (A) THE DRAFT LETTER OF OFFER FILED WITH SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**
  - (B) ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE, AS ALSO THE REGULATIONS, GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ ISSUED BY SEBI, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**
  - (C) THE DISCLOSURES MADE IN THE DRAFT LETTER OF OFFER ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.**
- 3. WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT LETTER OF OFFER ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATION IS VALID.**

4. **WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITER TO FULFIL THEIR UNDERWRITING COMMITMENTS. – NOT APPLICABLE**
5. **WE CERTIFY THAT WRITTEN CONSENT FROM THE PROMOTER HAS BEEN OBTAINED FOR INCLUSION OF THEIR EQUITY SHARES AS PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE EQUITY SHARES PROPOSED TO FORM PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN WILL NOT BE DISPOSED OR SOLD OR TRANSFERRED BY THE PROMOTER DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT LETTER OF OFFER WITH SEBI UNTIL THE DATE OF COMMENCEMENT OF THE LOCK-IN PERIOD AS STATED IN THE DRAFT LETTER OF OFFER.- NOT APPLICABLE.**
6. **WE CERTIFY THAT CLAUSE 33 OF THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS' CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE CLAUSE HAVE BEEN MADE IN THE DRAFT LETTER OF OFFER/ LETTER OF OFFER.  
- NOT APPLICABLE.**
7. **WE UNDERTAKE THAT SUB-REGULATION 4 OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITOR'S CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE COMPANY ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE.  
- NOT APPLICABLE.**
8. **WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.**
9. **WE CONFIRM THAT NECESSARY ARRANGEMENTS WILL BE MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SECTION 73(3) OF THE COMPANIES ACT, 1956 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE LETTER OF OFFER. WE FURTHER CONFIRM THAT THE AGREEMENT TO BE ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION.- NOTED FOR COMPLIANCE**
10. **WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT LETTER OF OFFER THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE EQUITY SHARES IN DEMAT OR PHYSICAL MODE.**
11. **WE CERTIFY THAT ALL APPLICABLE DISCLOSURES MANDATED IN THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN**

**MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.**

- 12. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT LETTER OF OFFER:**
  - (A) “AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE COMPANY; AND**
  - (B) AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY SEBI FROM TIME TO TIME.”**
- 13. WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE.**
- 14. WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OF THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, RISK FACTORS, PROMOTERS EXPERIENCE ETC. – COMPLIED WITH.**
- 15. WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT LETTER OF OFFER WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY. – COMPLIED WITH.**
- 16. WE ENCLOSE STATEMENT ON ‘PRICE INFORMATION OF PAST ISSUES HANDLED BY MERCHANT BANKERS (WHO ARE RESPONSIBLE FOR PRICING THIS ISSUE)’, AS PER THE FORMAT SPECIFIED BY THE BOARD THROUGH CIRCULAR – NOT APPLICABLE**
- 17. WE CERTIFY THAT THE PROFITS FROM RELATED PARTY TRANSACTIONS HAVE ARISEN FROM LEGITIMATE BUSINESS TRANSACTIONS.**

**THE FILING OF THIS DRAFT LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ISSUER FROM ANY LIABILITIES UNDER SECTION 63 OR SECTION 68 OF THE COMPANIES ACT OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI, FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE LEAD MANAGER, ANY IRREGULARITIES OR LAPSES IN THE DRAFT LETTER OF OFFER.**

#### **Caution**

Our Company and the Lead Manager accept no responsibility for statements made other than in this Draft Letter of Offer or in any advertisement or other material issued by our Company or by any other persons at the instance of our Company and anyone placing reliance on any other source of information would be doing so at his own risk.

Investors who invest in the Issue will be deemed to have represented to our Company, the Lead Manager and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares, and are relying on independent advice/evaluation as to their ability and quantum of investment in the Issue.

The Lead Manager and our Company shall make all information available to the Eligible Equity Shareholders and no selective or additional information would be available for a section of the Eligible Equity Shareholders in any

manner whatsoever including at presentations, in research or sales reports etc. after filing of this Draft Letter of Offer with SEBI.

### **Disclaimer with respect to jurisdiction**

This Draft Letter of Offer has been prepared under the provisions of Indian Laws and the applicable rules and regulations there under. Any disputes arising out of the Issue will be subject to the jurisdiction of the appropriate court(s) in Chennai only.

### **Selling restrictions**

The distribution of this Draft Letter of Offer and the Issue of Equity Shares to persons in certain jurisdictions outside India may be restricted by the legal requirements prevailing in those jurisdictions. Persons into whose possession the Draft Letter of Offer may come are required to inform themselves about and observe such restrictions. We are making this Issue of Equity Shares to the Eligible Equity Shareholders and will dispatch the Draft Letter of Offer / Abridged Letter of Offer and CAFs to the Eligible Equity Shareholders who have provided an Indian address.

No action has been or will be taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that the Draft Letter of Offer has been filed with SEBI for observations. Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and the Draft Letter of Offer may not be distributed in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction.

Receipt of the Draft Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, under those circumstances, the Draft Letter of Offer must be treated as sent for information only and should not be copied or redistributed. Accordingly, persons receiving a copy of the Draft Letter of Offer should not, in connection with the Issue of the Equity Shares or the Rights Entitlements, distribute or send the same in or into the United States or any other jurisdiction where to do so would or might contravene local securities laws or regulations. If the Draft Letter of Offer is received by any person in any such territory, or by their agent or nominee, they must not seek to subscribe to the Equity Shares or the Rights Entitlements referred to in the Draft Letter of Offer.

Neither the delivery of this Draft Letter of Offer nor any sale hereunder, shall under any circumstances create any implication that there has been no change in our affairs from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

For further details please refer to the section entitled “Overseas Shareholders” on page x of this Draft Letter of Offer

### **Filing**

This Draft Letter of Offer will be filed with SEBI at Southern Regional Office, D'Monte Building, 3<sup>rd</sup> Floor, 32 D'Monte Colony, TTK Road, Alwarpet, Chennai- 600 018, for its observations. After SEBI gives its observations, the Letter of Offer shall be filed with the Designated Stock Exchange, as per the provisions of the Companies Act.

### **Consents**

Consents in writing of our Directors, Company Secretary and Compliance Officer, the Auditor, the Lead Manager, the legal counsel, the Registrar to the Issue and experts to act in their respective capacities have been obtained and such consents have not been withdrawn up to the date of this Draft Letter of Offer. M/s CNGSN & Associates & Co, Chartered Accountants, the Auditors of our Company, has given their written consent for the inclusion of their report in the form and content appearing in this Draft Letter of Offer and such consent and report have not been withdrawn up to the date of this Draft Letter of Offer.

Further, M/s CNGSN & Associates & Co, Chartered Accountants have given their written consent for inclusion of the statement of tax benefit in the form and context in which they appear in this Draft Letter of Offer and such consent and report have not been withdrawn up to the date of this Draft Letter of Offer.



## Expert Opinion

Other than as disclosed in the section titled, “Financial Information” and “Statement of Tax Benefits” on page 95, and page 60 of the Draft Letter of Offer, no expert opinion has been obtained by the Company in relation to the Issue.

## Designated Stock Exchange

The Designated Stock Exchange for the purposes of the Issue will be BSE.

## Disclaimer Clause of the BSE

As required, a copy of this Draft Letter of Offer will be submitted to BSE. The disclaimer clause as intimated by BSE to us, upon completion of its review of this Draft Letter of Offer, shall be included in the Letter of Offer prior to filing the Letter of Offer with the Stock Exchange.

## Disclaimer Clause of the NSE

As required, a copy of this Draft Letter of Offer will be submitted to NSE. The disclaimer clause as intimated by NSE to us, upon completion of its review of this Draft Letter of Offer, shall be included in the Letter of Offer prior to filing the Letter of Offer with the Stock Exchange.

## Disclaimer Clause of the MSE

As required, a copy of this Draft Letter of Offer will be submitted to MSE. The disclaimer clause as intimated by MSE to us, upon completion of its review of this Draft Letter of Offer, shall be included in the Letter of Offer prior to filing the Letter of Offer with the Stock Exchange.

## Expenses of the Issue

The other expenses of the Issue payable by us including printing and distribution expenses, publicity, listing fees, stamp duty and other expenses are estimated at ₹ [●] millions (around [●] % of the total Issue size) and will be met out of the proceeds of the Issue. The following table provides a break up of estimated issue expenses:

Particulars	Expense* (₹ millions)	Expense* (% of the total expenses)	Expense* (% of the Issue size)
Fees of Lead Manager, Registrar to the Issue, Legal Advisor, Auditors' fees etc	[●]	[●]	[●]
Statutory Advertising, Marketing, Printing & Distribution and ASBA processing fees	[●]	[●]	[●]
Regulatory fees, Filing fees, Stamp Duty, Listing Fees, Depository Fees and other miscellaneous expenses.	[●]	[●]	[●]
<b>Total estimated Issue expenses</b>	[●]	[●]%	[●]%

\* Amounts will be finalized at the time of filing of Letter of Offer and determination of Issue Price and other details.

## Investor Grievances and Redressal System

Our Company has adequate arrangements for redressal of Investor complaints. We have been registered with the SEBI Complaints Redress System (SCORES) as required by the SEBI Circular no. CIR/ OIAE/ 2/ 2011 dated 3 June 2011. Consequently, investor grievances are tracked online by our Company. Our share transfer and dematerialization is being handled by the Registrar and Share Transfer Agent, Cameo Corporate Services Limited.

### **Composition of shareholders' committee**

Our Company has constituted a shareholders' committee of the Board to focus on the prompt and effective Redressal of the Shareholders' grievances and strengthening of investor relations.

#### **Composition:**

Mr. P.R. Ramasubrahmaneya Rajha  
Mr. P.R. Venketrama Raja  
Mr. N.K. Shrikantan Raja

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 share certificates and such other issues relating to investor relations.

Our Company has a Shareholders' Committee which meets as and when required, to deal and monitor redressal of complaints from shareholders. Generally, the investor grievances are dealt within fifteen days of the receipt of the complaint. Cameo Corporate Services Limited is our Registrar and Share Transfer Agent. All investor grievances received by us have been handled by the Registrar and Share Transfer Agent in consultation with the Compliance Officer and the Shareholders Committee.

The contact details of the Registrar and Share Transfer agent to the Company are as follows:

#### **Cameo Corporate Services Limited**

Subramanian Building, No. 1, Club House Road,  
Chennai - 600002

**Tel:** +91-44-2846 0390

**Fax:** +91-44-2846 0129

**Email:** investor@cameoindia.com

**Website:** www.cameoindia.com

**Contact Person:** Mr. R. D. Ramasamy

**SEBI Registration Number:** INR000003753

#### **Status of Shareholders Complaints**

- (a) Total number of shareholders complaints received during Fiscal 2013 –1.
- (b) Total number of shareholders complaints received during the quarter ended June 2013 – 0.
- (c) No. of shareholders complaints as on August 23, 2013 – 0.
- (d) Status of the pending complaints – None.
- (e) Time normally taken by it for disposal of various types of investor grievances - 15 working days.

#### **Investor Grievances arising out of the Issue**

Any investor grievances arising out of the Issue will be handled by the Registrar to the Issue. The Registrar to the Issue will have a separate team of personnel handling only our post-Issue correspondence.

Our agreement with the Registrar to the Issue provides for retention of records with the Registrar for a period of at least one year from the last date of dispatch of letters of Allotment and refund orders to enable the Registrar to the Issue to redress grievances of Investors.

All grievances relating to the Issue may be addressed to the Registrar to the Issue giving full details such as folio no., name and address, contact telephone/ cell numbers, email id of the first applicant, number and type of shares applied for, CAF serial number, amount paid on Application and the name of the bank and the branch where the Application was deposited, along with a photocopy of the acknowledgement slip. In case of renunciation, the same details of the Renouncee should be furnished.

The average time taken by the Registrar to the Issue for attending to routine grievances will be seven working days from the date of receipt. In case of non-routine grievances where verification at other agencies is involved, it would be the endeavour of the Registrar to the Issue to attend to them as expeditiously as possible. We undertake to resolve the investor grievances in a time bound manner.

**Investors may contact the Compliance Officer / Registrar to the Issue in case of any pre-Issue/ post -Issue related problems such as non-receipt of letters of allotment/share certificates/demat credit/refund orders etc. There contact details are as follows:**

**Mr. G. Venkatram**  
**Compliance Officer & Company Secretary**  
64, Sardar Patel Road,  
Taramani,  
Chennai - 600113  
Tel: +91-44-22354510  
Fax: +91-44-22352884  
Email: rightsissue2013@ramco.com  
Web site: www.ramco.com

#### **IMPORTANT INFORMATION FOR INVESTORS**

**This Issue and the Equity Shares have not been and will not be registered under the Securities Act or any other applicable law of the United States and, unless so registered, may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) (“U.S. Persons”) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws.**

**This Issue and the Equity Shares have not been and will not be registered, listed or otherwise qualified in any jurisdiction outside India and may not be offered or sold, and bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.**

## **SECTION VIII – OFFERING INFORMATION**

### **TERMS OF THE ISSUE**

The Equity Shares proposed to be issued are subject to the terms and conditions contained in this Draft Letter of Offer, Letter of Offer and the CAF enclosed with the Abridged Letter of Offer, the Memorandum and Articles of Association, the provisions of the Companies Act, FEMA, the ICDR Regulations, any other regulations, guidelines, notifications and regulations for issue of capital and for listing of securities issued by SEBI, RBI, GOI and/ or other statutory authorities and bodies from time to time, and the terms and conditions as stipulated in the Allotment advice or letters of Allotment or share certificate and rules as may be applicable and introduced from time to time. All rights/ obligations of Equity Shareholders in relation to Applications and refunds pertaining to this Issue shall apply to Renounees as well.

Please note that, in terms of SEBI circular CIR/CFD/DIL/1/ 2011 dated April 29, 2011, all QIB applicants, Non-Institutional Investors and other applicants whose application amount exceeds ₹ 200,000 complying with the eligibility conditions of SEBI circular dated December 30, 2009 can participate in the Issue only through the ASBA process. The Investors who are (i) not QIBs, (ii) not Non-Institutional Investors, or (iii) investors whose application amount is less than ₹ 200,000 can participate in the Issue either through the ASBA process or the non ASBA process. ASBA Investors should note that the ASBA process involves Application procedures that may be different from the procedure applicable to non-ASBA process. ASBA Investors should carefully read the provisions applicable to such Applications before making their Application through the ASBA process. For more information, see the section titled “– Applications by ASBA Investors” on page 192.

Further, in terms of the SEBI circular CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making applications by banks on own account using ASBA facility, SCSBs should have a separate account in own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for ASBA applications. SCSBs applying in the Issue using the ASBA facility shall be responsible for ensuring that they have a separate account in its own name with any other SCSB having clear demarcated funds for applying in the Issue and that such separate account shall be used as the ASBA Account for the application, for ensuring compliance with the applicable regulations.

All rights/obligations of Rights Issue Equity Shareholders in relation to application and refunds pertaining to this Issue shall apply to the Renounee(s) as well.

#### **Authority for the Issue**

This Issue to our Eligible Equity Shareholders with a right to renounce is being made pursuant to a resolution passed by our Board of Directors on May 30, 2013.

#### **Basis for the Issue**

The Equity Shares are being offered for subscription for cash to those existing equity shareholders of our Company whose names appear, as beneficial owners as per the list to be furnished by the Depositories in respect of the Equity Shares held in the electronic form, and on the register of members of our Company in respect of Equity Shares held in the physical form at the close of business hours on the Record Date, i.e., [●] 2013, fixed in consultation with the Designated Stock Exchange.

#### **Ranking of Equity Shares**

The Equity Shares shall be subject to the Memorandum and Articles of Association. The Equity Shares allotted in the Issue shall rank *pari passu* with the existing Equity Shares in all respects, including payment of dividends, provided that voting rights and dividend payable shall be in proportion to the paid-up value of the Equity Shares held.

#### **Mode of Payment of Dividend**

We shall pay dividends (in the event of declaration of such dividends) to our equity shareholders as per the provisions of the Companies Act and our Articles of Association.

### ***Rights Entitlement***

As your name appears as a beneficial owner in respect of Equity Shares held in the electronic form or appears in the register of members as an equity shareholder of our Company as on the Record Date, you are entitled to the number of Equity Shares as set out in Part A of the CAF enclosed with the Letter of Offer/Abridged Letter of Offer.

The distribution of this Letter of Offer and the issue of the Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Draft Letter of Offer, Letter of Offer/ Abridged Letter of Offer or CAF may come are required to inform themselves about and observe such restrictions. We are making the issue of the Equity Shares on a rights basis to the Equity Shareholders and the Letter of Offer, the Abridged Letter of Offer and the CAFs will be dispatched only to those Eligible Equity Shareholders who have a registered address in India or who have provided an Indian address. Any person who acquires Rights Entitlements pursuant to this Issue will be deemed to have declared, warranted and agreed, by accepting the delivery of the Letter of Offer, the Abridged Letter of Offer and the CAFs, that it is not and that at the time of subscribing for the Equity Shares or the Rights Entitlements, it will not be, in the United States and in other restricted jurisdictions.

An Eligible Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF may make an Application to subscribe to the Issue on plain paper. For further details, see the section titled “– Application on Plain Paper” on page 207.

### **Principal Terms and Conditions of the Issue**

#### ***Face Value***

Each Equity Share shall have the face value of ₹ 10.

#### ***Issue Price***

Each Equity Share is being offered at a price of ₹ [●] (including a premium of ₹ [●] per Equity Share).

#### ***Terms of payment***

All Investors shall have to make the full payment of the Issue Price of ₹ [●] per Equity Share at the time of making an Application.

#### ***Rights Entitlement Ratio***

The Equity Shares are being offered on a rights basis to the Eligible Equity Shareholders in the ratio of [●] Equity Shares for every One Equity Shares held on the Record Date.

#### ***Fractional Entitlements***

For Equity Shares being offered on a rights basis under this Issue, if the shareholding of any of the Equity Shareholders is less than [●] Equity Shares or not in the multiple of [●], the fractional entitlement of such Equity Shareholders shall be ignored. Equity Shareholders whose fractional Rights Entitlements are being ignored would be given preferential consideration for the Allotment of one additional Equity Share each if they apply for additional Equity Shares over and above their rights entitlement, if any.

For example, if an Equity Shareholder holds between [●] and [●] Equity Shares, he will be entitled to [●] Equity Shares on a rights basis. He will also be given a preferential consideration for the Allotment of one additional Equity Share if he has applied for the same.

Those Equity Shareholders holding less than [●] Equity Shares will therefore be entitled to zero Equity Shares under this Issue and shall be dispatched a CAF with zero entitlement. Such Equity Shareholders are entitled to apply for additional Equity Shares. However, they cannot renounce the same in favour of third parties. CAFs with zero entitlement will be non-negotiable/non-renounceable.

For example, if an Equity Shareholder holds between [●] and [●] Equity Shares, he will be entitled to zero Equity Shares on a rights basis. He will be given a preference for Allotment of [●] additional Equity Share if he has applied for the same. However, they cannot renounce the same in favour of any third parties. CAF with zero entitlement will be non-negotiable/ non-renounceable.

### ***Listing and trading of Equity Shares proposed to be issued***

Our existing Equity Shares are currently listed and traded on BSE (Scrip Code: 532370), NSE (Scrip Code: RAMCOSYS) and MSE (Scrip Code: RSST) under the ISIN INE246B01019). The Equity Shares proposed to be issued on a rights basis shall be listed and admitted for trading on Stock Exchanges under the existing ISIN for Equity Shares.

The listing and trading of the Equity Shares shall be based on the current regulatory framework applicable thereto. Accordingly, any change in the regulatory regime would affect the schedule. Upon Allotment, the Equity Shares shall be traded on Stock Exchanges in the demat segment only.

We have received “in-principle” approvals for the listing of the Equity Shares to be issued pursuant to the Issue in accordance with Clause 24(a) of the Listing Agreement from BSE, NSE and MSE pursuant to letters dated [●],[●] and [●] respectively. We will apply to the Stock Exchanges for final approval for the listing and trading of the Equity Shares. All steps for the completion of the necessary formalities for listing and commencement of trading of the Equity Shares to be allotted pursuant to the Issue shall be taken as per the regulatory requirement.

### ***Rights of the Equity Shareholder***

Subject to applicable laws, Equity Shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability of shares; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act and the Memorandum and Articles of Association.

## **GENERAL TERMS AND CONDITIONS OF THE ISSUE FOR ASBA INVESTORS AND NON – ASBA INVESTORS**

### ***Market Lot***

The Equity Shares are tradable only in dematerialised form. The market lot for the Equity Shares in dematerialised mode is one Equity Share. In case of physical certificates, our Company would issue one certificate for the Equity Shares allotted to one folio (“**Consolidated Certificate**”). In respect of Consolidated Certificates, our Company will upon receipt of a request from the respective holder of Equity Shares, split such Consolidated Certificates into smaller denominations.

### ***Minimum Subscription***

If our Company does not receive the minimum subscription of 90% of the Issue, or the subscription falls below 90% after the Issue Closing Date on account of cheques being returned unpaid or withdrawal of Applications, our Company shall refund the entire subscription amount received within 15 days from the Issue Closing Date. If there is delay in the refund of subscription by more than 8 days after the date from which our Company becomes liable to pay the amount (i.e. 15 days from the Issue Closing Date), our Company shall pay interest for the delayed period at rates prescribed under sub-sections (2) and (2A) of Section 73 of the Companies Act.

The above is subject to the terms mentioned under the section titled ‘– Basis of Allotment’ on page 209 of this Draft Letter of Offer.

### **Intention and extent of participation by the Promoter and the members of the Promoter Group in the Issue**

Our Promoters have provided undertakings dated August 26, 2013 confirming their intention to, subject to the provisions of the applicable laws, subscribe to the full extent of their Rights Entitlement in this Issue. Our Promoters have further undertaken that subject to compliance with applicable laws including the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, our Promoters reserve the right to subscribe for additional Equity Shares of the Company. In the event of under-subscription in the Issue, subject to obtaining any approvals required under applicable law, our Promoters shall apply for Equity Shares, in addition to their Rights Entitlement in the Issue either directly or through entities/persons belonging to the Promoter Group, to the extent of such undersubscribed portion of the Issue so as to ensure that at least 90% of the Issue is subscribed. As a result of this subscription and consequent allotment, our Promoters, directly or through entities/persons belonging to the Promoter Group may acquire Equity Shares over and above their Rights Entitlement, which may result in an increase of the shareholding above the current shareholding together with their Rights Entitlement. This subscription and acquisition of additional Equity Shares by our Promoters and/or entities/persons belonging to the Promoter Group, if any, will not result in change of control of the management of our Company and shall be exempt in terms of Regulation 10 (4)(b) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

Further, our Promoters also acknowledge and undertake that their entitlement to subscribe the unsubscribed portion over and above their Rights Entitlement either by themselves or through entities/persons belonging to the Promoter Group would be restricted, to ensure that the public shareholding in the Company after the Issue, does not fall below the permissible minimum level as specified in the listing conditions or Clause 40A of the listing agreement.

### ***Joint-Holders***

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as joint-holders with benefits of survivorship subject to provisions contained in the Articles of Association.

### ***Nomination facility***

In terms of Section 109A of the Companies Act, nomination facility is available in case of Equity Shares. An applicant can nominate, by filling the relevant details in the CAF in the space provided for this purpose.

A sole Eligible Equity Shareholder or first Eligible Equity Shareholder, along with other joint Eligible Equity Shareholders being individual(s) may nominate any person(s) who, in the event of the death of the sole holder or all the joint-holders, as the case may be, shall become entitled to the Equity Shares. A Person, being a nominee, becoming entitled to the Equity Shares by reason of the death of the original Eligible Equity Shareholder(s), shall be entitled to the same advantages to which he would be entitled if he were the registered holder of the Equity Shares. Where the nominee is a minor, the Eligible Equity Shareholder(s) may also make a nomination to appoint, in the prescribed manner, any person to become entitled to the Equity Share(s), in the event of death of the said holder, during the minority of the nominee. A nomination shall stand rescinded upon the sale of the Equity Share by the person nominating. A transferee will be entitled to make a fresh nomination in the manner prescribed. When the Equity Share is held by two or more persons, the nominee shall become entitled to receive the amount only on the demise of all the holders. Fresh nominations can be made only in the prescribed form available on request at our Registered and Corporate Office or such other person at such addresses as may be notified by our Company. The Applicant can make the nomination by filling in the relevant portion of the CAF.

In terms of Section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

- to register himself or herself as the holder of the Equity Shares; or
- to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Only one nomination would be applicable for one folio. Hence, in case the Eligible Equity Shareholder(s) has already registered the nomination with our Company, no further nomination needs to be made for Equity Shares to be allotted in this Issue under the same folio. However, new nominations, if any, by the Eligible Equity Shareholder(s) shall operate in supersession of the previous nomination, if any.

**In case the Allotment of Equity Shares is in dematerialised form, there is no need to make a separate nomination for the Equity Shares to be allotted in the Issue. Nominations registered with respective DP of the applicant would prevail. If the applicant requires to change the nomination, they are requested to inform their respective DP.**

#### *Notices*

All notices to the Equity Shareholder(s) required to be given by us shall be published in one English national daily with wide circulation, one Hindi national daily with wide circulation and one regional language daily newspaper with wide circulation in the state where our registered office is located and/ or will be sent by ordinary post/ registered post/ speed post to the registered address of the Equity Shareholders in India or the Indian address provided by the Equity Shareholders, from time to time.

#### *Offer to Non Resident Eligible Equity Shareholders/ Applicants*

Applications received from NRs for Allotment shall be *inter alia*, subject to the conditions imposed from time to time by the RBI under FEMA in the matter of receipt and refund of Application Money, Allotment, issue of letters of Allotment/ Allotment advice/ share certificates, payment of interest, dividends, etc. General permission has been granted to any person resident outside India to purchase shares offered on a rights basis by an Indian company in terms of FEMA and Regulation 6 of notification No. FEMA 20/2000-RB dated 3 May 2000. Our Board of Directors may at its absolute discretion, agree to such terms and conditions as may be stipulated by RBI while approving the Allotment of Equity Shares, payment of dividend etc. to the Non Resident Eligible Equity Shareholders. The Equity Shares purchased on a rights basis by non-residents shall be subject to the same conditions including restrictions in regard to the repatriability as are applicable to the original equity shares against which equity shares are issued on a right basis.

By virtue of Circular No. 14 dated 16 September 2003 issued by the RBI, OCBs have been derecognized as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Accordingly, OCBs shall not be eligible to subscribe to the Equity Shares. The RBI has however clarified in its circular, A.P. (DIR Series) Circular No. 44, dated 8 December 2003 that OCBs which are incorporated and are not under the adverse notice of the RBI are permitted to undertake fresh investments as incorporated nonresident entities. Any Equity Shareholder being an OCB is required to obtain prior approval from RBI for applying to this Issue. Shareholders renouncing their rights in favour of OCBs may do so provided such Renouncee obtains a prior approval from the RBI. On submission of such approval to us at our Registered Office, the OCB shall receive the Abridged Letter of Offer and the CAF.

The Letter of Offer and CAF shall only be dispatched to Non Resident Eligible Equity Shareholders with registered addresses in India.



## How to Apply?

### ***Resident Eligible Equity Shareholders***

Applications should be made only on the CAF enclosed with the Letter of Offer/Abridged Letter of Offer. The CAF should be complete in all respects, as explained in the instructions indicated in the CAF. An Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF may make an Application to subscribe to the Issue on plain paper. For further details, see the section titled – **Application on Plain Paper**’ on page 207 of the Draft Letter of Offer. Applications will not be accepted by the Lead Manager or by the Registrar to the Issue or by our Company at any offices, except in the case of postal Applications as per instructions given in this Draft Letter of Offer. ASBA Investors shall be required to indicate either in (i) Part A of the CAF, or (ii) a plain paper Application, as to their desire to avail of the ASBA option of payment.

### ***Non Resident Eligible Equity Shareholders***

Non Resident Indian applicants can obtain the CAF from the Registrar to the Issue. Applications received from Non Resident Eligible Equity Shareholders for the Issue shall, *inter alia*, be subject to the conditions as may be imposed from time to time by the RBI under FEMA, in the matter of receipt and refund of Application Money, Allotment, issue of letters of Allotment/ Allotment advice payment of interest, dividends etc.

Please note that neither the Company nor the Registrar shall be responsible for delay in the receipt of the CAF/ duplicate CAF attributable to postal delays or if the CAF/ duplicate CAF are misplaced in the transit.

Please note that QIB applicants, Non-Institutional Investors and other applicants whose application amount exceeds ₹ 200,000 can participate in the Issue only through the ASBA process, subject to their fulfilling the eligibility conditions to be an ASBA Investor. Further all QIB applicants and Non-Institutional Investors are mandatorily required to use ASBA, even if application amount does not exceed ₹ 200,000, subject to their fulfilling the eligibility conditions to be an ASBA Investor. The Investors who are (i) not QIBs, (ii) not Non Institutional Investors or (iii) investors whose application amount is less than ₹ 200,000 can participate in the Issue either through the ASBA process or the non ASBA process.

The CAF consists of four parts:

- Part A: Form for accepting the Equity Shares offered as a part of this Issue, in full or in part, and for applying for additional Equity Shares;
- Part B: Form for renunciation of Equity Shares;
- Part C: Form for application of Equity Shares by Renouncee(s);
- Part D: Form for request for split Application forms.

### ***Option available to the Equity Shareholders***

The CAFs will clearly indicate the number of Equity Shares that the Equity Shareholder is entitled to.

If the Equity Shareholder applies for an investment in Equity Shares, then he can:

- Apply for his Rights Entitlement of Equity Shares in full;
- Apply for his Rights Entitlement of Equity Shares in part;
- Apply for his Rights Entitlement of Equity Shares in part and renounce the other part of the Equity Shares;
- Apply for his Rights Entitlement in full and apply for additional Equity Shares;
- Renounce his Rights Entitlement in full.

## APPLICATIONS BY ASBA INVESTORS

This section is for the information of the ASBA Investors proposing to subscribe to the Issue through the ASBA process. Our Company and the Lead Manager are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of the Letter of Offer. Eligible Equity Shareholders who are eligible to apply under the ASBA process are advised to make their independent investigations and to ensure that the CAF is correctly filled up, specifying the number of the bank account maintained with the Self Certified Syndicate Bank (“SCSB”) in which the Application Money will be blocked by the SCSB.

**The Lead Manager, our Company, its directors, affiliates, associates and their respective directors and officers and the Registrar to the Issue shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to Applications accepted by SCSBs, Applications uploaded by SCSBs, Applications accepted but not uploaded by SCSBs or Applications accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for Applications uploaded by SCSBs, the amount payable on Application has been blocked in the relevant ASBA Account.**

Further, in terms of the SEBI circular CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making applications by banks on own account using ASBA facility, SCSBs should have a separate account in own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making application in public/rights issues and clear demarcated funds should be available in such account for ASBA applications. SCSBs applying in the Issue using the ASBA facility shall be responsible for ensuring that they have a separate account in its own name with any other SCSB having clear demarcated funds for applying in the Issue and that such separate account shall be used as the ASBA Account for the application, in accordance with the applicable regulations.

### Self Certified Syndicate Banks

The list of banks which have been notified by SEBI to act as SCSBs for the ASBA process is provided on <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries>. For details on Designated Branches of SCSBs collecting the CAF, please refer to the above mentioned SEBI link.

### Eligible Equity Shareholders who are eligible to apply under the ASBA process

The option of applying for Equity Shares through the ASBA process is available only to Eligible Equity Shareholders of our Company on the Record Date.

In terms of the SEBI circular no. SEBI/CFD/DIL/ASBA/1/2009/30/12 dated 30 December 2009 (“**December 2009 Circular**”), to qualify as ASBA Investors, Eligible Equity Shareholders:

- are required to hold Equity Shares in dematerialised form as on the Record Date and apply for (i) their Rights Entitlement or (ii) their Rights Entitlement and Equity Shares in addition to their Rights Entitlement in dematerialised form;
- should not have renounced their Right Entitlement in full or in part;
- should not be Renounees; (paragraphs (a), (b) and (c) are collectively referred to as the “**ASBA Investor Eligibility Criteria**”) and
- should apply through blocking of funds in bank accounts maintained with SCSBs.

**All Applicants who are QIBs and Non – Institutional Investors and who satisfy the ASBA Investor Eligibility Criteria must participate in the Issue only through the ASBA Process. Any Application by such categories of Applicants including plain paper applications by them have to be made through the ASBA process. All Applicants who are QIBs and Non – Institutional Investors and who do not satisfy the ASBA Investor Eligibility Criteria can apply in the Issue only through the non – ASBA process.**

A Retail Individual Shareholder and a Retail Individual Investor applying for a value of up to ₹ 2,00,000/- in the Issue can participate in the Issue through either the ASBA process or the non – ASBA process.

CAF

The Registrar will dispatch the CAF to all Eligible Equity Shareholders as per their Rights Entitlement on the Record Date. Those Eligible Equity Shareholders who must apply or who wish to apply through the ASBA process and have complied with the parameters mentioned above will have to select this mechanism in Part A of the CAF and provide necessary details.

Application in electronic mode will only be available with such SCSBs who provide such facility. The Eligible Equity Shareholder shall submit the CAF to the SCSB for authorising such SCSB to block an amount equivalent to the amount payable on the Application in the said bank account maintained with the same SCSB.

Please note that no more than five Applications (including CAF and plain paper) can be submitted per bank account in the Issue. ASBA Investors are also advised to ensure that the CAF is correctly filled up, stating therein the bank account number maintained with the SCSB in which an amount equivalent to the amount payable on Application as stated in the CAF will be blocked by the SCSB.

An Eligible Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF and who is applying under the ASBA Process may make an application to subscribe to the Issue on plain paper. The Equity Shareholder shall submit the plain paper application to the Designated Branch of the SCSB for authorising such SCSB to block an amount equivalent to the amount payable on the application in the said bank account maintained with the same SCSB. For further details, see the section titled ‘– Application on Plain Paper’ on page 207 of the Draft Letter of Offer.

### **Acceptance of the Issue**

ASBA Investors may accept the Issue and apply for the Equity Shares either in full or in part, by filling Part A of the respective CAFs sent by the Registrar, selecting the ASBA process option in Part A of the CAF and submit the same to the SCSB before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by the Board of Directors in this regard.

### **Mode of payment**

An ASBA Investor agrees to block the entire amount payable on Application with the submission of the CAF, by authorising the SCSB to block an amount, equivalent to the amount payable on Application, in a bank account maintained with the SCSB.

After verifying that sufficient funds are available in the bank account details of which are provided in the CAF, the SCSB shall block an amount equivalent to the amount payable on Application mentioned in the CAF until it receives instructions from the Registrar to the Issue. Upon receipt of intimation from the Registrar to the Issue, the SCSBs shall transfer such amount as per the Registrar to the Issue’s instruction from the bank account maintained with the SCSB, as mentioned by the Eligible Equity Shareholder in the CAF. This amount will be transferred in terms of the ICDR Regulations, into a separate bank account maintained by our Company as per the provisions of section 73(3) of the Companies Act. The balance amount remaining after the finalisation of the basis of Allotment shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the Issue and the Lead Manager.

The ASBA Investor would be required to block the entire amount payable on its Application at the time of the submission of the CAF. The SCSB may reject the Application at the time of acceptance of CAF if the bank account with the SCSB, details of which have been provided by the Eligible Equity Shareholder in the CAF, does not have sufficient funds equivalent to the amount payable on Application mentioned in the CAF. Subsequent to the acceptance of the Application by the SCSB, our Company would have a right to reject the Application only on technical grounds.

**Please note that in accordance with the provisions of SEBI circular bearing number CIR/CFD/DIL/1/2011 dated 29 April 2011, all applicants who are QIBs or Non Institutional Investors shall mandatorily make use of ASBA facility. In addition all ASBA Investors, including QIBs and Non Institutional Investors will have to**

**comply with the eligibility conditions as specified in SEBI circular no. SEBI/CFD/DIL/ASBA/1/2009/30/12 dated 30 December 30, 2009.**

### **Options available to the ASBA Investors**

A summary of options available to Eligible Equity Shareholders is presented below. ASBA Investors may exercise any of the following options with regard to the Equity Shares, using the respective CAFs received from Registrar:

<b>Option Available</b>	<b>Action Required</b>
Accept whole or part of your Rights Entitlement without renouncing the balance.	Fill in and sign Part A of the CAF (All joint holders must sign)
Accept your Rights Entitlement in full and apply for additional Equity Shares	Fill in and sign Part A of the CAF including Block III relating to the acceptance of entitlement and Block IV relating to additional Equity Shares (All joint holders must sign)

**ASBA Investors will need to select the ASBA process option in the CAF and provide required details. However, in cases where this option is not selected, but the CAF is tendered to the SCSBs with the relevant details required under the ASBA process option and the SCSBs block the requisite amount, then that CAF would be treated as if the Eligible Equity Shareholder has selected to apply through the ASBA process option.**

### **Additional Equity Shares**

An ASBA Applicant is eligible to apply for additional Equity Shares over and above the number of Equity Shares that it is entitled to, provided that it is eligible to apply for Equity Shares under applicable law and has applied for all the Equity Shares (as the case may be) offered without renouncing them in whole or in part in favour of any other person(s). Applications for additional Equity Shares shall be considered and Allotment shall be made at the sole discretion of the Board, in consultation with the Designated Stock Exchange and in the manner prescribed under “ – Basis of Allotment” on page 209 of the Draft Letter of Offer.

If you desire to apply for additional Equity Shares please indicate your requirement in the place provided for additional Equity Shares in Part A of the CAF.

### **Renunciation under the ASBA process**

ASBA Investors can neither be Renounees, nor can renounce their Rights Entitlements in part.

**ELIGIBLE EQUITY SHAREHOLDERS UNDER THE ASBA PROCESS MAY PLEASE NOTE THAT THE EQUITY SHARES OF OUR COMPANY UNDER THE ASBA PROCESS CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH THE EQUITY SHARES ARE HELD BY SUCH ASBA INVESTOR ON THE RECORD DATE.**

### **Issuance of Intimation Letters**

Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar to the Issue shall send the controlling branches, a list of the ASBA Investors who have been allocated Equity Shares in the Issue, along with:

- The number of Equity Shares to be allotted against each successful ASBA Application;
- The amount to be transferred from the ASBA Account to the separate account opened by our Company for the Issue, for each successful ASBA Application;
- The date by which the funds referred to in above paragraph, shall be transferred to separate account opened by our Company for Rights Issue; and
- The details of rejected ASBA Applications, if any, along with reasons for rejection to enable SCSBs to unblock the respective ASBA Accounts.

### **General instructions for ASBA Investors**

- Pursuant to the applicability of the directions issued by SEBI vide its circular bearing number CIR/CFD/DIL/1/2011 dated 29 April 2011, all Applicants who are QIBs or Non Institutional Investors shall, on a mandatory basis, make use of the ASBA process in the Issue. In addition all investors applying through the ASBA process including QIBs and Non Institutional Investors will have to comply with the eligibility conditions as specified in SEBI circular no. SEBI/CFD/DIL/ASBA/1/2009/30/12 dated 30 December 2009. Applicants that are QIBs and Non Institutional Investors can participate in the Issue only through the ASBA process. Eligible Equity Shareholders who are not QIBs or Non Institutional Investors can participate in the Issue through either the ASBA process or the non ASBA process.
- Applications should be made on the printed CAFs only and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and/ or which are not completed in conformity with the terms of the Letter of Offer, Abridged Letter of Offer are liable to be rejected. The CAF must be filled in English.
- The CAF/ plain paper application in the ASBA process should be submitted at a Designated Branch of the SCSB and whose bank account details are provided in the CAF and not to the Bankers to the Issue (assuming that such Banker to the Issue is not a SCSB), to our Company or Registrar or a Lead Manager to the Issue.
- All applicants, and in the case of Application in joint names, each of the joint applicants, should mention his/ her PAN number allotted under the IT Act, irrespective of the amount of the Application.
- Except for Applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, CAFs without PAN will be considered incomplete and are liable to be rejected. With effect from 16 August 2010, the demat accounts for Investors for which PAN details have not been verified shall be “suspended for credit” and no Allotment and credit of Equity Shares shall be made into the accounts of such Investors.  
All payments will be made by blocking the amount in the bank account maintained with the SCSB. Cash payment or payment by cheque/ demand draft/ pay order is not acceptable. In case payment is affected in contravention of this, the Application may be deemed invalid and the Application money will be refunded and no interest will be paid thereon.
- Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/ her official seal. The Eligible Equity Shareholders must sign the CAF as per the specimen signature recorded with our Company and/ or Depositories.
- In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as per the specimen signature(s) recorded with the Depository/ our Company. In case of joint applicants, reference, if any, will be made in the first applicant’s name and all communication will be addressed to the first applicant.
- All communication in connection with Application for the Equity Shares, including any change in address of the Eligible Equity Shareholders should be addressed to the Registrar to the Issue prior to the date of Allotment in the Issue quoting the name of the first/ sole applicant Eligible Equity Shareholder, folio numbers and CAF number.
- Only the person or persons to whom the Equity Shares have been offered shall be eligible to participate under the ASBA process.]
- Only persons outside restricted jurisdictions and who are eligible to subscribe for Rights Entitlement and Equity Shares under applicable securities laws are eligible to participate.
- Only the Eligible Equity Shareholders holding shares in demat form, and who comply with all the parameters for being an ASBA Investor, are eligible to participate through ASBA process.
- Eligible Equity shareholders who have renounced their entitlement in part/ full are not entitled to apply using ASBA process.

**Do’s for ASBA Investors:**

- Ensure that the ASBA process option is selected in part A of the CAF and necessary details are filled in. In case of non-receipt of the CAF, the Application can be made on plain paper with all necessary details as required under the paragraph “**Application on plain paper**” on page 207 of the Draft Letter of Offer.
- Ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated.
- Ensure that the CAFs are submitted with the Designated Branch of the SCSBs and details of the correct bank account have been provided in the CAF.
- Ensure that there are sufficient funds (equal to {number of Equity Shares as the case may be applied for} multiplied by {the Issue Price, as the case may be}) available in the bank account maintained with the SCSB mentioned in the CAF before submitting the CAF to the respective Designated Branch of the SCSB.
- Ensure that you have authorised the SCSB for blocking funds equivalent to the total amount payable on Application mentioned in the CAF, in the bank account maintained with the respective SCSB, of which details are provided in the CAF and have signed the same.
- Ensure that you receive an acknowledgement from the SCSB for your submission of the CAF in physical form.
- Except for CAFs submitted on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, each applicant should mention their PAN allotted under the IT Act.
- Ensure that the name(s) given in the CAF is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the CAF is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the CAF.
- Ensure that the Demographic Details are updated, true and correct, in all respects.
- Ensure that the account holder in whose bank account the funds are to be blocked has signed authorizing such funds to be blocked.
- Ensure that you apply through the ASBA process if you are a QIB or a Non – Institutional Investor and satisfy the eligibility requirements for being an ASBA Investor in terms of the December 2009 Circular.
- For ASBA Applications by SCSBs on own account, ensure that a separate ASBA Account in its own name is opened with any other SCSB.

#### **Don'ts for ASBA Investors:**

- Do not apply if you are not eligible to participate in the Issue under the securities laws applicable to your jurisdiction.
- Do not apply on duplicate CAF after you have submitted a CAF to a Designated Branch of the SCSB.
- Do not pay the amount payable on Application in cash, by money order or by postal order.
- Do not send your physical CAFs/plain paper applications to the Lead Manager/ Registrar to the Issue/ Bankers to the Issue (assuming that such Bankers to the Issue is not a SCSB)/ to a branch of the SCSB which is not a Designated Branch of the SCSB/ Bank; instead submit the same to a Designated Branch of the SCSB only.
- Do not submit the GIR number instead of the PAN as the Application is liable to be rejected on this ground.
- Do not apply if the ASBA Account has been used for five applicants.
- Do not instruct respective banks to release the funds blocked under the ASBA process.

#### **Grounds for Technical Rejection under ASBA process**

Applications under the ASBA process are liable to be rejected on the following grounds:

- Application on a Split Application Form.
- Application for Allotment of Rights Entitlements or additional shares which are in physical form.
- DP ID and Client ID mentioned in CAF not matching with the DP ID and Client ID records available with the Registrar.
- Renounees applying under the ASBA process.

- Sending an ASBA Application on plain paper to the Registrar to the Issue.
- Sending CAF to a Lead Manager / the Registrar to the Issue/ the Registrar and Transfer Agent/ a Banker to the Issue (assuming that such Banker to the Issue is not a SCSB)/ to a branch of a SCSB which is not a Designated Branch of the SCSB/ Bank.
- Insufficient funds are available with the SCSB for blocking the amount.
- Funds in the bank account with the SCSB whose details are mentioned in the CAF having been frozen pursuant to regulatory orders.
- Account holder not signing the CAF or declaration mentioned therein.
- CAFs that do not include the certification set out in the CAF to the effect that the subscriber does not have a registered address (and is not otherwise located) in restricted jurisdictions and is authorized to acquire the rights and the securities in compliance with all applicable laws and regulations.
- CAFs which have evidence of being executed in/ dispatched from restricted jurisdiction or executed by or for the benefit of a “U.S. Person” (as defined in Regulation S of the United States Securities Act of 1933).
- QIBs, Non-Institutional Investors and other Equity Shareholders applying for Equity Shares in this Issue for value of more than ₹ 200,000 who hold Equity Shares in dematerialised form and is not a Renouncer or a Renounee not applying through the ASBA process.
- The application by an Equity Shareholder whose cumulative value of Equity Shares applied for is more than ₹ 200,000 but has applied separately through split CAFs of less than ₹ 200,000 and has not done so through the ASBA process.
- Multiple CAFs, including cases where an Investor submits CAFs along with a plain paper application.
- Submitting the GIR number instead of the PAN.
- ASBA Applications by SCSBs on their own account, through an ASBA Account maintained in their own name with themselves.
- An Equity Shareholder, who is not complying with any or all of the conditions for being an ASBA Investor, applies under the ASBA process.
- Applications by persons not competent to contract under the Contract Act, 1872, as amended, except applications by minors having valid demat accounts as per the demographic details provided by the Depositories.

#### **Depository account and bank details for ASBA Investors applying for demat shares**

IT IS MANDATORY FOR ALL THE ELIGIBLE EQUITY SHAREHOLDERS WHO COMPLY WITH THE PARAMETERS FOR BEING AN ASBA INVESTOR TO RECEIVE THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL SUCH ELIGIBLE EQUITY SHAREHOLDERS APPLYING FOR DEMAT SHARES SHOULD MENTION THEIR DEPOSITORY PARTICIPANT’S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE CAF. SUCH ELIGIBLE EQUITY SHAREHOLDERS MUST ENSURE THAT THE NAME GIVEN IN THE CAF IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE CAF IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE CAF.

Such Eligible Equity Shareholders should note that on the basis of name of these Eligible Equity Shareholders, Depository Participant’s name and identification number and beneficiary account number provided by them in the CAF/plain paper applications, the Registrar to the Issue will obtain from the Depository, the demographic details of these Investors such as address, bank account details for printing on refund orders and occupation (“**Demographic Details**”). Hence, Eligible Equity Shareholders should carefully fill in their Depository Account details in the CAF.

These Demographic Details would be used for all correspondence with such Eligible Equity Shareholders including mailing of the letters intimating unblocking of bank account of the respective Eligible Equity Shareholder. The Demographic Details given by the Eligible Equity Shareholders in the CAF would not be used for any other purposes by the Registrar to the Issue. Hence, Eligible Equity Shareholders are advised to update their Demographic Details as provided to their Depository Participants.

By signing the CAFs/ plain paper ASBA Applications, ASBA Investors would be deemed to have authorised the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

**Letters intimating Allotment and unblocking of funds would be mailed to the address of the ASBA Investors as per the Demographic Details received from the Depositories. The Registrar to the Issue will give instructions to the SCSBs for unblocking funds in the ASBA Account to the extent Equity Shares are not allotted to such shareholders. ASBA Investors may note that delivery of letters intimating unblocking of the funds may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the Eligible Equity Shareholder in the CAF would be used only to ensure dispatch of letters intimating unblocking of the funds.**

**Note that any such delay shall be at the sole risk of the ASBA Investors and none of the Company, the SCSBs or the Lead Manager shall be liable to compensate the ASBA Investors for any losses caused due to any such delay or liable to pay any interest for such delay.**

In case no corresponding record is available with the Depositories that matches three parameters, (a) names of the Eligible Equity Shareholders (including the order of names of joint holders), (b) the DP ID and (c) the beneficiary account number, then such Applications are liable to be rejected.

#### **APPLICATIONS BY NON – ASBA INVESTORS**

##### **Eligible Equity Shareholders who are eligible to apply under the non – ASBA process**

The option of applying for Equity Shares through the non – ASBA process is available only to Eligible Equity Shareholders of our Company on the Record Date as well as Renounees. **All Applicants who are QIBs and Non – Institutional Investors and who do not satisfy the ASBA Investor Eligibility Criteria can apply in the Issue through the non – ASBA process.**

##### **Instructions for options for Non – ASBA Investors**

The CAF consists of four parts:

- Part A: Form for accepting the Equity Shares offered and for applying for additional Equity Shares;
- Part B: Form for renunciation;
- Part C: Form for Application by Renounee(s); and
- Part D: Form for request for Split Application Forms.

The summary of options available to the Eligible Equity Shareholder who applies through the non – ASBA process is presented below. You may exercise any of the following options with regard to the Equity Shares offered, using the enclosed CAF:

<b>Option Available</b>	<b>Action Required</b>
Accept whole or part of your Rights Entitlement without renouncing the balance.	Fill in and sign Part A of the CAF ( <i>all joint holders must sign</i> )
Accept your Rights Entitlement in full and apply for additional Equity Shares	Fill in and sign Part A of the CAF including Block III relating to the acceptance of entitlement and Block IV relating to additional Equity Shares ( <i>all joint holders must sign</i> )
Renounce your Rights Entitlement in full to one person, ( <i>Joint Renounees are considered as one</i> ).	Fill in and sign Part B ( <i>all joint holders must sign</i> ) indicating the number of Equity Shares renounced and hand it over to the Renounee. The Renounees must fill in and sign Part C ( <i>all joint Renounees must sign</i> )
Accept a part of your Rights Entitlement and renounce	Fill in and sign Part D ( <i>all joint holders must sign</i> )



Option Available	Action Required
<p>the balance to one or more Renounee(s)</p> <p>OR</p> <p><b>Renounce your Rights Entitlement to all the Equity Shares offered to you to more than one Renounee</b></p>	<p>requesting for Split Application Forms. Send the CAF to the Registrar to the Issue so as to reach them on or before the last date for the receipt of requests for Split Application Forms. Splitting will be permitted only once.</p> <p><b>On receipt of the Split Application Form take action as indicated below.</b></p> <p>For the Equity Shares you wish to accept, if any, fill in and sign Part A.</p> <p>For the Equity Shares you wish to renounce, fill in and sign Part B indicating the number of Equity Shares renounced and hand it over to the Renounees. Each of the Renounees should fill in and sign Part C for the Equity Shares accepted by them.</p>
<p>Introduce a joint holder or change the sequence of joint Holders</p>	<p>This will be treated as a renunciation. Fill in and sign Part B and the Renounees must fill in and sign Part C.</p>

Please note that:

- Part A of the CAF must not be used by any person(s) other than the Eligible Equity Shareholders. If used, this will render the Application invalid.
- Request for Split Application Form should be made for a minimum of one Equity Share or in multiples thereof and one Split Application Form for the balance Equity Shares, if any.
- Request by the Eligible Equity Shareholder(s) for the Split Application Form should reach the Registrar to the Issue on or before [●], 2013.
- Only the person, to whom the Letter of Offer and/ or Abridged Letter of Offer has been addressed to and not the Renounee(s) shall be entitled to renounce and to apply for Split Application Forms. CAF once split cannot be split again.
- Eligible Equity Shareholders may not renounce in favour of persons or entities in restricted jurisdictions including the United States or to or for the account or benefit of U.S. Person (as defined in Regulation S of the United States Securities Act of 1933) who would otherwise be prohibited from being offered or subscribing for Equity Shares or Rights Entitlement under applicable securities law.
- While applying for or renouncing their Rights Entitlement, joint Eligible Equity Shareholders must sign the CAF in the same order and as per specimen signatures recorded with our Company/ the Depositories.
- Split Application Forms(s) will be sent to the applicant(s) by post at the applicant's risk.

#### **Acceptance of the offer to participate in the Issue through the non – ASBA process**

You may accept the offer to participate and apply for the Equity Shares offered through the Issue, either in full or in part by filling of Part A of the CAF and submit the same along with the Application Money payable to the Banker to the Issue or any of the collection branches as mentioned on the reverse of the CAF before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by our Board thereof in this regard. Non – ASBA Investors located at centers not covered by the branches of collecting banks can send their CAF together with the cheque drawn at par at Chennai or demand draft/ pay order payable at Chennai to the Registrar to the Issue by registered post. Such Applications sent to anyone other than the Registrar to the Issue are liable to be rejected. Please note that all Applications in the Issue by QIBs and Non-Institutional Investors who satisfy the ASBA Investor Eligibility Criteria are mandatorily required to be made through the ASBA process.

An Eligible Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF may make an Application to subscribe to the Issue on plain paper. For further details, see the section titled ‘– Application on Plain Paper’ on page 207 of the Draft Letter of Offer.

### **Renunciation for Non – ASBA Investors**

**Any renunciation (i) from a resident Indian Eligible Equity Shareholder to a Non Resident, or (ii) from a Non Resident Eligible Equity Shareholder to a resident Indian, or (iii) from a Non Resident Eligible Equity Shareholder to a Non Resident is subject to the renouncer (s)/ Renounee(s) obtaining the necessary approvals, including from RBI under the FEMA and such permissions should be attached to the CAF. Applications not accompanied by the aforesaid approvals are liable to be rejected.**

As an Eligible Equity Shareholder, you have the right to renounce your Rights Entitlement for the Equity Shares in full or in part in favour of one or more persons. Your attention is drawn to the fact that our Company shall not allot and/ or register any Equity Shares in favour of the following Renounees:

- More than four persons including joint holders;
- Partnership firm(s) or their nominee(s);
- Minors (unless it is through their legal guardian);
- A Hindu Undivided Family (however, you may renounce your Rights Entitlements to the Karta of an Hindu Undivided Family acting in his capacity of a Karta);
- Any trust or society (unless the same is registered under the Societies Registration Act, 1860 or any other applicable trust laws and is authorised under its constitutions to hold equity shares of a company), not being an existing shareholder of the Company;
- Any person or entity in the United States or to, or for the account or benefit of, a “U.S. Person” (as defined in Regulation S of the United States Securities Act of 1933); or
- Any person situated or subject to jurisdiction where the offering in terms of the Letter of Offer could be illegal or requires compliance with securities laws.

The right of renunciation is subject to the express condition that our Board shall be entitled in its absolute discretion to reject the Application from the Renounee(s) without assigning any reason thereof. Renounee(s) shall not be entitled to further renounce the entitlement in favour of any other person.

### **Procedure for renunciation**

The procedure for renunciation is as follows:

#### ***To renounce the entire Rights Entitlement in favour of one Renounee***

If you wish to renounce the Rights Entitlement indicated in Part A of the CAF, in whole, please complete Part B of the CAF. In case of joint holding, all joint holders must sign Part B of the CAF. The person in whose favour renunciation has been made should complete and sign Part C of the CAF. In case of Renounees, all joint Renounees must sign this part of the CAF.

#### ***To renounce in part/ or renounce the whole to more than one person(s)***

If you wish to either accept the Rights Entitlement in part and renounce the balance or renounce the entire Rights Entitlement in favour of two or more Renounees, the CAF must be first split into requisite number of forms.

Please indicate your requirement of Split Application Forms in the space provided for this purpose in Part D of the CAF and return the entire CAF to the Registrar to the Issue so as to reach them latest by the close of business hours on the last date of receiving requests for Split Application Forms. On receipt of the required number of Split Application Forms from the Registrar to the Issue, the procedure as mentioned in paragraph above shall have to be followed.

In case the signature of the Eligible Equity Shareholder(s), who has renounced the Equity Shares, does not agree with the specimen registered with our Company, the Application is liable to be rejected.

### ***Renouncee(s)***

The person(s) in whose favour the Equity Shares are renounced should fill in and sign Part C of the CAF and submit the entire CAF on or before the Issue Closing Date along with the Application Money.

### ***Change and/ or introduction of additional holders***

If you wish to apply for Equity Shares jointly with any other person(s), not exceeding three persons, who is/ are not already a joint holder with you, it shall amount to renunciation and the procedure as stated above for renunciation shall have to be followed. Even a change in the sequence of the name of joint holders shall amount to renunciation and the procedure, as stated above shall have to be followed.

However, this right of renunciation is subject to the express condition that our Board of Directors shall be entitled in its absolute discretion to reject the Application from the Renouncee(s) without assigning any reason thereof.

### **Additional Equity Shares**

You may apply for additional Equity Shares over and above your Rights Entitlement, provided that you have applied for your entire Rights Entitlement without renouncing them in whole or in part in favor of any other person(s). Applications for additional Equity Shares shall be considered and Allotment shall be in the manner prescribed under the section titled – Basis of Allotment on page 209 of this Draft Letter of Offer. If you desire to apply for additional Equity Shares, please indicate your requirements in the place provided for additional Equity Shares in Part A of CAF. Renouncees applying for all the Equity Shares renounced in their favor may also apply for additional Equity Shares by indicating the details of additional Equity Shares applied for in the place provided for additional Equity Shares in Part C of CAF.

Applications for additional Equity Shares by Non Resident Eligible Equity Shareholders will be subject to the permission of the RBI/ FIPB.

Where the number of additional Equity Shares applied for exceeds the number available for Allotment, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange.

### **Payment options for Non – ASBA Investors**

#### ***Mode of payment for Resident Eligible Equity Shareholders/ Applicants***

- Non – ASBA Investors who are resident in centers with the bank collection centres shall draw cheques/ drafts accompanying the CAF, crossed account payee only and marked “***Ramco Systems Limited - Rights Issue***”.
- Resident Non – ASBA Investors residing at places other than places where the bank collection centres have been opened by our Company for collecting Applications, are requested to send their Applications together with Demand Draft/ Pay Order net of bank and postal charges, payable at Chennai, crossed account payee only and marked “***Ramco Systems Limited- Rights Issue***” directly to the Registrar to the Issue by registered post so as to reach them on or before the Issue Closing Date. Our Company or the Registrar to the Issue or the Lead Manager will not be responsible for postal delays or loss of Applications in transit, if any. Applicable banking and postal charges in this regard shall be borne by the Company.

### ***Mode of payment for Non – Resident Eligible Equity Shareholders/ Applicants***

Non Resident Non – ASBA Applicants applying on a non-repatriation basis should send their completed CAF by registered post/ speed post to the Registrar to the Issue, along with demand drafts net of bank and postal charges, payable at Chennai in favour of the Bankers to the Issue, crossed account payee only and marked “***Ramco Systems Limited- Rights Issue-NR***” so that the same are received on or before Issue Closing Date in any of the following manner

#### ***Application with repatriation benefits***

- By Indian Rupee drafts purchased from abroad and payable at Chennai or funds remitted from abroad (submitted along with Foreign Inward Remittance Certificate); or
- By cheque/ draft on a Non Resident External Account (NRE) or FCNR Account maintained in India; or
- By Rupee draft purchased by debit to NRE/ FCNR Account maintained elsewhere in India and payable in Chennai; or FIIs registered with SEBI must remit funds from special non resident rupee deposit account.
- Non Resident investors applying with repatriation benefits should draw crossed account payee cheques/ drafts in favour of and marked “***Ramco Systems Limited- Rights Issue-NR***” payable at Chennai for the full Application Money.
- In the case of NRIs who remit their application money from funds held in FCNR/NRE Accounts, refunds and other disbursements, if any shall be credited to such account, details of which should be furnished in the appropriate columns in the CAF. In the case of NRIs who remit their application money through Indian Rupee Drafts from abroad, refunds and other disbursements, if any will be made in U.S Dollars at the rate of exchange prevailing at such time subject to the permission of RBI. Our Company will not be liable for any loss on account of exchange rate fluctuation for converting the Rupee amount into U.S. Dollar or for collection charges charged by the applicant’s bankers.

#### ***Application without repatriation benefits***

- As far as Non Residents holding shares on non-repatriation basis are concerned, in addition to the modes specified above, payment may also be made by way of cheque drawn on Non Resident (Ordinary) Account maintained in India or Rupee Draft purchased out of NRO Account maintained elsewhere in India but payable at Chennai. In such cases, the Allotment of Equity Shares will be on non-repatriation basis.
- All cheques/ demand drafts submitted by non-residents applying on a non-repatriation basis should be drawn in favour of, and marked “***Ramco Systems Limited- Rights Issue***” payable at Chennai and must be crossed ‘account payee only’ for the full Application Money. The CAF duly completed together with the amount payable on Application must be deposited with the Collecting Bank indicated on the reverse of the CAF before the close of banking hours on or before the Issue Closing Date. A separate cheque or bank draft must accompany each CAF.
- Applicants may note that where payment is made by drafts purchased from NRE/ FCNR/ NRO accounts as the case may be, an Account Debit Certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/ FCNR/ NRO account should be enclosed with the CAF. Otherwise the Application shall be considered incomplete and is liable to be rejected.
- New demat account shall be opened for holders who have had a change in status from resident Indian to NRI.

#### ***Note:***

- In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Equity Shares can be remitted outside India, subject to tax, as applicable according to IT Act.
- In case Equity Shares are allotted on non-repatriation basis, the dividend and sale proceeds of the Equity Shares cannot be remitted outside India.
- The CAF duly completed together with the amount payable on Application must be deposited with the Collecting Bank indicated on the reverse of the CAF before the close of banking hours on or before the Issue Closing Date. A separate cheque or bank draft must accompany each CAF.

In case of Applications received from Non Residents, Allotment, refunds and other distribution, if any, will be made in accordance with the guidelines/ rules prescribed by RBI as applicable at the time of making such Allotment, remittance and subject to necessary approvals.

#### **Availability of duplicate CAF**

In case the original CAF is not received, or is misplaced by an applicant, the Registrar to the Issue will issue a duplicate CAF on the request of the applicant who should furnish the registered folio number/ DP and Client ID number and his/ her full name and address to the Registrar to the Issue. Please note that the request for duplicate CAF should reach the Registrar to the Issue at least seven days prior to the Issue Closing Date. Please note that those who are making the Application in the duplicate form should not utilize the original CAF for any purpose including renunciation, even if it is received/ found subsequently. If the applicant violates any of these requirements, he/ she shall face the risk of rejection of both the Applications. Neither the Registrar to the Issue nor the Lead Manager or our Company, shall be responsible for postal delays or loss of duplicate CAFs in transit, if any.

#### **General instructions for Non – ASBA Investors**

- (a) Please read the instructions printed on the enclosed CAF carefully.
- (b) Application should be made on the printed CAF, provided by our Company or a plain paper Application and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and/ or which are not completed in conformity with the terms of this Letter of Offer/Abridged Letter of Offer are liable to be rejected and the money paid, if any, in respect thereof will be refunded without interest and after deduction of bank commission and other charges, if any. The CAF must be filled in English and the names of all the applicants, details of occupation, address, father's/ husband's name must be filled in block letters.
- (c) The CAF together with cheque/ demand draft should be sent to the Bankers to the Issue/ Collecting Bank or dispatched to the Registrar to the Issue, and not to our Company, the Lead Manager. Resident applicants residing at places other than cities where the branches of the Bankers to the Issue have been authorised by our Company for collecting Applications, will have to make payment by crossed account payee cheques payable at Chennai or demand drafts/ pay orders payable at Chennai and send their CAFs to the Registrar to the Issue by registered post/ speed post. If any portion of the CAF is/ are detached or separated, such Application is liable to be rejected.
- (d) Each of the applicants should mention his/ her PAN allotted under the IT Act along with the Application for the purpose of verification of the number. Except in case of Applications on behalf of the Central or State Government and the officials appointed by the courts and by Investors residing in Sikkim, CAFs without the PAN details will be considered incomplete and are liable to be rejected.
- (e) Investors holding Equity Shares in physical form, are advised to provide information as to their savings/ current account number, the nine digit MICR number and the name of the Company, branch with whom such account is held in the CAF to enable the Registrar to the Issue to print the said details in the refund orders, if any, after the names of the payees. Applications not containing such details are liable to be rejected.
- (f) All payment should be made by cheques/ demand draft only. Cash payment is not acceptable. In case payment is effected in contravention of this, the Application may be deemed invalid and the Application Money will be refunded and no interest will be paid thereon.
- (g) Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/ her official seal. The Eligible Equity Shareholders must sign the CAF or the plain paper Application as per the specimen signature recorded with our Company.

- (h) In case of an Application under a power of attorney or by a body corporate or by a society, a certified true copy of the relevant power of attorney or relevant resolution or authority to the signatory to make the relevant investment under this Issue and to sign the Application and a certified true copy of the memorandum and articles of association and/ or bye-laws of such body corporate or society must be lodged with the Registrar to the Issue giving reference of the serial number of the CAF. In case these papers are sent to any other entity besides the Registrar to the Issue or are sent after the Issue Closing Date, then the Application is liable to be rejected.
- (i) In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as per the specimen signature(s) recorded with our Company. Further, in case of joint applicants who are Renounees, the number of applicants should not exceed three. In case of joint applicants, reference, if any, will be made in the first applicant's name and all communication will be addressed to the first applicant.
- (j) Application(s) received from Non Residents/ NRIs, or persons of Indian origin residing abroad for Allotment of Equity Shares shall, *inter alia*, be subject to conditions, as may be imposed from time to time by the RBI under FEMA in the matter of refund of Application Money, Allotment of Equity Shares, subsequent issue and Allotment of Equity Shares, interest, dispatch of share certificates, etc. In case a Non Resident Eligible Equity Shareholder has specific approval from the RBI, in connection with his shareholding, he should enclose a copy of such approval with the CAF.
- (k) All communication in connection with Application for the Equity Shares, including any change in address of the Eligible Equity Shareholders should be addressed to the Registrar to the Issue prior to the Allotment Date quoting the name of the first/ sole applicant Eligible Equity Shareholder, folio numbers and CAF number. Please note that any intimation for change of address of Eligible Equity Shareholders, after the Allotment Date, should be sent to the Registrar and Share Transfer Agent, in the case of Equity Shares held in physical form and to the respective Depository Participant, in case of Equity Shares held in dematerialised form.
- (l) Split Application Forms cannot be re-split.
- (m) Only the person or persons to whom Equity Shares have been offered and not Renounee(s) shall be entitled to obtain Split Application Forms.
- (n) Applicants must write their CAF number at the back of the cheque/ demand draft.
- (o) A separate cheque/ demand draft must accompany each CAF. Outstation cheques/ demand drafts or post-dated cheques and postal/ money orders will not be accepted and Applications accompanied by such cheques/ demand drafts/ money orders or postal orders will be rejected. The Registrar will not accept payment against Application if made in cash. (For payment against Application in cash please refer point (f) above).
- (p) No receipt will be issued for Application Money received. The Bankers to the Issue/ Collecting Bank/ Registrar to the Issue will acknowledge receipt of the same by stamping and returning the acknowledgment slip at the bottom of the CAF.
- (q) Our Company shall not allot and/ or register any Equity Shares in favour of any person situated or subject to any jurisdiction where the offering in terms of this Draft Letter of Offer could be illegal or requires compliance with applicable securities laws.
- (r) The distribution of the Draft Letter of Offer/Letter of Offer/ Abridged Letter of Offer and issue of Equity Shares under the Issue and Rights Entitlements to persons in certain jurisdictions outside India may be restricted by legal requirements in those jurisdictions. Persons in the United States and such other jurisdictions are instructed to disregard the Draft Letter of Offer/ Letter of Offer/ Abridged Letter of Offer and not to attempt to subscribe for Rights Issue Equity Shares.

***Do's for Non – ASBA Investors:***

- (a) Check if you are eligible to apply;
- (b) Read all the instructions carefully and ensure that the cheque/ draft option is selected in part A of the CAF and necessary details are filled in;
- (c) In the event you hold Equity Shares in dematerialised form, ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as the Equity Shares will be allotted in the dematerialised form only;
- (d) Ensure that your Indian address is available to our Company and the Registrar and Transfer Agent, in case you hold Equity Shares in physical form or the depository participant, in case you hold Equity Shares in dematerialised form;
- (e) Ensure that the value of the cheque/ draft submitted by you is equal to the (number of Equity Shares applied for) X (Issue Price of Equity Shares, as the case may be) before submission of the CAF;
- (f) Ensure that you receive an acknowledgement from the collection centres of the collection bank for your submission of the CAF in physical form;
- (g) Ensure that you mention your PAN allotted under the IT Act with the CAF, except for Applications on behalf of the Central and State Governments, residents of Sikkim and officials appointed by the courts;
- (h) Ensure that the name(s) given in the CAF is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the CAF is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the CAF; and
- (i) Ensure that the Demographic Details are updated, true and correct, in all respects.

***Dont's for Non – ASBA Investors:***

- (a) Do not apply on duplicate CAF after you have submitted a CAF to a collection centre of the Bankers to the Issue;
- (b) Do not pay the amount payable on Application in cash, by money order or by postal order;
- (c) Do not submit the GIR number instead of the PAN as the Application is liable to be rejected on this ground;
- (d) Do not submit an Application accompanied with stockinvest; or
- (e) Do not apply if you are not eligible to participate in the Issue under the securities laws applicable to your jurisdiction.

**Grounds for Technical Rejections for Non – ASBA Investors**

Investors are advised to note that Applications are liable to be rejected on technical grounds, including the following:

- Amount paid does not tally with the Application Money payable;
- Bank account details (for refunds) are not given and the same are not available with the Depository Participant (in the case of Equity Shares held in dematerialised form) or the Registrar and Transfer Agent (in the case of Equity Shares held in physical form);
- Age of the first applicant not given (in case of Renouncees);
- Except in case of Applications on behalf of the Central or State Government and the officials appointed by the courts and by Investors residing in Sikkim, PAN details not given;
- PAN in CAF not matching the PAN in the DP ID;
- In case of CAF under power of attorney or by limited companies, corporate, trust, etc., relevant documents are not submitted;
- If the signature of the existing shareholder does not match with the one given on the CAF and for Renouncees if the signature does not match with the records available with their depositories;
- If the Applicant desires to have Equity Shares in electronic form, but the CAF does not have the Applicant's depository account details;

- CAF is not submitted by the applicants within the time prescribed as per the CAF and the Letter of Offer/Abridged Letter of Offer;
- CAF not duly signed by the sole/ joint applicants;
- CAF by OCBs other than the Eligible OCBs;
- CAF accompanied by stockinvest/ outstation cheques/ post – dated cheques/ outstation money orders/ postal orders/ outstation demand drafts;
- CAFs that do not include the certifications set out in the CAF to the effect that, among other thing, the subscriber is not located in restricted jurisdictions and is authorized to acquire the Rights Entitlements and Equity Shares under the Issue in compliance with all applicable laws and regulations;
- CAFs which have evidence of being executed in/dispatched from restricted jurisdictions;
- In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the applicants (including the order of names of joint holders), the DP ID and the beneficiary's identity;
- CAFs by ineligible Non Residents (including on account of restriction or prohibition under applicable local laws) and where last available address in India has not been provided;
- Multiple Applications, including where an applicant submits a CAF and a plain paper Application; and
- Duplicate Applications;
- In case the GIR number is submitted instead of the PAN;
- Applications by Renouncee(s) who are persons not competent to contract under the Indian Contract Act, 1872, including minors; and
- Non – ASBA Applications made by QIBs and Non – Institutional Investors who satisfy the ASBA Investor Eligibility Criteria

Please read this Draft Letter of Offer and the instructions contained therein and in the CAF carefully before filling in the CAF. The instructions contained in the CAF are an integral part of the Draft Letter of Offer and must be carefully followed. The CAF is liable to be rejected for any non-compliance of the provisions contained in the Draft Letter of Offer or the CAF.

#### **Payment of refunds to Non – ASBA Investors**

Our Company will issue and dispatch refund orders within a period of 15 days from the Issue Closing Date. If such money is not repaid within the stipulated time period, our Company shall pay that money with interest at the rate of 15% per annum for the delayed period at rates prescribed under sub-sections (2) and (2A) of Section 73 of the Companies Act.

The payment of refund to Non – ASBA Investors, if any, would be done through any of the following modes:

1. **NECS** – Payment of refund would be done through NECS for Investors having an account at any of the centres where such facility has been made available. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories/ the records of the Registrar and Transfer Agent. The payment of refunds is mandatory for Investors having a bank account at any centre where NECS facility has been made available by the RBI (subject to availability of all information for crediting the refund through NECS), except where the Investor, being eligible, opts to receive refund through NEFT, direct credit or RTGS.
2. **National Electronic Fund Transfer (“NEFT”)** – Payment of refund shall be undertaken through NEFT wherever the Investor's bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Investors have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Investors through this method.



3. **Direct Credit** – Investors having bank accounts with the Refund Bank, in this case being, [●] shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank for the same would be borne by our Company.
4. **RTGS** – Investors having a bank account at any of the 15 locations where the RBI manages clearing houses for such payments, namely, Ahmedabad, Bangalore, Bhubaneswar, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Kolkata, Mumbai, Nagpur, New Delhi, Thiruvananthapuram and Patna, and whose refund amount exceeds ₹ 200,000 , have the option to receive refund through RTGS. Such eligible Investors who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the CAF. In the event the same is not provided, refund shall be made through ECS. Charges, if any, levied by the Refund Banks for the same would be borne by our Company. Charges, if any, levied by the Investors' bank receiving the credit would be borne by the Investor.
5. For all other Investors, including those who have not updated their bank particulars with the MICR code, the refund orders will be dispatched through Speed Post/ Registered Post. Such refunds will be made by cheques, pay orders or demand drafts drawn and will be payable at par.
6. In case of any category of Investors specified by SEBI, crediting of refunds to the Investors in any other electronic manner permissible under the banking laws of India for the time being in force which is permitted by SEBI from time to time.

#### **Option to receive Equity Shares in Dematerialised Form**

Except for ASBA Investors, Investors shall be Allotted Equity Shares in dematerialised (electronic) form at the option of the Investor. Our Company, along with the Registrar and Transfer Agent, has signed tripartite agreements dated June 20, 2001 and July 3, 2001 with NSDL and CDSL, respectively, which enables the Investors to hold and trade in securities in a dematerialised form, instead of holding the securities in the form of physical certificates. Our Company has appointed Cameo Corporate Services Limited as the Registrar to the Issue, which has connectivity with both Depositories, and can therefore, credit the Equity Shares Allotted in dematerialised form.

In this Issue, Allottees who have opted for Equity Shares in dematerialised form will receive their Equity Shares in the form of an electronic credit to their beneficiary account with a Depository Participant. Investors will have to give the relevant particulars for this purpose in the appropriate place in the CAF or the plain paper application, as the case may be. Applications, which do not accurately contain this information, will receive securities in physical form. No separate Applications for securities in physical and/ or dematerialised form should be made. If such Applications are made, the Application for physical securities will be treated as multiple Applications and is liable to be rejected. In case of partial Allotment, Allotment will be done in demat option for the shares sought in demat and balance, if any, may be allotted in physical shares.

#### **OTHER GENERAL INSTRUCTIONS**

##### **Application on plain paper**

Applications on plain paper will not be accepted from any address outside India. The envelope should be super scribed "Ramco Systems Limited – Rights Issue" and should be postmarked in India. Applications on plain paper, duly signed by the applicants including joint holders, in the same order as per specimen recorded with our Company, must reach the office of the Registrar to the Issue before the Issue Closing Date and should contain the following particulars:

- Name of Company, being "**Ramco Systems Limited**";
- Name and address of the Eligible Equity Shareholder including joint holders;
- Registered Folio Number/ DP and Client ID No.;
- Share certificate numbers and distinctive numbers of Equity Shares (if Equity Shares are held in physical form);
- Number of Equity Shares held as on Record Date;

- Number of Equity Shares entitled as per Rights Entitlement;
- Number of Equity Shares applied for as per Rights Entitlement;
- Number of additional Equity Shares applied for, if any;
- Total number of Equity Shares applied for;
- Total amount paid at the rate of ₹ [●] per Equity Share;
- Particulars of cheque/ demand draft/ pay order;
- Savings/ current account number and name and address of the bank where the Eligible Equity Shareholder will be depositing the refund order (in case of Equity Shares held by such Eligible Equity Shareholders in physical form). In case of Equity Shares allotted in dematerialised form, the bank account details will be obtained from the information available with the Depositories;
- Details of PAN, except in case of Applications on behalf of the Central or State Government and the officials appointed by the courts and by Investors residing in Sikkim, irrespective of the total value of the Equity Shares being applied for pursuant to the Issue;
- Signature of Eligible Equity Shareholders to appear in the same sequence and order as they appear in the records of our Company;
- If the payment is made by a draft purchased from NRE/FCNR/NRO account, as the case may be, an account debit certificate from the bank issuing the draft, confirming that the draft has been issued by debiting the NRE/FCNR/NRO account.
- For ASBA Investors, the Application on plain paper should contain details of the ASBA Account such as the account number, name, address and branch of the relevant SCSB.
- Additionally, by subscribing to any Equity Shares offered in the Issue, you are deemed to have represented, warranted, acknowledged and agreed to us, the Lead Manager, as follows:

*“If we understand the offering to which this application relates is not, and under no circumstances is to be construed as, an offering of any Equity Shares or Rights Entitlement for sale in the United States, or as a solicitation therein of an offer to buy any of the said Equity Shares or Rights Entitlement in the United States. Accordingly, I/we understand this application should not be forwarded to or transmitted in or to the United States at any time. I/we understand that neither us, nor the Registrar, the Lead Manager or any other person acting on behalf of us will accept subscriptions from any person, or the agent of any person, who appears to be, or who we, the Registrar, the Lead Manager or any other person acting on behalf of us have reason to believe is, a resident of the United States or “U.S. Person” (as defined in Regulation S of the United States Securities Act of 1933) (“Regulation S”) or is ineligible to participate in the Issue under the securities laws of their jurisdiction.*

*I/We (i) am/are, and the person, if any, for whose account I/we am/are acquiring such Rights Entitlement and/or the Equity Shares is/are, outside the United States, (ii) am/are not a “U.S. Person” (as defined in Regulation S), and (iii) is/are acquiring the Rights Entitlement and/or the Equity Shares in an offshore transaction meeting the requirements of Regulation S.*

*I/We acknowledge that we, the Lead Manager, their affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements.”*

Please note that those who are making the Application otherwise than on original CAF shall not be entitled to renounce their rights and should not utilize the original CAF for any purpose including renunciation even if it is received subsequently. If an applicant violates any of these requirements, he/ she shall face the risk of rejection of both the Applications. Our Company will refund such Application Money to such applicant without any interest thereon.

A Resident Non – ASBA Investor and a Non Resident Non – ASBA Investors applying on non-repatriation basis, who has neither received the original CAF nor is in a position to obtain the duplicate CAF may make an Application to subscribe to the Issue on plain paper, along with a crossed account payee cheque payable at Chennai or demand draft/ pay order payable at Chennai in favour of “**Ramco Systems Limited- Rights Issue**” and send the same by registered post directly to the Registrar to the Issue, so as to reach the Registrar to the Issue on or before the Issue Closing Date. The envelope should be superscribed “**Ramco Systems Limited- Rights Issue**”.

Non Resident Non – ASBA Investors applying on repatriation basis who have neither received the original CAF nor are in a position to obtain the duplicate CAF may make an Application to subscribe to the Issue on plain paper, along with a crossed ‘Account Payee Cheque’ payable at Chennai or a demand draft/ pay order payable at Chennai in favour of “*Ramco Systems Limited- Rights Issue- NR*” and send the same by registered post directly to the Registrar to the Issue, so as to reach the Registrar to the Issue on or before the Issue Closing Date. The envelope should be superscribed “*Ramco Systems Limited- Rights Issue- NR*”.

Resident and Non Resident ASBA Investors who have neither received the original CAF nor is in a position to obtain the duplicate CAF may make an Application to subscribe to the Issue on plain paper and such ASBA Investors should send the same by registered post/ speed post directly to the relevant SCSB. Applications on plain paper will not be accepted from any address outside India. The envelope should be super-scribed “*Ramco Systems Limited- Rights Issue*” in case of Resident ASBA Investors or Non Resident ASBA Investors applying on non repatriable basis and “*Ramco Systems Limited- Rights Issue - NR*”. Non – ASBA Investors applying on repatriation basis and should be postmarked in India.

**Applicants are requested to strictly adhere to these instructions. Failure to do so could result in the Application being liable to be rejected without our Company, the Lead Manager and the Registrar to the Issue incurring any liabilities to such applicants for such rejections.**

#### **Last date of Application**

The last date for submission of the duly filled in CAF or the plain paper Application is [●], 2013. Our Board or any committee thereof will have the right to extend the said date for such period as it may determine from time to time but not exceeding 30 (thirty) days from the Issue Opening Date.

If the CAF, or the plain paper Application together with the amount payable is not received by the Bankers to the Issue/ Registrar to the Issue, on or before the close of banking hours on the aforesaid last date or such date as may be extended by our Board or any committee of our Board, the offer contained in the Letter of Offer shall be deemed to have been declined and our Board or any committee of our Board shall be at liberty to dispose of the Equity Shares hereby offered, as provided under the section titled “ – Basis of Allotment’ on page 209.

#### **Basis of Allotment**

Subject to the provisions contained in this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the CAF, the Articles of Association and the approval of the Designated Stock Exchange, our Board will proceed to allot the Equity Shares in the following order of priority:

- (a) Full Allotment to those Eligible Equity Shareholders who have applied for their Rights Entitlement either in full or in part and also to the Renouncee(s), who has/ have applied for Equity Shares renounced in their favour, in full or in part.
- (b) If the shareholding of any of the Eligible Equity Shareholders is equal to or less than [•] Equity Shares or is not in multiples of [•], the fractional entitlement of such holders shall be ignored. Shareholders whose fractional entitlements are being ignored would be considered for Allotment of one additional Equity Share each if they apply for additional Equity Share(s). Allotment under this head shall be considered if there are any un-subscribed Equity Shares after Allotment under (a) above. If the number of Equity Shares required for Allotment under this head is more than number of Equity Shares available after Allotment under (a) above, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange. (For further details, see the section titled ‘ – Fractional Entitlements’ on page 187 of the Draft Letter of Offer.)
- (c) Allotment to Eligible Equity Shareholders who having applied for the Rights Entitlement in full and have also applied for additional Equity Shares. The Allotment of such additional Equity Shares will be made as far as possible on an equitable basis having due regard to the number of Equity Shares held by them on the

Record Date, provided there is an under-subscribed portion after making Allotment in (a) and (b) above. The Allotment of such Equity Shares will be at the sole discretion of our Board in consultation with the Designated Stock Exchange, as a part of the Issue and not as a preferential Allotment.

- (d) Allotment to the Renounees, who having applied for the Equity Shares renounced in their favour have also applied for additional Equity Shares, provided there is an under-subscribed portion after making full Allotment in (a), (b) and (c) above. The Allotment of such additional Equity Shares will be made on a proportionate basis at the sole discretion of our Board or any committee of our Board but in consultation with the Designated Stock Exchange, as a part of the Issue and not as a preferential allotment.
- (e) Allotment to any other person as our Board may in its absolute discretion deem fit provided there is surplus available after making Allotment under (a), (b), (c), and (d) above, and the decision of the Board in this regard shall be final and binding.

In the event of oversubscription, Allotment will be made within the overall size of the Issue.

### **Underwriting**

The Issue is not underwritten.

### **Allotments**

Our Company will issue and dispatch letters of Allotment/ Allotment advice/ share certificates/ demat credit and/ or letters of regret or credit the allotted securities to the respective beneficiary accounts, if any, within a period of 15 days from the Issue Closing Date. If such money is not repaid within the stipulated time period, our Company shall pay that money with interest at the rate of 15% per annum for the delayed period at rates prescribed under sub-sections (2) and (2A) of Section 73 of the Companies Act.

In case of those Investors who have opted to receive their Rights Entitlement in dematerialised form using electronic credit under the depository system, and advise regarding their credit of the Equity Shares shall be given separately. Investors to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post intimating them about the mode of credit of refund within 15 days of the Issue Closing Date.

In case of those Investors who have opted to receive their Rights Entitlement in physical form In case of those Investors who have opted to receive their Rights Entitlement in physical form, the physical share certificates will be issued to the Allotees within 15 days from the Issue Closing Date.

The letters of Allotment/Allotment advice/ refund order would be sent by registered post/ speed post to the sole/ first applicant's registered address. Such refund orders would be payable at par at all locations. The same would be marked '**Account Payee only**' and would be drawn in favour of the sole/ first applicant. Adequate funds would be made available to the Registrar to the Issue for this purpose.

### **Printing of Bank Particulars on Refund Orders**

As a matter of precaution against possible fraudulent encashment of refund orders due to loss or misplacement, the particulars of the Investor's bank account are mandatorily required to be given for printing on the refund orders. Bank account particulars, where available, will be printed on the refund orders/refund warrants which can then be deposited only in the account specified. Our Company will in no way be responsible if any loss occurs through these instruments falling into improper hands either through forgery or fraud.

### **Letters of Allotment/Allotment Advice/ Share Certificates/ Demat Credit**

Letters of Allotment/ Allotment advice/ share certificates/ demat credit or letters of regret will be dispatched to the registered address of the first named applicant or respective beneficiary accounts will be credited within 15 days, from the date of closure of the subscription list. Dispatch of letters of Allotment/ Allotment advice (if any)/ share

certificates/ demat credit to Non Resident Allottees will be subject to the any applicable approvals of the RBI. Our Company has appointed **Cameo Corporate Services Limited** as the Registrar to the Issue, which has connectivity with both Depositories, and can therefore, credit the Equity Shares Allotted in dematerialised form.

**INVESTORS MAY PLEASE NOTE THAT THE EQUITY SHARES OF OUR COMPANY CAN BE TRADED ON THE STOCK EXCHANGES ONLY IN DEMATERIALISED FORM.**

The Equity Shares will be listed on the Stock Exchanges.

Procedure for availing the facility for Allotment of Equity Shares in the electronic form is as under:

1. Open a beneficiary account with any DP (care should be taken that the beneficiary account should carry the name of the holder in the same manner as is registered in the records of our Company. In the case of joint holding, the beneficiary account should be opened carrying the names of the holders in the same order as is registered in the records of our Company). In case of investors having various folios in our Company with different joint holders, the investors will have to open separate accounts for such holdings. Those Eligible Equity Shareholders who have already opened such beneficiary account(s) need not adhere to this step.
2. For Eligible Equity Shareholders already holding Equity Shares in dematerialised form as on the Record Date, the beneficial account number shall be printed on the CAF. For those who open accounts later or those who change their accounts and wish to receive their Equity Shares pursuant to this Issue by way of credit to such account, the necessary details of their beneficiary account should be filled in the space provided in the CAF. It may be noted that the Allotment of Equity Shares arising out of this Issue may be made in dematerialised form even if the original Equity Shares are not dematerialised. Nonetheless, it should be ensured that the depository account is in the name(s) of the Eligible Equity Shareholders and the names are in the same order as in the records of our Company.

Responsibility for correctness of information (including applicant's age and other details) filled in the CAF vis-à-vis such information with the applicant's DP, would rest with the applicant. Applicants should ensure that the names of the applicants and the order in which they appear in CAF should be the same as registered with the applicant's DP

If incomplete/ incorrect details are given under the heading 'Request for Shares in Electronic Form' in the CAF, the applicant will get Equity Shares in physical form.

Allotment to investors opting for dematerialised form would be directly credited to the beneficiary account as given in the CAF after verification. Allotment advice or letters of Allotment, refund order (if any) would be sent directly to the applicant by the Registrar to the Issue but the applicant's DP will provide to him the confirmation of the credit of such Equity Shares to the applicant's depository account.

Renounees will also have to provide the necessary details about their beneficiary account for Allotment in this Issue. In case these details are incomplete or incorrect, such applications by Renounees are liable to be rejected. The Company may also instead decide to allot the Equity Shares in physical form to such Renounees.

### **Impersonation**

**As a matter of abundant caution, attention of the investors is specifically drawn to the provisions of subsection (1) of section 68A of the Companies Act which is reproduced below:**

*“Any person who makes in a fictitious name an application to a Company for acquiring, or subscribing for, any shares therein, or otherwise induces a Company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years”.*

### **Payment by Stockinvest**

In terms of RBI Circular DBOD No. FSC BC 42/24.47.00/2003-04 dated 5 November 2003, the stockinvest scheme has been withdrawn with immediate effect. Hence, payment through stockinvest would not be accepted in this Issue.

### **Disposal of Application and Application Money**

The Bankers to the Issue/ Registrar to the Issue receiving the CAF will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each CAF. Please note that no such acknowledgment will be issued by our Company.

In case an Application is rejected in full, the whole of the Application Money received will be refunded. Wherever an Application is rejected in part, the balance of Application Money, if any, after adjusting any money due on Equity Shares Allotted, will be refunded to the applicant within 15 days from the Issue Closing Date. In the event that there is a delay of making refunds beyond eight days after our Company becomes liable to make such refunds, i.e. on the expiry of 15 days from the Issue Closing Date, our Company shall pay interest for the delayed period at rates prescribed under sub-sections (2) and (2A) of section 73 of the Companies Act.

For further instruction, please read the CAF carefully.

### **Utilisation of Issue Proceeds**

Our Board declares that:

- (a) The funds received against this Issue will be transferred to a separate bank account.
- (b) Details of all moneys utilised out of this Issue shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such moneys has been utilised.
- (c) Details of all such un-utilised moneys out of this Issue, if any, shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such un-utilised moneys have been invested.

Our Company shall utilize funds collected in rights issue only after the finalization of the basis of Allotment.

### **Undertakings by our Company**

Our Company undertakes as follows:

- (a) The complaints received in respect of this Issue shall be attended to by our Company expeditiously and satisfactorily.
- (b) All steps for completion of the necessary formalities for listing and commencement of trading at the Stock Exchange where the Equity Shares are proposed to be listed will be taken within 7 working days of finalization of basis of Allotment.
- (c) The funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed in this Letter of Offer shall be made available to the Registrar to the Issue by our Company.
- (d) Where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicants within 15 days of the Issue Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.
- (e) The letters of Allotment/ Allotment advice/ refund orders to the non-resident Indians shall be dispatched within the specified time.
- (f) Adequate arrangements shall be made to collect all ASBA Applications and to consider them similar to non – ASBA Applications while finalizing the basis of Allotment.
- (g) Save and except for issuance of shares pursuant to exercise of employee stock options, no further issue of securities affecting equity capital of our Company shall be made till the securities issued/ offered through this Letter of Offer Issue are listed or till the application money are refunded on account of non-listing, under-subscription etc.

- (h) At any given time there shall be only one denomination of equity shares of our Company.
- (i) Our Company shall comply with such disclosure and accounting norms specified by SEBI from time to time.

We accept full responsibility for the accuracy of information given in this Draft Letter of Offer and confirm that to the best of our knowledge and belief, there are no other fact the omission of which makes any statement made in this Draft Letter of Offer misleading and further confirms that we have made all reasonable enquiries to ascertain such facts.

### **Restriction on Foreign Ownership of Indian Securities**

#### ***Investment by FIIs***

In accordance with the current regulations, the following restrictions are applicable for investment by FIIs:

The Issue of Equity Shares under this Issue to a single FII should not result in such FII holding more than 10% of the post-issue paid up capital of our Company. In respect of an FII investing in the Equity Shares on behalf of its sub-accounts the investment on behalf of each sub-account shall not exceed 5% of the total paid up capital of our Company.

#### ***Investment by NRIs***

Investments by NRIs are governed by the Portfolio Investment Scheme under Regulation 5(3)(i) of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000.

### **Procedure for Applications by Mutual Funds**

A separate Application can be made in respect of each scheme of an Indian mutual fund registered with the SEBI and such Applications shall not be treated as multiple Applications. The Applications made by asset management companies or custodians of a mutual fund should clearly indicate the name of the concerned scheme for which the Application is being made.

### **Procedure for Applications by AIFs, FVCIs and VCFs**

The SEBI (Venture Capital Funds) Regulations, 1996, as amended (“**SEBI VCF Regulations**”) and the SEBI (Foreign Venture Capital Investor) Regulations, 2000, as amended (“**SEBI FVCI Regulations**”) prescribe, amongst other things, the investment restrictions on VCFs and FVCIs registered with SEBI. Further, the SEBI (Alternative Investments Funds) Regulations, 2012 (“**SEBI AIF Regulations**”) prescribe, amongst other things, the investment restrictions on AIFs.

As per the SEBI VCF Regulations and SEBI FVCI Regulations, VCFs and FVCIs are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by VCFs or FVCIs will not be accepted in this Issue. Venture capital funds registered as category I AIFs, as defined in the SEBI AIF Regulations, are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by venture capital funds registered as category I AIFs, as defined in the SEBI AIF Regulations, will not be accepted in this Issue. Other categories of AIFs are permitted to apply in this Issue subject to compliance with the SEBI AIF Regulations.

**Such AIFs having bank accounts with SCSBs that are providing ASBA in cities / centers where such AIFs are located, are mandatorily required to make use of the ASBA facility. Otherwise, applications of such AIFs are liable for rejection.**

## Investment by QFIs

In terms of circulars dated January 13, 2012, SEBI has permitted investment by QFIs in Indian equity issues, including in rights issues. A QFI can invest in the Issue through its DP with whom it has opened a demat account. No single QFI can hold more than 5% of paid up equity capital of the company at any point of time.

Further, aggregate shareholding of all QFIs shall not exceed 10% of the paid up equity capital of the Company at any point of time. Applications will not be accepted from QFIs in restricted jurisdictions. QFI applicants which are QIBs or whose Application Money exceeds ₹ 2,00,000 can participate in the Issue only through the ASBA process.

## Important

- Please read this Draft Letter of Offer carefully before taking any action. The instructions contained in the accompanying CAF are an integral part of the conditions of this Draft Letter of Offer and must be carefully followed; otherwise the Application is liable to be rejected.
- It is to be specifically noted that this Issue of Equity Shares is subject to the risk factors mentioned in the section titled “Risk Factors” on page xiii of the Draft Letter of Offer.
- All enquiries in connection with this Draft Letter of Offer or accompanying CAF and requests for Split Application Forms must be addressed (quoting the Registered Folio Number/ DP and Client ID number, the CAF number and the name of the first Eligible Equity Shareholder as mentioned on the CAF and superscribed “**Ramco Systems Limited- Rights Issue**” in case of Resident Investors or Non-Resident Investors applying on non repatriable basis or “**Ramco Systems Limited- Rights Issue-NR**” in case of non-resident shareholders applying on repatriable basis on the envelope) to the Registrar to the Issue at the following address:

### **Cameo Corporate Services Limited**

Subramanian Building,  
No. 1, Club House Road,  
Chennai - 600002  
Tel: +91 44 2846 0390; Fax: +91 44 2846 0129  
Contact Person: Mr. R.D. Ramasamy  
Email: [investor@cameoindia.com](mailto:investor@cameoindia.com)  
Website: [www.cameoindia.com](http://www.cameoindia.com)  
SEBI Reg. No.: INR000003753

This Issue will be kept open for a minimum of 15 days unless extended, in which case it will be kept open for a maximum of 30 days from the Issue Opening Date.



**SECTION IX**  
**MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION**

The contracts referred to below (not being contracts entered into in the ordinary course of business carried on by us or entered into more than two years prior to the date of this Draft Letter of Offer) which are or may be deemed material have been entered into by us or are to be entered into by us. Copies of these contracts, together with the copies of the documents referred to below, may be inspected at the Registered Office of the Company situated at 47, PSK Nagar, Rajapalayam 626108 from 10.00 A.M. to 3.00 P.M. on any working days, from the date of this Draft Letter of Offer until the date of closure of the Issue.

**Material Contracts**

1. Issue Agreement dated August 29, 2013 between the Company and the Lead Manager to the Issue.
2. Memorandum of Understanding dated August 21, 2013 between the Company and the Registrar to the Issue.
3. Tripartite agreement dated June 20, 2001 between us, Cameo Corporate Services Limited and CDSL.
4. Tripartite agreement dated July 3, 2001 between us, Cameo Corporate Services Limited and NSDL.

**Material Documents / Documents for Inspection**

1. The Memorandum and Articles of Association of the Company;
2. Certificate of Incorporation of the Company dated February 19, 1997;
3. Certificate of Commencement of Business dated June 19, 1997;
4. Copy of the Board resolution dated May 30, 2013 authorising this Issue, constitution of Rights Issue 2013 Committee and appointment of Mr. G. Venkatram, Company Secretary as Compliance Officer;
5. Copy of letter dated April 15, 2011 to Stock Exchanges designating Mr. G. Venkatram as the Compliance Officer.
6. Copy of resolution of Rights Issue 2013 Committee dated August 30, 2013 approving this Draft Letter of Offer;
7. Copy of Shareholders' resolution passed at the AGM held on July 29, 2013 appointing CNGSN & Associates, Chartered Accountants as Statutory Auditors of the Company;
8. Shareholder's resolutions dated August 2, 2010 approving the terms of appointment of the Company's Managing Director and other directors.
9. Service Agreement with Mr. Virender Aggarwal stating the terms of the agreement.
10. Letter dated August 29, 2013 from the Auditors of the Company confirming the Statement of Tax Benefit as disclosed in this Draft Letter of Offer;
11. The Report of the Auditors of the Company dated May 30, 2013 as set out herein in relation to the audited financials of the Company for the Fiscal March 31, 2013;
12. Unconsolidated and consolidated limited review financial results as at and for the period ended June 30, 2013 by M/s. CNGSN & Associates, Chartered Accountants, our statutory auditors dated July 29, 2013.
13. Annual Reports of the Company for the Fiscal March 31, 2009, 2010, 2011, 2012 and 2013;
14. Certificate dated August 29, 2013 from the Company as regards compliance with conditions enumerated in Para 1 of Part E under Schedule VIII of the SEBI ICDR Regulations.
15. Due Diligence Certificate dated August 30, 2013 from the Lead Manager;
16. Consents of the Directors, the Auditors, the Lead Manager, the Legal Advisor to the Issue, the Registrar to the Issue and the Compliance Officer, to include their names in this Draft Letter of Offer, in their respective capacities;
17. Copy of the order dated December 24, 1999 passed by the Hon'ble High Court of Judicature of Tamil Nadu approving the Demerger Scheme;
18. Copy of the order dated August 4, 2005 passed by the Hon'ble High Court of Judicature of Tamil Nadu approving the Scheme of Arrangement;
19. Letter of Offer dated November 16, 2005 for the right issue of 3,070,757 Equity Shares of face value of ₹ 10 each of the Company at a premium of ₹ 200 per share (being the last Issue).
20. In-principle listing approval dated [●], [●] and [●] received from BSE, NSE and MSE respectively.
21. Letter no. [●] dated [●] from SEBI conveying its final observations on the Draft Letter of Offer

Any of the contracts or documents mentioned in this Draft Letter of Offer may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the Equity Shareholders, subject to compliance with applicable law.

## DECLARATION

We hereby certify that no statement made in this Draft Letter of Offer contravenes any of the provisions of the Companies Act, 1956 the Securities and Exchange Board of India Act, 1992 the rules or regulations issued thereunder, as the case may be. We further certify that all the legal requirements connected with the said Issue as also the regulations, guidelines, instructions etc. issued by SEBI, Government of India and any other competent authority in this behalf have been duly complied with. We further certify that all disclosures made in this Draft Letter of Offer are true and correct.

### Signed by the Directors of the Company

Sl. No	Name	Signature
1.	<b>P.R. Ramasubrahmaneya Rajha</b> <i>Chairman, Non Executive</i>	_____
2.	<b>P.R. Venketrana Raja</b> <i>Vice-Chairman and Managing Director</i>	_____
3.	<b>S.S. Ramachandra Raja</b> <i>Non-Independent, Non Executive</i>	_____
4.	<b>N.K. Shrikantan Raja</b> <i>Independent, Non Executive</i>	_____
5.	<b>M.M. Venkatachalam</b> <i>Independent, Non Executive</i>	_____
6.	<b>V. Jagadisan</b> <i>Independent, Non Executive</i>	_____
7.	<b>A.V. Dharmakrishnan</b> <i>Non-Independent, Non Executive</i>	_____
8.	<b>R.S. Agarwal</b> <i>Independent, Non Executive</i>	_____

**Virender Aggarwal**

**R. Ravi Kula Chandran**

**G. Venkatram**

\_\_\_\_\_  
*Chief Executive Officer*

\_\_\_\_\_  
*Vice President- Finance*

\_\_\_\_\_  
*Company Secretary & Compliance Officer*

Place: Chennai  
Date: August 30, 2013