

**RAMCO SYSTEMS CORPORATION**  
**(A Majority-Owned Subsidiary of Ramco Systems Limited, India)**

**Consolidated Financial Statements for the Years**  
**Ended March 31, 2019 and 2018 And Independent Auditor's Report**

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## Independent Auditors' Report

To the Board of Directors and Shareholders of Ramco Systems Corporation, USA

### Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Ramco Systems Corporation (the "Company"), a majority owned subsidiary of Ramco Systems Limited, India as of March 31, 2019 and March 31, 2018, and the related consolidated statements of operations, shareholders' equity, and cash flows for each of the two years in the period ended March, 31 2019 and the related notes and financial statement schedule listed in the index (collectively referred to as the "financial statements"). In our opinion, such financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company at March 31, 2019 and 2018, and the consolidated results of its operations and its cash flows for each of the two years in the period ended March, 31 2019, are in conformity with U.S generally accepted accounting principles.

### Basis of Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

We have served as the company's auditor since 2003.

Place : Chennai  
Date : 08/05/2019

For M/s. CNGSN & Associates LLP  
Chartered Accountants  
Firm Registration No.004915S

C.N. GANGADARAN  
Partner  
Membership No.:11205



**Ramco Systems Corporation**  
**(A majority owned subsidiary of Ramco Systems Limited, India)**

**Balance Sheet (includes results of subsidiaries)**

	<u>Note</u>	<u>As at March 31 2019</u>	<u>As at March 31 2018</u>
<b><u>Assets</u></b>			
<b>Current Assets:</b>			
Cash and Cash equivalents		376,049	251,538
Accounts receivable, net of allowances	3	9,242,886	7,654,876
Due from officers and employees		15,409	17,516
Notes receivable from related party, due on demand	12	8,235,321	4,417,610
Other current assets	4	262,684	158,276
		18,132,350	12,499,816
Rental Deposit		21,778	21,778
Fixed Asset- Net	5	62,468	70,792
<b>TOTAL ASSETS</b>		<b>18,216,596</b>	<b>12,592,386</b>
<b><u>Liabilities</u></b>			
<b>Current Liabilities:</b>			
Accounts payable		675,131	758,005
Accrued expense		1,630,137	1,309,582
Deferred Revenue		3,036,414	2,846,531
Due to related parties(net)	11	4,383,385	2,372,656
		9,725,067	7,286,774
<b>Stockholder's equity:</b>			
Common stock – no par value; shares authorized 200,000,000; shares issued and outstanding 197,564,550		2,871,325	2,871,325
Retained earnings		5,630,020	2,429,929
Accumulated comprehensive income		(9,816)	4,358
		8,491,529	5,305,612
<b>TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY</b>		<b>18,216,596</b>	<b>12,592,386</b>
See accompanying notes to financial statement			



**Ramco Systems Corporation**  
**(A majority owned subsidiary of Ramco Systems Limited, India)**

**Statement of Operations (includes results of subsidiaries)**

**For the years ended March 31**

	<u>2019</u>	<u>2018</u>
<b>Revenues</b>		
License	5,256,526	4,225,503
Services and maintenance	12,042,601	10,191,952
Others	427,756	262,079
	<hr/>	<hr/>
	<b>17,726,883</b>	<b>14,679,535</b>
<b>Cost of revenues</b>		
License	2,071,707	1,684,458
Services and maintenance	9,245,058	7,771,924
Others	86,941	8,400
	<hr/>	<hr/>
	<b>11,403,706</b>	<b>9,464,782</b>
<b>Gross Profit</b>	<b>6,323,177</b>	<b>5,214,753</b>
<b>Operating expenses</b>		
Selling, general and administrative expenses	2,962,025	3,279,090
Depreciation	22,216	22,587
Bad debt expenses	520,906	289,360
	<hr/>	<hr/>
	<b>3,505,147</b>	<b>3,591,037</b>
<b>Income from Operations</b>	<b>2,818,030</b>	<b>1,623,716</b>
Interest income/ (expenses)	495,930	218,940
Interest income on imputation of deferred payment contracts }	-	8,818
Other Income / (expenses)	3,603	10,097
<b>Income before income taxes</b>	<b>3,317,563</b>	<b>1,861,570</b>
Provision for Income taxes	121,829	60,477
<b>Net Income</b>	<hr/> <b>3,195,734</b>	<hr/> <b>1,801,094</b>
See accompanying notes to financial statement		



**Ramco Systems Corporation**  
**(A majority owned subsidiary of Ramco Systems Limited, India)**

**Statement of Stockholder's equity as on March 31 2019**  
**(Includes results of subsidiaries)**

	Common Stock		Retained earnings/(deficit)	Total Stockholder's equity
	Shares	Amount \$	In USD	In USD
Balance as on March 31 2017	<b>197,564,550</b>	<b>2,871,325</b>	<b>628,835</b>	<b>3,500,160</b>
Net Income for the year 2017-18			1,801,094	1,801,094
Comprehensive income (Foreign Currency translation Gain)			4,358	4,358
Balance as on March 31 2018	<b>197,564,550</b>	<b>2,871,325</b>	<b>2,434,287</b>	<b>5,305,612</b>
Net Income for the year 2018-19			3,195,733	3,195,733
Comprehensive income (Foreign Currency translation Gain)			(9,816)	(9,816)
Balance as on March 31 2018	<b>197,564,550</b>	<b>2,871,325</b>	<b>5,620,204</b>	<b>8,491,529</b>



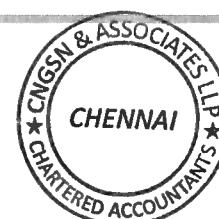
**Ramco Systems Corporation**  
**(A majority owned subsidiary of Ramco Systems Limited, India)**  
**(Includes results of subsidiaries)**

**Statement of Cash Flows**

**For the year ended March 31**

	<u>2019</u>	<u>2018</u>
<b>Cash flow operating activities:</b>		
Net Income for the period	3,195,734	1,801,094
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	22,216	22,587
Bad debt expenses	520,906	289,360
Net changes in working capital items:		
Accounts receivable	(2,108,916)	(2,223,087)
Due from officers and employees.	2,107	(7,583)
Dues from related parties	-	6,617
Other current assets	(104,408)	(80,212)
Other assets	-	-
Accounts payable	(82,875)	15,371
Accrued expenses	320,555	(196,908)
Deferred revenue	189,883	545,629
Due to officers and employees	-	-
Dues to related parties	2,010,730	1,769,684
Net Cash provided by / (used in) Operating activities	<u>3,965,931</u>	<u>1,942,551</u>
<b>Cash flow from Investing activities:</b>		
Purchase of Fixed assets	(13,892)	(6,767)
Net Cash provided by / (used in) Investing activities	<u>(13,892)</u>	<u>(6,767)</u>
<b>Cash flow from financing activities:</b>		
Notes receivable- related party	(3,817,711)	(1,876,599)
Net Cash provided by / (used in) financing activities	<u>(3,817,711)</u>	<u>(1,876,599)</u>
Accumulated comprehensive income	(9,816)	4,358
Net increase (decrease) in cash and cash equivalents for the period	<u>124,511</u>	<u>63,543</u>
Cash and cash equivalents, beginning of year	251,538	187,995
Cash and cash equivalents, end of year	<u>376,049</u>	<u>251,538</u>

The accompanying notes are an integral part of these financial statements



## NOTES TO THE FINANCIAL STATEMENTS

### (1) Overview

Ramco Systems Corporation ("RSC" or "the Company") was incorporated in October 1992 under the laws of the State of California in the United States. The Company is a majority-owned (97.6% after recapitalization as mentioned in Note 3) subsidiary of Ramco Systems Limited ("RSL" or "Parent"), a company incorporated in India. The Company owns all of the outstanding common stock of Ramco Systems Canada Inc, ("RSCI" or "Subsidiary"), a Canadian Corporation formed in September 2010.

The Company markets personalized assembled solutions using the delivery platform Ramco VirtualWorks® developed by its parent and provides its related consulting services and maintenance to customers located in the America. The Company currently operates in single segment – Software solutions & Services

Ramco Systems Canada Inc., ("RSCI" or "Subsidiary") was incorporated on 30<sup>th</sup> September 2010 under the laws of the Province of Ontario in Canada. RSCI is wholly owned by the Company.

### (2) Summary of Significant Accounting Policies

#### (a) Basis of presentation of financial statements

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles. All amounts are stated in United States dollars.

**Principles of consolidation:** The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary. All significant intercompany accounts have been eliminated in consolidation.

#### (b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

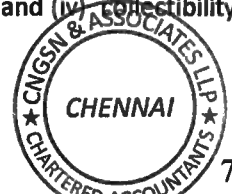
#### (c) Cash and cash equivalents

Cash and cash equivalents consist of cash and deposits with banks. The Company considers all highly liquid investments with maturity, at the date of purchase, of three months or less to be cash equivalents.

#### (d) Revenue recognition

Revenue consists of fees for licenses of software products, software development, consulting services, maintenance and customer support.

Revenue from software product license fee is generally recognized when: (i) a signed non cancelable agreement exists, (ii) delivery has occurred, (iii) the fee is fixed or determinable, and (iv) collectibility is probable.



Maintenance revenue is deferred and recognized ratably over the term of the maintenance agreement, which is generally one to three years. Deferred revenue includes payments received in advance of maintenance services, which are being recognized in revenue ratably over the term of the maintenance agreement.

Revenues from implementation, software development, consulting, customer support and other services are generally based upon time and materials billings, and are recognized as the related services are performed, customer approval is received, collectibility is probable and such revenue are contractually non refundable. These services are separately priced from other deliverables. Amounts collected prior to satisfying the above revenue recognition criteria are classified as deferred revenue.

For contracts that are custom software developments, the Company adopts the percentage of completion method of revenue recognition. The assumptions used to determine percentage of completion be reviewed by the management on a periodic basis in order to ensure that the revenue amount that is recognized indicate the actual value that is completed and the methodology that is followed is consistent and is supported by applicability to multiple projects with similar revenue streams.

Fees for the application maintenance services, covering inter alia the support of the customized software, are recognized as revenue ratably on straight line basis, over the term of the support arrangement.

SaaS Subscription fees for offering the hosted software as a service are recognized as revenue ratably on straight line basis, over the term of the subscription arrangement.

Fees for managed services, which include business processing services, are recognized as revenue as services are provided.

Revenue from sale of traded hardware / software is recognized on transfer of significant risks and rewards of ownership to customers which generally coincides with dispatch of goods.

**Multiple element arrangements:**

Software licenses are often sold in combination with implementation and product support services. The consideration in such multiple element contracts is allocated based either on the fair value of each element or on the residual method. Under the residual method, the balance of the consideration, after allocating the fair values of undelivered components of a transaction has been allocated to the delivered components for which specific fair values do not exist.

In cases, where implementation services significantly alter the software's capabilities, software license revenue is recognized on percentage of completion method, instead of considering software and implementation services as separate elements.

Revenues from implementation services in respect of hosting contracts are to be recognized as revenue ratably over the longer of the contract term or the estimated expected life of the customer relationship. However, considering the existence of partners being available for rendering such implementation services, these services are considered to be a separate element and recognized in accordance with percentage of completion method.

\*The Company also complies with ASC 606-10-32 for the recognition of Revenue from Contracts with Customer, from 1st April 2015. A provision in this standard relates to the treatment of revenue recognition of implied interest on customer contracts entered into with deferred credit terms. The Company as a part of its ordinary course of business has entered into such contracts with customers for the sale of its licenses, and has been reclassifying the implied interest accordingly.





**(e) Fixed Assets**

Fixed Assets are stated at cost. Equipment under capital leases is stated at the present value of minimum lease payments. The Company computes depreciation for all fixed assets using the straight-line method. The estimated useful lives of assets are as follows:

Computer equipment .....	5 years
Furniture and fixtures and office equipment .....	7 years
Purchased software.....	3 years

The Company evaluates the recoverability of its long-lived assets and certain identifiable intangibles, if any, whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. No impairments were recorded in .....

**(f) Income taxes**

Income taxes are accounted for using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry-forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The measurement of deferred tax assets is reduced, if necessary, by a valuation allowance for any tax benefits of which future realization is uncertain.

**(g) Foreign Currency Transactions**

Monetary items held in foreign currency are translated at year-end closing rates; Non-monetary items are retained in the Balance Sheet at historic rates. Revenues and expenditures in foreign currency are accounted at the average rate for the year. Foreign currency transactions are not significant.

**(h) Allowance for doubtful accounts**

Credit is extended based on evaluation of a customers' financial condition and, generally, collateral is not required. Accounts receivable are most often due within 30 to 90 days and are stated at amounts due from customers net of an allowance for doubtful accounts. Accounts that are outstanding longer than the contractual payment terms are considered past due. The Company determines its allowance by considering a number of factors, including the length of time trade accounts receivable are past due, the Company's previous loss history, the customer's current ability to pay its obligation to the Company, and the condition of the general economy and the industry as a whole. The Company writes-off accounts receivable when they become uncollectible, and payments subsequently received on such receivables are credited to the allowance for doubtful accounts. The Company does not accrue interest on accounts receivable past due.

**(i) Advertising costs**

The Company's policy is to expense advertising costs as such costs are incurred. Total advertising cost expensed during the years ended March 31, 2019 and 2018 were \$500 and \$300 respectively.



(j) *Reclassifications*

Certain amounts in prior years' financial statements and related notes have been reclassified as necessary to the current presentation format.

(k) *Date of management's evaluation*

Management has evaluated subsequent events through May 15, 2019, the date on which the financial statements were made available to be issued.

(3) **Accounts receivable**

The accounts receivable, net of allowance amounted to \$9,242,886 (\$7,654,876 as on March 31,2018) Allowance for doubtful receivables made for the year ending March 31 2019 and March 31 2018 were \$ and \$351,158 respectively. For the years ended March 31,2017 and March 31 2016, the company has bad debts expenses of \$61,672 and \$ 47,968 .

The movement in the allowance for doubtful accounts is as follows:

**For the year ended March 31**

	<b>2019</b>	<b>2018</b>	<b>2017</b>
Balance, beginning of year	351,158	2,270,714	1,798,650
Provision for doubtful accounts	520,906	351,158	56,000
Write off of accounts receivable	(271,664)	(1,802,762)	-
Others- Fluctuation	-	(467,952)	416,064
<b>Balance, end of year</b>	<b>600,400</b>	<b>351,158</b>	<b>2,270,714</b>

	<b>2019</b>	<b>2018</b>
Accounts receivable	2,000,590	1,470,732
Provision for doubtful accounts-Accounts receivable	(168,077)	(70,668)
Unbilled revenue	7,842,696	6,535,302
Provision for doubtful accounts-Unbilled revenue	(432,323)	(280,490)
<b>Balance, end of year</b>	<b>9,242,886</b>	<b>7,654,876</b>

(4) **Other current assets**

Other current assets consist of the following:

**For the year ended March 31**

	<b>2019</b>	<b>2018</b>
Prepaid expenses	262,684	158,276
	<b>262,684</b>	<b>158,276</b>



**(5) Fixed Assets**

Fixed Assets consist of the following:

	<b>For the year ended March 31</b>	
	<b>2019</b>	<b>2018</b>
Computer equipment	1,676,147	1,662,700
Furniture & fixtures, office equipment	614,714	614,269
Purchased Software	285,840	285,840
	<hr/>	<hr/>
	2,576,702	2,562,809
Accumulated depreciation	(2,514,233)	(2,492,017)
	<hr/>	<hr/>
<b>Fixed Assets, net</b>	<b>62,468</b>	<b>70,792</b>

**(6) Financial instruments and concentration of risk**

Financial instruments that potentially subject the Company to concentration of credit risk consist principally of cash equivalents and accounts receivable. The Company's cash resources are invested with financial institutions with high investment grade credit ratings.

A significant portion of the Company's revenues comes from Nine major customers ( Eight for 2018 and Eight for 2017). The Company generally extends credit to these customers and, therefore, collection of receivables is affected by the financial position of these customers. However, the Company closely monitors extension of significant credit to these customers. These customers accounted for approximately 60% of the total revenue generated by the Company during the year ended March 31, 2019 (56% for 2018 and 58% for 2017) and approximately 27% of accounts receivable at March 31, 2019 (29% as on March 31, 2018 and 26% as on Mar 31, 2017). One customer individually accounted for more than 10 % of revenues for the year ended March 31, 2019 (One customer for 2018 and One customer for 2017).

**(7) Leases**

Certain noncancelable leases are classified as capital leases, and the leased assets are included as part of "Fixed Assets - Net." Other leases are classified as operating leases and are not capitalized. The payments on such leases are recorded as expense.

The Company has operating lease agreements primarily for leasing office space that expire over the next four years. Future lease rental commitments as of March 31, 2019 are as follows:

For 2019-20	44,127
	<hr/>
	<b>44,127</b>

Rent expense for operating leases during fiscal years 2019, 2018, 2017, and 2016 were \$69,594, \$68,788 and \$74,194 respectively.



**(8) Income taxes**

The consolidated federal and state income tax expenses consist of the following

	<b>For the year ended March 31</b>		
	<b>2019</b>	<b>2018</b>	<b>2017</b>
For Ramco Systems Corporation, USA (Standalone)	(109,661)	(27,271)	(18,528)
For Ramco Systems Canada Inc.	(12,168)	(33,206)	(6,893)
<b>Total</b>	<b>(121,829)</b>	<b>(60,477)</b>	<b>(25,421)</b>

**(a) Ramco Systems Corporation - Federal & State tax**

The tax effects of significant temporary differences that resulted in deferred tax assets and liabilities and a description of the financial statement items that created these differences are:

	<b>For the year ended March 31</b>		
	<b>2019</b>	<b>2018</b>	<b>2017</b>
<b>Deferred tax assets:</b>			
Net operating loss carry forwards	1,303,000	4,196,000	5,250,000
Employee benefits	90,000	81,000	83,000
Fixed assets	(21,000)	(31,000)	(30,000)
Expenses currently not deductible for tax purpose	1,073,000	706,000	343,000
<b>Total deferred tax assets</b>	<b>2,445,000</b>	<b>4,952,000</b>	<b>5,646,000</b>
Less: Valuation allowance	(2,445,000)	(4,952,000)	(5,646,000)
<b>Net deferred tax assets</b>	<b>-</b>	<b>-</b>	<b>-</b>

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible.

Management considers the scheduled reversal of temporary differences, projected future taxable income, and tax planning strategies in making this assessment. Based upon the level of historical taxable income and projections for future taxable income over the periods, in which deferred tax assets are deductible, management believes that it is more likely that the Company will not realize any benefits of these deductible differences. Accordingly, a valuation allowance has been established for the entire deferred tax asset.

At March 31, 2019, the company has net operating loss carry forwards for federal and state income tax purposes of approximately \$6,023,711 and \$689,090 respectively, which are available to offset future federal and state taxable income, if any. Utilization of such net operating losses may be limited under certain circumstances, such as a "change in ownership" as defined in the Internal Revenue Code.

The reported income tax expense differed from amounts computed by applying the enacted tax rates to income before taxes as a result of the following:



**For the year ended March 31**

	<b>2019</b>	<b>2018</b>	<b>2017</b>
Net Income before taxes	3,205,183	1,753,993	1,283,654
Enacted tax rates	21%	34%	34%
Computed expected tax expenses	673,088	596,358	436,442
Expected state income taxes, net of federal tax-benefit	109,661	27,271	18,528
Change in valuation allowance	782,749	623,629	454,970
Utilization of net operating losses	517,468	339,853	(183,602)
Others	(1,367,465)	(1,053,507)	(343,996)
	176,908	117,296	91,156
<b>Total Income tax expenses</b>	<b>109,661</b>	<b>27,271</b>	<b>18,528</b>

The Company follows FASB ASC 740-10, Accounting for Uncertainty in Income Taxes, which provides guidance on accounting for uncertainty in income taxes recognized in the Company's financial statements. The guidance prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return, and also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of March 31, 2019, the Company had no uncertain tax positions that require either recognition or disclosure in the Company's financial statements.

The Company recognizes interest and penalties related to unrecognized tax benefits in interest and income tax expense, respectively. The Company has no amounts accrued for interest or penalties as of March 31, 2019 and 2018.

As of March 31, 2019, the Company had a net operating loss carryover of \$6,023,711, which is available to offset future taxable income. Losses of \$6,023,711 will expire as per the schedule given below:

Expiration Date	Amount
3/31/2021	\$522,895
3/31/2022	\$2,397,919
3/31/2023	\$609,698
3/31/2025	\$ 180,643
3/31/2028	\$1,191,046
3/31/2029	\$1,121,510

The following is a reconciliation of the federal statutory income tax amount on income to the provision for income taxes:

	2018	2017
Federal statutory income tax	\$40,887	\$11,064
State income taxes, net of federal tax benefit	\$27,271	\$18,528
Non-deductible expenses	\$763,221	\$358,353
Use of NOL carryover	\$2,792,992	\$954,710
<b>Total Provision for Income Taxes</b>	<b>\$ 27,271</b>	<b>\$18,528</b>



**(b) Ramco Systems Canada Inc. - Federal & provincial tax**

There are no material tax effects resulting from temporary differences in the current period that would give rise to future income tax assets and future income tax liabilities.

The major factors that cause variations from the Company's combined federal and provincial statutory Canadian income tax rates of 27% were the following:

	01 Apr 2018- 31 Mar 2019	01 Apr 2017- 31 Mar 2018
Expected tax at statutory rates	39,815	42,617
Increase resulting from:		
a. Non-deductible expenses	-	-
b. Difference in tax rates, foreign exchange and others	(23,848)	-
<b>Income tax expenses/(recovery)</b>	<b>15,966</b>	<b>42,617</b>

**(9) Commitments**

*Retirement benefits to employees:* The Company has a defined contribution 401(k) plan which is available to all regular full time U.S. employees upon three months completion from date of commencement of employment. Employees may contribute up to the maximum allowable by the Internal Revenue Code. The Company voluntarily matches 100% of the employees' contributions up to a maximum of \$3000 per annum of the employee's eligible contribution. In addition, the Company can make additional contributions at the discretion of the Management. Participants are immediately vested in their employee contributions. Employer contributions vest over a five year period. The Company's contributions for fiscal years 2019, 2018 and 2017 were \$24,500, \$27,550 and \$29,113 respectively.

**(10) Common stock**

*Voting:* Each holder of common stock is entitled to one vote per share.

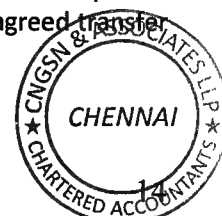
*Liquidation:* In the event of liquidation of the Company, the holders of common stock shall be entitled to receive all of the remaining assets of the Company, after distribution of all preferential amounts, if any. Such amounts will be in proportion to the number of shares of common stock held by the stockholders.

*Holdings:* Certain minority investors hold less than 3% of the common stock outstanding of the Company, with the remainder owned by the Parent.

**(11) Related party transactions**

The Company has significant transactions with its parent company Ramco Systems Limited. The Company has also transactions with its subsidiary & other fellow subsidiaries.

Under a distribution agreement, the Company markets personalized assembly applications that have been developed by its parent company, to customers in the United States. Under this agreement, the Company pays its parent company a 40% royalty on license, Support services, Subscription, Application Installation & Activation Fees (40% for 2018 & 40% for 2017). In case the company avails services from the parent company for its customers, the Company pays to the parent for time and material spent at agreed transfer pricing rates.



**Summary of Related party transactions:-**

**For the year ended March 31**

<u>Dues from /(to) Related Parties</u>	<u>2019</u>	<u>2018</u>
A. Ramco Systems Limited, India (Payable)	(4,340,460)	(2,320,413)
B. Ramco Systems Pte Ltd, Singapore (Payable)	(29,699)	(33,725)
C. Ramco Systems Sdn.Bhd , Malaysia (Payable)	-	(18,518)
D. Ramco Systems Australia Pty Ltd.,	(13,226)	-
<b>Total</b>	<b>(4,383,385)</b>	<b>(2,372,656)</b>

**A. Receivable from Ramco Systems Limited, India**

**For the year ended March 31**

<u>Receivable/(Payable) from/ (to) Ramco Systems Limited, India</u>	<u>2019</u>	<u>2018</u>
Opening balance	(2,320,413)	(596,354)
<u>Payable for:</u>		
Cost of services availed	(1,849,329)	(1,754,304)
Royalty	(4,059,728)	(3,331,677)
Salary	(73,766)	(93,226)
Travel	(303,795)	(311,878)
Insurance , Hosting &Marketing Expenses, etc	(237,139)	(191,065)
Payments	4,503,710	3,958,091
<b>Closing balance</b>	<b>(4,340,460)</b>	<b>(2,320,413)</b>

**B. Payable to Ramco Systems Pte Ltd , Singapore**

	<u>2019</u>	<u>2018</u>
Opening balance	(33,725)	-
<u>Payable for:</u>		
Salary-Net	(36,471)	(28,432)
Travel-Net	(15,899)	(5,293)
Payments	56,396	
<b>Closing balance</b>	<b>(29,699)</b>	<b>(33,725)</b>



**C. Payable to Ramco Systems Sdn. Bhd , Malaysia**

	<b><u>2019</u></b>	<b><u>2018</u></b>
Opening balance	<b>(18,518)</b>	-
<b><u>Payable for:</u></b>		
Salary		(11,570)
Travel		(6,948)
Payments	18,518	-
<b>Closing balance</b>	-	<b>(18,518)</b>

**D. Payable to Ramco Systems Australia Pty Ltd., Australia**

	<b><u>2019</u></b>	<b><u>2018</u></b>
Opening balance	-	-
<b><u>Payable for:</u></b>		
Salary	(50,689)	-
Travel	(374)	-
Payments	37,837	-
<b>Closing balance</b>	<b>(13,226)</b>	-

**(12) Notes Receivable from related parties/affiliates**

The notes receivable represents \$ 8,235,321 (\$ 4,417,610 as on March 31 2018) is amount loaned to fellow subsidiaries Ramco Systems Australia Pty Ltd , Australia \$ 3,615,606 (\$2,254,000 as on March 31 2018) , Ramco Systems Pte Ltd, Singapore \$ 3,084,715 (\$1,763,610 as on March 31 2018) , Ramco Systems Sdn.Bhd, Malaysia \$1,535,000 ( \$400,000 as on March 31 2018). The interest up to March 31, 2019 has been serviced in full by all fellow subsidiaries. The loan given is unsecured and bears interest at the rate of 5% based on respective country's prime rate. The loan and interest are repayable on demand.

Particulars	Ramco Systems Australia Pty Ltd, Australia		Ramco Systems Pte Ltd, Singapore		Ramco Systems Sdn.Bhd., Malaysia	
	<b><u>2019</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>
Opening balance	2,254,000	979,454	1,763,610	1,408,495	400,000	153,063
Loan Given	1,715,000	1,385,000	1,580,000	691,500	1,435,000	699,000
Interest	144,564	60,257	119,450	71,698	46,048	11,769
<b><u>Receipts</u></b>						
Loan	(353,394)	(79,800)	(258,895)	(298,864)	(300,000)	(449,000)
Interest	(144,564)	(90,911)	(119,450)	(109,219)	(46,048)	(14,832)
<b>Closing balance</b>	<b>3,615,606</b>	<b>2,254,000</b>	<b>3,084,715</b>	<b>1,763,610</b>	<b>1,535,000</b>	<b>400,000</b>



**(13) Earnings per share**

Basic and diluted earnings per share are the same as the Company has no potentially dilutive securities outstanding.

**For the year ended March 31**

	<b>2019</b>	<b>2018</b>	<b>2017</b>
Net income	3,195,734	1,801,094	1,284,743
Number of equity shares outstanding	197,564,550	197,564,550	197,564,550
<b>Earnings per share</b>	<b>0.01618</b>	<b>0.00912</b>	<b>0.00650</b>

**(14) Business Segment Data**

The Company operates primarily in one geography and sells Software solutions & Services. Accordingly, no segmented information has been presented.

