

**FINANCIAL STATEMENTS OF  
M/s.RAMCO SYSTEMS FZ-LLC  
DUBAI INTERNET CITY, DUBAI - (U.A.E.)  
FOR THE YEAR ENDED  
31 MARCH 2017**

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## **COMPANY INFORMATION**

### **1. Name & Address of the Company**

M/s. Ramco Systems FZ-LLC  
P. O. Box 500189  
Dubai Internet City  
Dubai (U.A.E.)

Tel: 04 - 3685394

Location: Dubai Internet City, Dubai (U.A.E.)

### **2. Bankers to the Company**

#### 2.1 Citibank

Dubai Branch  
P. O. Box 749  
Dubai (U.A.E.)

#### 2.2 El-Nilein Bank

Abu Dhabi Branch  
P. O. Box 46013  
Abu Dhabi (U.A.E.)

#### 2.3 Mashreq Bank

Dubai Internet City Branch  
P. O. Box 500287  
Dubai (U.A.E.)

### **3. Auditors to the Company**

**M/s.SALIM RAJKOTWALA**

**Chartered Accountants**

P. O. Box 40972,  
Dubai (U.A.E.)

Tel: 04 - 2368945

Fax: 04 - 2368944

*A member firm of MGI Worldwide*

## **OFFICE BEARERS**

### **Directors**

1. Mr. Venketrama Raja P.R. Raja  
P. O. Box 500189  
Dubai Internet City  
  
Tel: 04 - 3685394
  
2. Mr. Ramamurthy Ravi Kula Chandran  
P. O. Box 500189  
Dubai Internet City  
  
Tel: 04 - 3685394
  
3. Mr. Venkataramanan Harikrishnan  
P. O. Box 500189  
Dubai Internet City  
  
Tel: 04 - 3685394

**REPORT OF THE BOARD OF DIRECTORS TO THE SHAREHOLDERS OF**  
**M/s.RAMCO SYSTEMS FZ-LLC, DUBAI INTERNET CITY**

The Directors are pleased to present herewith the report of the Board of Directors of the company for the year ended 31 March 2017.

**Financial Results**

The net profit for the year after all expenses is	AED	3,465,686
Retained profits brought forward from previous year	AED	15,974,377
And the net surplus carried forward is	AED	<u>19,440,063</u>

**Dividend**

The company has a net surplus of AED 19,440,063. The Directors do not recommend distribution of any dividend during the year but to retain the profits in the company to consolidate its financial position.

**Auditors**

The Board of Directors recommend re-appointing M/s.Salim Rajkotwala Chartered Accountants, Dubai (U.A.E.), as Auditors to the company for the year to end on 31 March 2018.

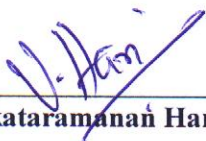
On behalf of the Board of Directors



**Mr. Venketrama Raja P.R. Raja**  
**Director**



**Mr. Ramamurthy Ravi Kula Chandran**  
**Director**



**Mr. Venkataramanan Harikrishnan**  
**Director**

Dated: 20 April 2017

**AUDITORS' REPORT**

**TO THE SHAREHOLDER OF**  
**M/s. RAMCO SYSTEMS FZ-LLC**  
**DUBAI INTERNET CITY- (U.A.E.)**

***Report on the Financial Statements***

We have audited the accompanying financial statements of M/s. **RAMCO SYSTEMS FZ-LLC, DUBAI INTERNET CITY, U.A.E.**, which comprise the balance sheet as of **31st March 2017**, and the related profit and loss account, and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes set out on Pages 3 to 15.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance 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 our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and reasonableness of 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 opinion.

*FRB*

*Contd...[2]*

*Auditors' Report (Contd...)*  
*M/s. Ramco Systems FZ-LLC, Dubai*

***Opinion***

In our opinion, the financial statements present fairly, in all material respects, the financial position of **M/s. RAMCO SYSTEMS FZ-LLC, DUBAI INTERNET CITY, U.A.E.**, as of **31st March 2017**, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

***Emphasis of Matter***

As noted in Note 12 to these financial statements, the Company has decided to comply with IAS 18.11 for the recognition of Revenue from Contracts with Customer, from 1st April 2016. 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 therefore decided to reclassify the implied interest. In order to maintain comparability, the financial statements for the year ended 31st March 2016 need to be restated as well. As a result, a prior period adjustment has been passed for the net amount of AED 277,956. This reclassification does not affect our opinion on these financial statements.

***Report on Other Regulatory Matters***

We also confirm that in our opinion proper books of account have been kept by the company, and that these financial statements are in agreement with the books of account. We have obtained all the information and explanations we required for the purpose of our audit, and to the best of our knowledge and belief no breach of the Free Zone Regulations and applicable laws has occurred during the year which would have had a material effect on the company's business or financial position.



**SALIM RAJKOTWALA CHARTERED ACCOUNTANTS**

**DUBAI 29 APR 2017**

Registration No. 805

**RAMCO SYSTEMS FZ-LLC**  
**P. O. BOX 500189, DUBAI INTERNET CITY**  
**BALANCE SHEET AS AT 31 MARCH 2017**  
**IN UAE DIRHAMS**

	<u>Notes</u>	<u>31.03.2017</u>	<u>31.03.2016</u>
<b><u>ASSETS</u></b>			
<b>Non-current assets</b>			
Property and equipment	3	74,814	24,665
Total non-current assets		<u>74,814</u>	<u>24,665</u>
<b>Current assets</b>			
Accounts receivable and prepayments	4	56,808,848	42,060,581
Amounts due from related parties	5	17,218	-
Bank balances	6	157,027	108,909
Total current assets		<u>56,983,093</u>	<u>42,169,490</u>
<b>Total assets</b>		<u><b>57,057,907</b></u>	<u><b>42,194,155</b></u>
<b><u>SHAREHOLDERS' FUNDS AND LIABILITIES</u></b>			
<b><u>Shareholders' funds</u></b>			
Share capital	7	50,000	50,000
Retained earnings		19,440,063	15,974,377
Total Shareholders' funds		<u>19,490,063</u>	<u>16,024,377</u>
<b><u>Liabilities</u></b>			
<b>Non-current liabilities</b>			
Employees' terminal benefits	8	208,155	159,315
Loan from a related party	9	11,045,294	3,064,678
Total non-current liabilities		<u>11,253,449</u>	<u>3,223,993</u>
<b>Current liabilities</b>			
Accounts payable and accruals	10	10,988,330	6,303,894
Amounts due to related parties	11	15,326,065	16,641,891
Total current liabilities		<u>26,314,395</u>	<u>22,945,785</u>
Total liabilities		<u>37,567,844</u>	<u>26,169,778</u>
<b>Total Shareholders' funds and liabilities</b>		<u><b>57,057,907</b></u>	<u><b>42,194,155</b></u>

Annexed Schedule of Notes forms an integral part of these financial statements.

For RAMCO SYSTEMS FZ-LLC

  
DIRECTOR

  
DIRECTOR

  
DIRECTOR



**RAMCO SYSTEMS FZ-LLC**  
**P. O. BOX 500189, DUBAI INTERNET CITY**  
**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2017**  
**IN UAE DIRHAMS**

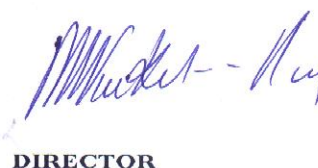
	<u>Notes</u>	<u>Current Year</u>	<u>Previous Year</u>
<b><u>Income</u></b>			
Revenue	12	35,722,099	40,014,606
Less: Cost of sales	13	27,894,775	29,310,240
<b>Gross profit</b>		<b><u>7,827,324</u></b>	<b><u>10,704,366</u></b>
<b><u>Operating Expenses</u></b>			
Sales & marketing expenses		52,568	150,151
Interest & bank charges		995,978	136,001
Exchange loss		377,022	25,418
Administration & selling expenses	14	2,318,203	2,730,382
Depreciation		17,867	6,680
Bad debts written off		-	1,542,027
Provision for bad and doubtful debts		600,000	-
		<b><u>4,361,638</u></b>	<b><u>4,590,659</u></b>
<b>NET PROFIT FOR THE YEAR</b>		<b><u>3,465,686</u></b>	<b><u>6,113,707</u></b>

Annexed Schedule of Notes forms an integral part of these financial statements.

For RAMCO SYSTEMS FZ-LLC

  
DIRECTOR

  
DIRECTOR

  
DIRECTOR

AUDITORS' REPORT - PAGE 1 & 2

**RAMCO SYSTEMS FZ-LLC**  
**P. O. BOX 500189, DUBAI INTERNET CITY**  
**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2017**  
**IN UAE DIRHAMS**

	<u>Notes</u>	<u>Current Year</u>	<u>Previous Year</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Net profit for the year		3,465,686	6,113,707
<u>Adjustments for:</u>			
Depreciation		17,867	6,680
Operating profit before working capital changes		<u>3,483,553</u>	<u>6,120,387</u>
(Increase) in accounts receivable and prepayments		(14,748,267)	(18,435,268)
(Decrease) in amounts due from related parties		(17,218)	-
Increase in accounts payable and accruals		4,684,436	2,351,773
(Decrease)/Increase in amounts due to related parties		(1,315,826)	6,683,407
Increase in employees' terminal benefits		48,840	52,807
<b>Net cash (used in) operating activities</b>	<b>(A)</b>	<b><u>(7,864,482)</u></b>	<b><u>(3,226,894)</u></b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Payment for purchase of property & equipment		(68,016)	(15,753)
<b>Net cash (used in) investing activities</b>	<b>(B)</b>	<b><u>(68,016)</u></b>	<b><u>(15,753)</u></b>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Loan from a related party		7,980,616	3,064,678
<b>Net cash received from financing activities</b>	<b>(C)</b>	<b><u>7,980,616</u></b>	<b><u>3,064,678</u></b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(A+B+C)</b>	<b>48,118</b>	<b>(177,969)</b>
Cash and cash equivalents - beginning of the year		108,909	286,878
<b>Cash and cash equivalents - end of the year</b>	<b>15</b>	<b><u><u>157,027</u></u></b>	<b><u><u>108,909</u></u></b>

For RAMCO SYSTEMS FZ-LLC

  
DIRECTOR

  
DIRECTOR

  
DIRECTOR

**RAMCO SYSTEMS FZ-LLC**  
**P. O. BOX 500189, DUBAI INTERNET CITY**  
**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2017**  
**IN UAE DIRHAMS**

	<u>Share Capital</u>	<u>Retained Earnings</u>	<u>Total</u>
Balance as on 01.04.2015	50,000	9,860,670	9,910,670
Profit for the year	-	6,113,707	6,113,707
<b>Balance as on 31.03.2016</b>	<u>50,000</u>	<u>15,974,377</u>	<u>16,024,377</u>
Profit for the year	-	3,465,686	3,465,686
<b>Balance as on 31.03.2017</b>	<u>50,000</u>	<u>19,440,063</u>	<u>19,490,063</u>

For RAMCO SYSTEMS FZ-LLC

  
DIRECTOR

  
DIRECTOR

  
DIRECTOR

AUDITORS' REPORT - PAGE 1 & 2

**RAMCO SYSTEMS FZ-LLC**  
**P. O. BOX 500189, DUBAI INTERNET CITY**  
**SCHEDULE OF NOTES FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2017**  
**FIGURES IN UAE DIRHAMS**

**1. LEGAL STATUS**

- 1.1 M/s. RAMCO SYSTEMS FZ-LLC, DUBAI INTERNET CITY, U.A.E., is a free zone company incorporated on 22nd June 2011, with limited liability registered under Dubai Technology Electronic Commerce and Media Free Zone Dubai, U.A.E. The following is its shareholder:

		<u>Share in Capital/ Profit &amp; Losses</u>
M/s. Ramco Systems Limited, India	-	<u>100%</u>
		<u>100%</u>

- 1.2 The company is involved in the Information Technology Industry and the principal activities of the company are software and systems development, software sales, consultancy and related services.
- 1.3 The principal place of business of the company is located at Dubai Internet City, Dubai, U.A.E.

**2. SIGNIFICANT ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board and interpretations issued by the Standards Interpretations Committee of the IASB.

The following accounting policies have been consistently applied in dealing with items considered material to the company's financial statements:

2.1 Accounting Convention

These financial statements have been prepared under the historical cost convention.

2.2 Accrual Concept

Income and expenditure have been accounted on accrual basis.

2.3 Property, Equipments and Depreciation

Property and equipment are stated at cost less accumulated depreciation. Cost is depreciated on straight-line basis over their expected useful lives as follows:

<u>Item</u>	<u>No. of years</u>	<u>Percentage</u>
Furniture, fixtures & office equipment	4 years	25%

#### 2.4 Debtors

Debtors are recognized for amounts to be received in future for goods or services delivered. Bad debts, if any, are written off as they arise.

#### 2.5 Accounts Payable and Accruals

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether or not billed to the company.

#### 2.6 Staff Benefits

Provision has been made in the accounts for End-of-Term and other benefits accruing to staff as per the UAE Labour Law and contractual agreements.

#### 2.7 Foreign Currency Conversion

Balances in foreign currencies have been converted into UAE Dirhams at the rate of exchange prevailing at the balance sheet date.

Transactions in foreign currencies are converted at rates ruling when the transaction was entered into.

Gains or losses resulting from foreign currency transactions are taken to profit and loss account.

#### 2.8 Revenue Recognition

##### **A. Software and Related Services**

##### i) License Fees

License fee revenue is recognized on an accrual basis in accordance with the substance of the relevant agreement/delivery of the software.

##### ii) Software development / Implementation Fees

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

##### iii) Annual Maintenance Contract

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

##### iv) Subscription Revenues

Subscription revenues are recognized ratably over the contract terms.

**B. Value Added Resale Hardware & Software**

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

**C. Other Income**

Other incomes are recognized on accrual basis.

**2.9 Cost of Sale**

Cost of sales includes purchases, royalty and other direct expenses.

**2.10 Cash and Cash Equivalents**

Cash and cash equivalents for the purpose of cash flow statement consist of cash, balances with banks, and deposits with banks with a maturity of three months or less from the date of deposit.

**2.11 Impairment of Assets****Financial Assets**

At each balance sheet date, the company assesses if there is any objective evidence indicating impairment of financial assets or non-collectibility of receivables.

**Non-financial Assets**

At each balance sheet date, the company assesses if there is any indication of impairment of non-financial assets. If an indication exists, the company estimates the recoverable amount of the asset and recognizes an impairment loss in the profit and loss account. The company also assesses if there is any indication that an impairment loss recognized in prior years no longer exists or has reduced. The resultant impairment loss or reversals are recognized immediately in the profit and loss account.

**2.12 Financial Instruments**

Financial instruments comprise cash, bank balances, deposits, advances, trade debtors, amounts due from/to related parties, trade creditors, and accruals. The financial instruments are recognized on the balance sheet when the company becomes a party to the contractual provisions of the instrument.

31.03.2017      31.03.2016

**3. PROPERTY AND EQUIPMENT**  
**FURNITURE, FIXTURES & OFFICE EQUIPMENT**

Cost

As at 31.03.2016	37,252	21,499
Additions during the year	68,016	15,753
As at 31.03.2017	<u>105,268</u>	<u>37,252</u>

Less: Depreciation

Upto 31.03.2016	12,587	5,907
For the year	17,867	6,680
Upto 31.03.2017	<u>30,454</u>	<u>12,587</u>

**Net Book Value**

As at 31.03.2017	<u>74,814</u>	<u>24,665</u>
As at 31.03.2016	<u>24,665</u>	<u>15,592</u>

**4. ACCOUNTS RECEIVABLE AND PREPAYMENTS**

Trade debtors (Notes: a, b, c & d)	43,948,692	29,531,802
Add: Accrued revenue (Note: e)	13,267,613	12,102,648
Less: Prior year adjustment in revenue on premise license	-	(277,956)
Less: provision for doubtful debts	<u>(600,000)</u>	<u>-</u>
	56,616,305	41,356,494
Staff advances	58,816	32,304
Security deposits	-	570,000
Other advances	1,000	23,797
Prepayments	132,727	77,986
	<u>56,808,848</u>	<u>42,060,581</u>

31.03.2017      31.03.2016

**4. ACCOUNTS RECEIVABLE AND PREPAYMENTS (continued)**

Notes:

a) Ageing of Trade Debtors:

Outstanding for more than twelve months	19,414,418	7,807,103
Outstanding for more than six months but less than twelve months	8,558,839	6,593,452
Outstanding for less than six months	15,975,435	15,131,247
	<u>43,948,692</u>	<u>29,531,802</u>

b) Due from top five trade debtors at the year-end	<u>21,844,482</u>	<u>9,763,388</u>
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c) Number of trade debtors at the year-end	<u>90</u>	<u>82</u>
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d) Trade debtors are geographically distributed as below:

i) In AGCC Countries	44%	61%
ii) In Africa	48%	32%
iii) In India	4%	6%
iv) In other countries	4%	1%
	<u>100%</u>	<u>100%</u>

e) Accrued revenue is amounts receivable against services and maintenance contract. These amounts are supported by agreement and considered good for recovery by management.

**5. AMOUNTS DUE FROM RELATED PARTIES**

M/s. Ramco Systems Limited, Dubai Branch	<u>17,218</u>	<u>-</u>
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**6. BANK BALANCES**

Balances with Banks

In current accounts	<u>157,027</u>	<u>108,909</u>
	<u>157,027</u>	<u>108,909</u>

**7. SHARE CAPITAL**

The authorised share capital of the company consists of 50 ordinary share of AED 1000/= each, issued, subscribed and fully paid-up, as under:

M/s. Ramco Systems Limited, India	50 shares	<u>50,000</u>	<u>50,000</u>
		<u>50,000</u>	<u>50,000</u>



31.03.2017                      31.03.2016

### 8. EMPLOYEES' TERMINAL BENEFITS

Part provision for end of service benefits is made in accordance with the requirements of the applicable laws of the U.A.E. This is an unfunded defined benefits plan. Employees are entitled to benefits based on length of service and final remuneration. Accrued employees' terminal benefits are payable on termination or completion of the term of employment. This cost is expensed annually to the profit and loss account.

Balance as on 01.04.2016	159,315	106,508
Additional provision during the year	76,639	78,873
Paid during the year	(27,799)	(26,066)
<b>Balance as on 31.03.2017</b>	<b><u>208,155</u></b>	<b><u>159,315</u></b>

### 9. LOAN FROM A RELATED PARTY

M/s. Ramco Systems Limited, India	<u>11,045,294</u>	<u>3,064,678</u>
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Note:

As per the loan agreement dated February 16, 2016, the loan has been sanctioned to meet the day-to-day operation expenses of the company. The loan carries an interest rate of 12.5% per annum and the outstanding amount is repayable on demand.

### 10. ACCOUNTS PAYABLE AND ACCRUALS

Trade payables	676,656	470,253
Customer advances	1,741,217	556,748
Deferred revenue	3,855,272	1,678,688
Accrued expenses	4,715,185	3,598,205
	<b><u>10,988,330</u></b>	<b><u>6,303,894</u></b>

### 11. AMOUNTS DUE TO RELATED PARTIES

M/s. Ramco Systems Limited, India	15,101,992	16,413,736
M/s. Ramco Systems Limited, Dubai Branch	-	13,858
M/s. Ramco Systems Limited, Sudan	224,073	214,297
	<b><u>15,326,065</u></b>	<b><u>16,641,891</u></b>

Note:

Amounts due to related parties are unsecured and payable on demand.

	<u>Current Year</u>	<u>Previous Year</u>
<b>12. REVENUE</b>		
Sales - licenses	22,770,608	20,418,993
Prior year adjustment in revenue on premise license (Note A)	-	(305,675)
Service, subscription & maintenance fees (Note B)	12,718,339	19,873,569
Other income	233,152	-
Prior year adjustment in interest income on license (Note A)	-	27,719
	<u><u>35,722,099</u></u>	<u><u>40,014,606</u></u>

**Note:**

A - The Company has decided to comply with IAS 18.11 for the recognition of Revenue from Contracts with Customer, from 1st April 2016. 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 therefore decided to reclassify the implied interest. In order to maintain comparability, the financial statements for the year ended 31st March 2016 need to be restated as well. As a result a prior period adjustment has been passed for the net amount of AED 277,956.

B - Includes accrued revenue receivable against services and maintenance contracts.

**13. COST OF SALES**

Salaries & benefits	2,761,002	3,248,883
Royalty	10,809,918	11,123,021
Transfer pricing	6,398,222	8,392,776
Professional/consulting fees & other direct expenses	7,925,633	6,545,560
	<u><u>27,894,775</u></u>	<u><u>29,310,240</u></u>

**14. ADMINISTRATION & SELLING EXPENSES**

Rent	338,197	466,768
Travelling & visa expenses	1,169,170	1,470,375
Legal & professional fees	30,000	25,000
Insurance charges	110,385	105,419
Communication expense	263,397	255,100
Conveyance expense	233,688	247,857
Repairs and maintenance	35,324	47,197
Miscellaneous expenses	138,042	112,666
	<u><u>2,318,203</u></u>	<u><u>2,730,382</u></u>

31.03.2017      31.03.2016

### 15. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statement of cash flows comprises of the following balance sheet amounts:

Bank balances	157,027	108,909
	<u>157,027</u>	<u>108,909</u>

### 16. TRANSACTIONS WITH RELATED PARTIES

The company has in the ordinary course of business, entered into trading and financial transactions with "related parties" as contained in the International Accounting Standard No. 24. The terms of such transactions were approved by the management. The amounts due to related parties are unsecured, interest free and payable on demand.

a) Transactions with Related Parties :

Cost of sales and other expenses charged by:

M/s. Ramco Systems Ltd. - (Holding Company) and

M/s. Ramco Systems Ltd., Dubai Branch

	<u>22,538,622</u>	<u>23,297,290</u>
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b) Outstanding Balances with Related Parties

Due from Related Parties at the year-end :

M/s. Ramco Systems Limited, Dubai Branch

	<u>17,218</u>	<u>-</u>
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Due to Related Parties at the year-end :

M/s. Ramco Systems Ltd. - (Holding Company)

	26,147,286	16,413,736
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M/s. Ramco Systems Limited, Dubai Branch

	-	13,858
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M/s. Ramco Systems Limited, Sudan

	224,073	214,297
	<u>26,371,359</u>	<u>16,641,891</u>

### 17. FINANCIAL INSTRUMENTS

Derivative & exchange rate risks

The company does not use derivative financial instruments for speculative purposes.

The company does not have any policy of entering into foreign exchange forward contracts or options to manage its exposure to fluctuations in foreign currency exchange rates. The following are the foreign currency assets and liabilities at 31st March 2017:

31.03.2017      31.03.2016

**17. FINANCIAL INSTRUMENTS (continued)**

Financial Assets in Foreign Currency:

Trade receivables	39,946,408	23,215,046
In current account with a bank	20,654	13,726
	<u>39,967,062</u>	<u>23,228,772</u>

Financial Liability in Foreign Currency:

Trade payable	<u>676,656</u>	<u>470,253</u>
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Credit risks

Financial assets which potentially subject the company to concentration of credit risk consist principally of bank and trade debtors. Bank balances are with regulated financial institutions. Credit risk of trade debtors is stated in Note 4 (a), (b), (c), (d) & (e).

Fair Value

At the balance sheet date, the carrying amount of bank and cash balances, debtors, and creditors approximated their fair values.

**18. CONTINGENT LIABILITIES**

Bank guarantee - performance bond	214,695	-
Bank counter guarantee- bid bond	75,651	-
	<u>290,346</u>	<u>-</u>

**19. TAXATION**

According to Article 15 of Law No. 1 of 2000 (as amended) of the Emirate of Dubai - The Dubai Technology, Electronic Commerce and Media Free Zone Law, Free Zone Establishments shall be exempted from all taxes including income tax with regard to their operation within the Free Zone.

**20. COMPARATIVE FIGURES**

Comparative figures have been re-grouped/re-classified wherever necessary to conform the current year's classification.

For RAMCO SYSTEMS FZ-LLC

  
DIRECTOR

  
DIRECTOR

  
DIRECTOR

15/08