

FINANCIAL STATEMENTS OF
M/s.RAMCO SYSTEMS FZ-LLC
DUBAI INTERNET CITY, DUBAI - (U.A.E.)
FOR THE YEAR ENDED
31 MARCH 2014

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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. Banker to the Company

Citibank
Dubai Branch
P.O. Box 749, 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 International

OFFICE BEARERS

Directors

1. Mr. Venketrama Raja P.R. Raja
P.O.Box 500189
Dubai Internet City, Dubai (U.A.E.)

Tel: 04 - 3685394
2. Mr. Ramamurthy Ravi Kula Chandran
P.O.Box 500189
Dubai Internet City, Dubai (U.A.E.)

Tel: 04 - 3685394
3. Mr. Venkataramanan Harikrishnan
P.O.Box 500189
Dubai Internet City, Dubai (U.A.E.)

Tel: 04 - 3685394

REPORT OF THE BOARD OF DIRECTORS TO THE SHAREHOLDERS OF
M/s.RAMCO SYSTEMS FZ-LLC, DUBAI INTERNET CITY, DUBAI (U.A.E.)

The Directors are pleased to present herewith the report of the Board of Directors of the company for the year ended 31 March 2014.

Financial Results

The net profit for the year after all expenses is	AED	1,414,932
Retained profits brought forward from previous year	AED	433,039
And the net surplus carried forward is	AED	<u>1,847,971</u>

Dividend

The company has a net surplus of AED 1,847,971. 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.

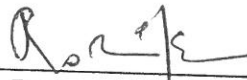
Auditors

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 2015.

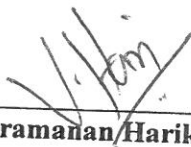
On behalf of the Board of Directors



Mr. Venketrama Raja P.R. Raja
Director



Mr. Ramamurthy Ravi Kula Chandran
Director



Mr. Venkataramanan/Harikrishnan
Director

Dated: 11 May 2014

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 2014**, 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 14.

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.



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 2014**, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

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 19 MAY 2014
Registration No. 805

RAMCO SYSTEMS FZ-LLC
P.O.BOX 500189, DUBAI INTERNET CITY, DUBAI (U.A.E.)
BALANCE SHEET AS AT 31 MARCH 2014
IN UAE DIRHAMS

	<u>Notes</u>	<u>31.03.2014</u>	<u>31.03.2013</u>
ASSETS			
Non-current assets			
Property and equipment	3	14,301	-
Total non-current assets		<u>14,301</u>	<u>-</u>
Current assets			
Accounts receivable and prepayments	4	9,995,368	3,593,048
Bank balances	5	97,273	896,136
Total current assets		<u>10,092,641</u>	<u>4,489,184</u>
Total assets		<u>10,106,942</u>	<u>4,489,184</u>
SHAREHOLDERS' FUNDS AND LIABILITIES			
Shareholders' funds			
Share capital	6	50,000	50,000
Retained earnings		1,847,971	433,039
Total Shareholders' funds		<u>1,897,971</u>	<u>483,039</u>
Liabilities			
Non-current liabilities			
Employees' terminal benefits	7	37,229	29,925
Total non-current liabilities		<u>37,229</u>	<u>29,925</u>
Current liabilities			
Accounts payable and accruals	8	2,526,791	915,915
Amounts due to related parties	9	5,644,951	3,060,305
Total current liabilities		<u>8,171,742</u>	<u>3,976,220</u>
Total liabilities		<u>8,208,971</u>	<u>4,006,145</u>
Total Shareholders' funds and liabilities		<u>10,106,942</u>	<u>4,489,184</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, DUBAI (U.A.E.)
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2014
IN UAE DIRHAMS

	<u>Notes</u>	<u>Current Year</u>	<u>Previous Year</u>
<u>Income</u>			
Revenue	10	12,841,382	5,580,925
Less: Cost of sales	11	8,994,278	3,737,222
Gross profit		<u>3,847,104</u>	<u>1,843,703</u>
<u>Operating Expenses</u>			
Sales & marketing expenses		1,182,162	1,145,564
Interest & bank charges		39,851	16,122
Exchange loss		34,433	108,353
Administration & selling expenses	12	1,175,527	385,771
Depreciation		199	-
		<u>2,432,172</u>	<u>1,655,810</u>
NET PROFIT FOR THE YEAR		<u>1,414,932</u>	<u>187,893</u>

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

For RAMCO SYSTEMS FZ-LLC

M. Madhukar - Madhukar

DIRECTOR

R. R. R.

DIRECTOR

V. Hanumanth

DIRECTOR

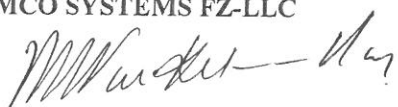


RAMCO SYSTEMS FZ-LLC
P.O.BOX 500189, DUBAI INTERNET CITY, DUBAI (U.A.E.)
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2014
IN UAE DIRHAMS

	<u>Notes</u>	<u>Current Year</u>	<u>Previous Year</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Net profit for the year		1,414,932	187,893
<u>Adjustments for:</u>			
Depreciation		199	-
Operating profit before working capital changes		<u>1,415,131</u>	<u>187,893</u>
(Increase) in accounts receivable and prepayments		(6,402,320)	(2,602,555)
Increase in accounts payable and accruals		1,610,876	830,419
Increase in amounts due to related parties		2,584,646	1,965,315
Increase in employees' terminal benefits		7,304	22,750
Net cash (used in)/received from operating activities	(A)	<u>(784,363)</u>	<u>403,822</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Payment for purchase of property & equipment		(14,500)	-
Net cash (used in) investing activities	(B)	<u>(14,500)</u>	<u>-</u>
Net (decrease)/increase in cash and cash equivalents	(A+B)	(798,863)	403,822
Cash and cash equivalents - beginning of the year		896,136	492,314
Cash and cash equivalents - end of the year	13	<u><u>97,273</u></u>	<u><u>896,136</u></u>

For RAMCO SYSTEMS FZ-LLC

DIRECTOR



 DIRECTOR


 DIRECTOR


RAMCO SYSTEMS FZ-LLC
P.O.BOX 500189, DUBAI INTERNET CITY, DUBAI (U.A.E.)
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2014
IN UAE DIRHAMS

	<u>Share Capital</u>	<u>Retained Earnings</u>	<u>Total</u>
Balance as on 01.04.2013	50,000	245,146	295,146
Profit for the year	-	187,893	187,893
Balance as on 31.03.2013	<u>50,000</u>	<u>433,039</u>	<u>483,039</u>
Profit for the year	-	1,414,932	1,414,932
Balance as on 31.03.2014	<u><u>50,000</u></u>	<u><u>1,847,971</u></u>	<u><u>1,897,971</u></u>

For RAMCO SYSTEMS FZ-LLC

M. M. Al-Hajri

DIRECTOR

R. K. Al-Hajri

DIRECTOR

V. Khan

DIRECTOR

AUDITORS' REPORT - PAGE 1 & 2



RAMCO SYSTEMS FZ-LLC
P.O.BOX 500189, DUBAI INTERNET CITY, DUBAI (U.A.E.)
SCHEDULE OF NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014
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 & 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 based. In case of fixed price contracts, revenue is recognized in accordance with percentage of completion method of accounting. In case of time and material contracts, revenue is recognized based on billable time spent in the project, priced at the contractual rate.

iii) Annual Maintenance Contract

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

iv) Subscription revenues

Subscription revenues are recognized ratably over the contract terms.



B. Value Added Resale Hardware & Software

Revenue from sales is recognized upon despatch 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.



31.03.2014 31.03.2013

3. PROPERTY AND EQUIPMENT
FURNITURE, FIXTURES & OFFICE EQUIPMENT

Cost

Additions during the year

14,500 -

As at 31.03.2014

14,500 -

Less: Depreciation

For the year

199 -

Upto 31.03.2014

199 -

Net Book Value

As at 31.03.2014

14,301 -

4. ACCOUNTS RECEIVABLE AND PREPAYMENTS

Trade debtors (Notes: a, b, c & d)

8,376,063 3,420,556

Add: Accrued revenue (Note: e)

1,373,384 64,584

9,749,447 3,485,140

Staff advances

34,091 5,000

Security deposits

48,000 37,500

Prepayments

163,830 65,408

9,995,368 3,593,048

Notes:

a) Ageing of Trade Debtors:

Outstanding for more than twelve months

1,308,771 474,089

Outstanding for more than six months but less than twelve months

2,763,093 249,884

Outstanding for less than six months

4,304,199 2,696,583

8,376,063 3,420,556

b) Due from top five trade debtors at the year-end

3,858,480 2,257,276

c) Number of trade debtors at the year-end

39 16

d) All trade debtors are geographically located in GCC and north African countries.

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



31.03.2014 31.03.2013

5. BANK BALANCES

Balances with Banks

In current accounts

	97,273	896,136
	<u>97,273</u>	<u>896,136</u>

6. 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	50,000	50,000
		<u>50,000</u>	<u>50,000</u>

7. 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 01.04.2013	29,925	7,175
Additional provision during the year	38,804	22,750
Paid during the year	(31,500)	-
Balance as on 31.03.2014	<u>37,229</u>	<u>29,925</u>

8. ACCOUNTS PAYABLE AND ACCRUALS

Trade payables	117,760	117,760
Customer advances	17,020	11,645
Deferred revenue	1,453,359	552,023
Accrued expenses	938,652	234,487
	<u>2,526,791</u>	<u>915,915</u>

9. AMOUNTS DUE TO RELATED PARTIES

M/s. Ramco Systems Limited, India	4,612,806	1,965,811
M/s. Ramco Systems Limited, Dubai Branch	1,032,145	1,094,494
	<u>5,644,951</u>	<u>3,060,305</u>

Note:

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



<u>Current Year</u>	<u>Previous Year</u>
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10. REVENUE

Sales - licenses	6,199,166	1,393,068
Service, Subscription & maintenance fees (Note)	6,642,216	4,187,857
	<u>12,841,382</u>	<u>5,580,925</u>

Note:

Includes accrued revenue receivable against services and maintenance contracts.

<u>1,373,384</u>	<u>64,584</u>
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11. COST OF SALES

Salaries & benefits	1,362,333	942,569
Royalty	3,566,429	758,840
Transfer pricing	2,565,032	1,188,044
Professional/consulting fees & other direct expenses	1,500,484	847,769
	<u>8,994,278</u>	<u>3,737,222</u>

12. ADMINISTRATION & SELLING EXPENSES

Rent	427,772	251,306
License & registration	28,560	17,722
Travelling & visa expenses	453,744	33,234
Legal & professional fees	15,000	21,997
Insurance charges	34,176	44,815
Communication expense	130,334	9,386
Conveyance expense	46,858	6,911
Miscellaneous expenses	39,083	400
	<u>1,175,527</u>	<u>385,771</u>



31.03.2014 31.03.2013

13. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the Statement of Cash Flows comprises of the following balance sheet amounts:

Bank balances	97,273	896,136
	<u>97,273</u>	<u>896,136</u>

14. 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>8,102,383</u>	<u>3,736,765</u>
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b) Outstanding Balances with Related Parties

Due to Related Parties at the period-end :

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

	4,612,806	1,965,811
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M/s. Ramco Systems Limited, Dubai Branch

	1,032,145	1,094,494
	<u>5,644,951</u>	<u>3,060,305</u>

15. 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 2014:



	<u>31.03.2014</u>	<u>31.03.2013</u>
<u>Financial Assets in Foreign Currency:</u>		
Trade receivables	7,618,883	3,298,506
In current account with a bank	83,645	481,781
	<u>7,702,528</u>	<u>3,780,287</u>
<u>Financial Liability in Foreign Currency:</u>		
Trade Payable	<u>117,760</u>	<u>117,760</u>

Credit risks

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

Interest rate risks

Interest is paid on shareholder's funds as per agreed rate.

Fair Value

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

16. TAX

No tax on profits arises as the company is located in a free zone.

17. COMPARATIVE FIGURES

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

For RAMCO SYSTEMS FZ-LLC

M. W. K. - Day.
R. Rajk

DIRECTOR

DIRECTOR

V. Han

DIRECTOR

