

**FINANCIAL STATEMENTS OF**  
**M/s.RAMCO SYSTEMS FZ-LLC**  
**DUBAI INTERNET CITY, DUBAI - (U.A.E.)**  
**FOR THE YEAR ENDED**  
**31 MARCH 2015**

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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 2015.

**Financial Results**

The net profit for the year after all expenses is	AED	8,012,699
Retained profits brought forward from previous year	AED	1,847,971
And the net surplus carried forward is	AED	<u>9,860,670</u>

**Dividend**


The company has a net surplus of AED 9,860,670. 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 2016.

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: 9 April 2015

**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 2015**, 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 2015, 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

16 APR 2015

Registration No. 805

**RAMCO SYSTEMS FZ-LLC**  
**P. O. BOX 500189, DUBAI INTERNET CITY, DUBAI (U.A.E.)**  
**BALANCE SHEET AS AT 31 MARCH 2015**  
**IN UAE DIRHAMS**

	<u>Notes</u>	<u>31.03.2015</u>	<u>31.03.2014</u>
<b><u>ASSETS</u></b>			
<b>Non-current assets</b>			
Property and equipment	3	15,592	14,301
Total non-current assets		15,592	14,301
<b>Current assets</b>			
Accounts receivable and prepayments	4	23,625,313	9,995,368
Bank balances	5	286,878	97,273
Total current assets		23,912,191	10,092,641
<b>Total assets</b>		<b>23,927,783</b>	<b>10,106,942</b>
<b><u>SHAREHOLDERS' FUNDS AND LIABILITIES</u></b>			
<b>Shareholders' funds</b>			
Share capital	6	50,000	50,000
Retained earnings		9,860,670	1,847,971
Total Shareholders' funds		9,910,670	1,897,971
<b><u>Liabilities</u></b>			
<b>Non-current liabilities</b>			
Employees' terminal benefits	7	106,508	37,229
Total non-current liabilities		106,508	37,229
<b>Current liabilities</b>			
Accounts payable and accruals	8	3,952,121	2,526,791
Amounts due to related parties	9	9,958,484	5,644,951
Total current liabilities		13,910,605	8,171,742
Total liabilities		14,017,113	8,208,971
<b>Total Shareholders' funds and liabilities</b>		<b>23,927,783</b>	<b>10,106,942</b>

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

For RAMCO SYSTEMS FZ-LLC

*M. Alkhatib - Dy.*  
DIRECTOR  
PRV

*R. K. K.*  
DIRECTOR  
RKC

*V. Hari*  
DIRECTOR  
Hari






**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 2015**  
**IN UAE DIRHAMS**


	<u>Notes</u>	<u>Current Year</u>	<u>Previous Year</u>
<b><u>Income</u></b>			
Revenue	10	30,539,001	12,841,382
Less: Cost of sales	11	20,285,712	9,999,265
<b>Gross profit</b>		<u>10,253,289</u>	<u>2,842,117</u>
<b><u>Operating Expenses</u></b>			
Sales & marketing expenses		159,289	177,175
Interest & bank charges		67,514	39,851
Exchange loss		-	34,433
Administration & selling expenses	12	2,033,246	1,175,527
Depreciation		5,708	199
		<u>2,265,757</u>	<u>1,427,185</u>
<b>Operating profit</b>		7,987,532	1,414,932
Other operating income	13	25,167	-
<b>NET PROFIT FOR THE YEAR</b>		<u>8,012,699</u>	<u>1,414,932</u>

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

For RAMCO SYSTEMS FZ-LLC

  
DIRECTOR  
PRV

  
DIRECTOR  
RKC


  
DIRECTOR  
HARI



**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 2015**  
**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		8,012,699	1,414,932
<u>Adjustments for:</u>			
Depreciation		5,708	199
Operating profit before working capital changes		<u>8,018,407</u>	<u>1,415,131</u>
(Increase) in accounts receivable and prepayments		(13,629,945)	(6,402,320)
Increase in accounts payable and accruals		1,425,330	1,610,876
Increase in amounts due to related parties		4,313,533	2,584,646
Increase in employees' terminal benefits		69,279	7,304
Net cash received from/(used in) operating activities	(A)	<u>196,604</u>	<u>(784,363)</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Payment for purchase of property & equipment		(6,999)	(14,500)
Net cash (used in) investing activities	(B)	<u>(6,999)</u>	<u>(14,500)</u>
Net increase/(decrease) in cash and cash equivalents	(A+B)	189,605	(798,863)
Cash and cash equivalents - beginning of the year		97,273	896,136
Cash and cash equivalents - end of the year	14	<u>286,878</u>	<u>97,273</u>

For RAMCO SYSTEMS FZ-LLC

  
DIRECTOR  
PRV

  
DIRECTOR  
RKC

  
DIRECTOR  
HARI



**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 2015**  
**IN UAE DIRHAMS**

	<u>Share Capital</u>	<u>Retained Earnings</u>	<u>Total</u>
Balance as on 01.04.2013	50,000	433,039	483,039
Profit for the year	-	1,414,932	1,414,932
Balance as on 31.03.2014	<u>50,000</u>	<u>1,847,971</u>	<u>1,897,971</u>
Profit for the year	-	8,012,699	8,012,699
Balance as on 31.03.2015	<u><u>50,000</u></u>	<u><u>9,860,670</u></u>	<u><u>9,910,670</u></u>

For RAMCO SYSTEMS FZ-LLC

*PRV*

DIRECTOR  
PRV

*RKC*

DIRECTOR  
RKC

*HARI*

DIRECTOR  
HARI



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 2015**  
**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	-	100%
		<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 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.



31.03.2015      31.03.2014

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

Cost

As at 31.03.2014	14,500	-
Additions during the year	6,999	14,500
As at 31.03.2015	21,499	14,500

Less: Depreciation

Upto 31.03.2014	199	-
For the year	5,708	199
Upto 31.03.2015	5,907	199

Net Book Value

As at 31.03.2015	15,592	14,301
As at 31.03.2014	14,301	-

**4. ACCOUNTS RECEIVABLE AND PREPAYMENTS**

Trade debtors (Notes: a, b, c & d)	19,436,773	8,376,063
Add: Accrued revenue (Note: e)	3,876,039	1,373,384
	23,312,812	9,749,447
Staff advances	16,957	34,091
Security deposits	63,873	48,000
Other advances	13,389	-
Prepayments	218,282	163,830
	23,625,313	9,995,368

Notes:

a) Ageing of Trade Debtors:

Outstanding for more than twelve months	3,809,282	1,308,771
Outstanding for more than six months but less than twelve months	4,414,700	2,763,093
Outstanding for less than six months	11,212,791	4,304,199
	19,436,773	8,376,063

b) Due from top five trade debtors at the year-end 7,287,654 3,858,480

c) Number of trade debtors at the year-end 57 39

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.



31.03.2015                      31.03.2014

5. **BANK BALANCES**

Balances with Banks

In current accounts

	<u>286,878</u>	<u>97,273</u>
	<u><u>286,878</u></u>	<u><u>97,273</u></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	<u>50,000</u>	<u>50,000</u>
		<u><u>50,000</u></u>	<u><u>50,000</u></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 01.04.2014	37,229	29,925
Additional provision during the year	69,279	38,804
Paid during the year	-	(31,500)
<b>Balance as on 31.03.2015</b>	<u><u>106,508</u></u>	<u><u>37,229</u></u>

8. **ACCOUNTS PAYABLE AND ACCRUALS**

Trade payables	155,664	117,760
Customer advances	55,937	17,020
Deferred revenue	2,089,394	1,453,359
Accrued expenses	1,651,126	938,652
	<u><u>3,952,121</u></u>	<u><u>2,526,791</u></u>

9. **AMOUNTS DUE TO RELATED PARTIES**

M/s. Ramco Systems Limited, India	9,098,945	4,612,806
M/s. Ramco Systems Limited, Dubai Branch	726,661	1,032,145
M/s. Ramco Systems Limited, Sudan	132,878	-
	<u><u>9,958,484</u></u>	<u><u>5,644,951</u></u>

Note:

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





	<u>Current Year</u>	<u>Previous Year</u>
<b>10. REVENUE</b>		
Sales - licenses	16,006,820	6,199,166
Service, Subscription & maintenance fees (Note)	14,532,181	6,642,216
	<u>30,539,001</u>	<u>12,841,382</u>
 <u>Note:</u>		
Includes accrued revenue receivable against services and maintenance contracts.	<u>3,876,039</u>	<u>1,373,384</u>
 <b>11. COST OF SALES</b>		
Salaries & benefits	2,606,088	2,367,320
Royalty	7,903,813	3,566,429
Transfer pricing	5,062,338	2,565,032
Professional/consulting fees & other direct expenses	4,713,473	1,500,484
	<u>20,285,712</u>	<u>9,999,265</u>
 <b>12. ADMINISTRATION &amp; SELLING EXPENSES</b>		
Rent	654,584	456,332
Travelling & visa expenses	776,398	453,744
Legal & professional fees	17,000	15,000
Insurance charges	29,907	34,176
Communication expense	221,913	130,334
Conveyance expense	233,932	46,858
Miscellaneous expenses	99,512	39,083
	<u>2,033,246</u>	<u>1,175,527</u>
 <b>13. OTHER OPERATING INCOME</b>		
Sundry income	<u>25,167</u>	-
	<u>25,167</u>	-



31.03.2015      31.03.2014

#### 14. CASH AND CASH EQUIVALENTS

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

Bank balances	286,878	97,273
	<u>286,878</u>	<u>97,273</u>

#### 15. 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

	16,283,843	8,102,383
	<u>16,283,843</u>	<u>8,102,383</u>

##### b) Outstanding Balances with Related Parties

Due to Related Parties at the year-end :

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

	9,098,945	4,612,806
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M/s. Ramco Systems Limited, Dubai Branch

	726,661	1,032,145
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M/s. Ramco Systems Limited, Sudan

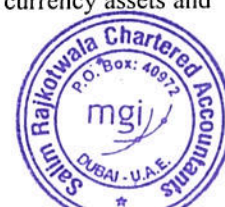
	132,878	-
	<u>9,825,606</u>	<u>5,644,951</u>

#### 16. 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 2015:



	<u>31.03.2015</u>	<u>31.03.2014</u>
<u>Financial Assets in Foreign Currency:</u>		
Trade receivables	17,912,511	7,618,883
In current account with a bank	224,258	83,645
	<u>18,136,769</u>	<u>7,702,528</u>
 <u>Financial Liability in Foreign Currency:</u>		
Trade payable	<u>155,664</u>	<u>117,760</u>

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.


**17. 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.

**18. 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  
PRV

  
DIRECTOR  
RKC

  
DIRECTOR  
HARI

