



We enable CO-CREATION  
of value through agile and innovative  
enterprise applications.



ANNUAL REPORT 2007 - 2008



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P.R. Ramasubrahmaneya Rajha



P.R. Venketrama Raja

Dear Shareholders,

We are happy to share with you the technology advancements and business progress your company has achieved during the financial year 2007-08.

Ramco's continued investments in Ramco VirtualWorks (RVW) has enabled the company to go beyond conventional offerings and become an active partner who supports complex business transformation exercises with ease and enables continuous value creation for its customers. With the enhanced scope and capabilities of the solution platform, Ramco VirtualWorks today is more than just a business process platform. It now includes business analytics and a rich business component repository.

The strategic initiatives conceived and nurtured during the earlier fiscal ('06-'07) blossomed into the pioneering launch of Ramco OnDemand ERP – India's first comprehensive ERP delivered as a service (Software-as-a-Service) in January 2008. The offering addresses the ERP needs of growing businesses across multiple verticals and is sold and served through an ecosystem of sales and implementation partners. Buoyed by the excellent pan-India success, the company is planning to launch this service in the international markets very soon.

Ramco has been stressing the need for flexible business processes and focused analytics for businesses to be competitive and continue adding value to their customers. These efforts got a significant shot in the arm when one of the world's top thinkers – Mr. C K Prahalad wrote about Ramco's co-creation successes in the book 'The New Age of Innovation'. The book, co-authored by Mr. M S Krishnan, highlights the need for companies to relook at current ways of value creation and gear up to co-create and innovate if they have to survive and grow.

Ramco's value-added business process outsourcing business has started on a bright note with order wins from two large corporations. Ramco focuses on providing differentiated payroll process outsourcing that leverages Ramco's proprietary offerings. Currently, Ramco processes close to 1000 payrolls every day and this is expected to rise exponentially in the coming months.

Currently, there are over 200 projects that are being delivered using Ramco VirtualWorks. Many of these projects are already live and customers are realizing the tangible benefits of trusting and investing in Ramco's innovative approach to building and delivering next generation business applications. Several customers have reposed their faith in our solutions and repeat orders stand testimony to it.

Today, your company has scaled-up and offers solutions across the entire IT value chain that includes consulting, enterprise solutions and process outsourcing services. Depending on the customer needs and market maturity, Ramco adopts a customer / geography specific strategy and positions the optimum offering mix to address business opportunities.

Your company has won many strategic orders from across the world in Aviation, Logistics, eGovernance, Banking, Insurance and Manufacturing. These projects are long term engagements and would bring in predictable and sustainable revenues over the medium term.

The company consolidated its position as one of world's leading provider of Aviation MRO solutions and further expanded its scope to address the Aerospace, Defence and Transportation sector.

Business partnerships are the best way forward to leverage the emerging market opportunities and during the year, Ramco has invested in a few such important partnerships including the partnership with National Life, Oman to offer Insurance solutions in the middle-east and the DSPP partnership with HP that focuses on the public sector in Singapore. The aviation solutions group has recorded success in the partnerships with Sabre Airline Solutions and IBM.

During the year, your company successfully ventured into emerging verticals such as Infrastructure development, Retail, Education and 3rd party logistics with notable order wins.

On the quality and process front, the company has rolled-out multiple programs and training targeted at improving efficiency and strengthening leadership within the organization.

During this period, the company achieved USD 50.66 million in global revenues across all its business lines and international subsidiaries.

With a customer-centric portfolio of offerings, backed by a powerful technology and world-class talent, Ramco is confident of growing aggressively in the coming years.

Warm regards,



P.R. Ramasubrahmaneya Rajha

Chairman



P.R. Venketrama Raja

Vice Chairman, Managing Director and CEO

*Ramco empowers its customers to Co-create business value, Innovate and stay ahead, enabled by its powerful technology and portfolio of cutting-edge products and services*



Globalization, rapidly changing customer preferences and quest for growth are some of the key drivers that are forcing businesses to rethink the way they create value – be it for their customers or for themselves. Ramco, true to its nature of being ahead of the curve, is quick to understand the changing dynamics and has invested in cutting edge technology that places the company in a position of strength to address emerging opportunities. The time has come for businesses to enable greater involvement of the value recipient (such as customer, partner, etc.) for whom value is created. This phenomenon is termed ‘Co-creation’.

Businesses are forced to co-create and innovate to stay ahead and grow, and we at Ramco believe ‘Innovation is not an option’. In order to stay competitive, businesses are forced to collaborate and access resources from multiple sources and not just from within the firm and its subsidiaries. Co-creation demands immense business process flexibility and focused analytics – the essence of Ramco VirtualWorks (a collaborative solution innovation platform).

### CO-CREATING VALUE FOR CUSTOMERS

To take a leaf out of Prof. C K Prahalad’s book – ‘The New Age of Innovation’, businesses are moving away from creating value for undifferentiated consumers to a world where every customer experience is unique and value is determined by one consumer co-created experience at a time. The ability to change business processes rapidly and provide business insights through robust analytics helps companies work collaboratively with their customers and create enduring value for them.

Examples of value co-creation enabled by Ramco include ITC eChoupal, DLF, National Life, FieldFresh, eThekwini and many more.

### CO-CREATING VALUE FOR PARTNERS / BUSINESS ASSOCIATES

Partners and business associates are an integral part of the company and play a vital role in creating value for Ramco’s customers worldwide. We are a global company operating out of 18 offices in 9 countries and our partners form a critical aspect of our business ecosystem.

Ramco works closely with its partners and co-creates value through customized training, skill transfers and dedicated channels for certain business offerings in specific markets.

Ramco OnDemand ERP, Ramco’s pioneering initiative in offering Software-as-a-Service, is marketed and implemented through an ecosystem of partners and business associates. The offering enables enormous value creation for all stakeholders in the business of which the partners play the most important role.

## CO-CREATING VALUE FOR EMPLOYEES

Employees are the real assets of any company and more so for an IP centric company such as Ramco. Throughout the year, several initiatives have been undertaken with the sole aim of enriching the work life of all employees.

The company believes in being sensitive to every employee needs and aspirations and strives to co-create a career path that enables value creation, both for the employee and for the organization.

During the year, Ramco introduced and implemented an assessment centre framework and approach to evaluate managerial and behavioral competencies. These assessment centres comprise a variety of tasks designed to evaluate specific competencies. The chosen employees were given individualized feedback with a clear picture of their strengths and work potential. This has helped in building leadership skills and competencies, in line with the long-term strategy of the company.

To foster team-building, Ramco has introduced the concept of “Out Bound Training” to various teams of Ramco on the basis of their unique and differing needs. Conducted away from work place, in a natural environment, the training has enhanced interpersonal relationships within and across teams and fostered a culture of ‘result-orientation and problem-solving’.

As part of our continuous effort to strengthen leadership, identified senior employees were put through various 360 degree psychometric assessment tools and provided feedback along with their development plans.



## **RAMCO SYSTEMS LIMITED**

### **BOARD OF DIRECTORS**

Shri P.R. RAMASUBRAHMANEYA RAJHA  
Chairman

Shri P.R. VENKETRAMA RAJA  
Vice Chairman, Managing Director & CEO

Shri S.S. RAMACHANDRA RAJA  
Shri N.K. SHRIKANTAN RAJA  
Shri M.M. VENKATACHALAM  
Shri V. JAGADISAN  
Shri A.V. DHARMAKRISHNAN

### **AUDITORS**

Messrs. CNGSN & ASSOCIATES  
Chartered Accountants, Chennai

### **BANKERS**

Axis Bank Limited  
Federal Bank Limited  
Citibank N.A.

### **REGISTERED OFFICE**

47, P.S.K. Nagar, Rajapalayam - 626 108

### **CORPORATE OFFICE & RESEARCH AND DEVELOPMENT CENTRE**

No.64, Sardar Patel Road, Taramani, Chennai – 600 113

### **SUBSIDIARIES**

Ramco Systems Corporation, USA  
Ramco Systems Ltd., Switzerland  
Ramco Systems Pte. Ltd., Singapore  
Ramco Sytems Sdn.Bhd., Malaysia  
RSL Enterprise Solutions (Pty) Ltd., South Africa  
Ramco Systems Australia Pty Ltd., Australia

### **REGISTRAR AND SHARE TRANSFER AGENT**

Messrs. Cameo Corporate Services Limited  
Subramanian Building, No.1, Club House Road, Mount Road, Chennai – 600 002

# Ramco Systems Limited, INDIA

## DIRECTORS' REPORT

Your Directors have pleasure in presenting the Eleventh Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2008.

## FINANCIAL RESULTS

Description	(In Rs. Million)	
	For the year ended 31st March, 2008	For the year ended 31st March, 2007
Sales	965.54	785.71
Other Income	54.21	82.96
Total Income	1,019.75	868.67
Expenditure		
- Cost of Resale Material	49.70	13.53
- Employee Compensation & Benefits	649.99	611.57
- Sales & Marketing Expenses	34.88	22.07
- Administration & Other Expenses	237.97	195.71
Total Expenditure	972.54	842.88
Profit Before Interest, Depreciation, Exceptional Items & Tax	47.21	25.79
Interest & Finance Charges	180.96	129.11
Depreciation	234.42	213.91
Profit / (Loss) Before Exceptional Items & Tax	(368.17)	(317.23)
Exceptional Income / (Expenditure)	603.34	-
Profit / (Loss) Before Tax	235.17	(317.23)
Tax	5.88	4.80
Profit / (Loss) After Tax	229.29	(322.03)

## BUSINESS OPERATIONS OVERVIEW

The year 2007-08, has been eventful on multiple fronts. There were several marquee customer acquisitions, key partnerships and business re-alignment, all aimed at an aggressive and profitable growth.

During the year the Company successfully launched the next version of its collaborative solution innovation platform – Ramco VirtualWorks 3.0. This is the only platform today that provides complete and continuous alignment between business processes and applications along with the ability to change those applications on demand as business requirements shift.

With the objective of focusing completely on its core business of developing next generation enterprise applications, Ramco divested its 100% stake in its then wholly owned subsidiary – Ramco Infotech Solutions Limited to TVS Interconnect Systems Limited.

During the year, Ramco became the first Indian technology vendor firm to join Open Compliance and Ethics Group (OCEG) technology community as a full member of the Technology Council, signifying their leadership in Corporate Governance, Risk and Compliance (GRC) related information technology. Ramco is excited at the opportunity to contribute its deep global IT integration and services perspective to OCEG's broad GRC technology programs and to encourage other IT services and integration firms to utilize and perpetuate OCEG's valuable tools and resources that enable businesses to improve their compliance, risk and ethics programs.

Another showcase of Ramco's pioneering technology initiatives was the launch of India's first full-fledged Software-as-a-Service (SaaS) ERP – Ramco OnDemand ERP. Ramco OnDemand ERP is a full-suite web enabled ERP that is available for an affordable subscription and takes care of all IT infrastructure, maintenance and support needs. Companies can now benefit from shortened implementation time (from months to weeks) and hence faster time to benefit. Following a soft launch earlier, Ramco OnDemand ERP has successfully won more than 1000 users across multiple verticals that include Auto Components, Discrete Manufacturing, Trading, Distilleries, Electronics, Textiles, Chemicals, Services and more.



With a view to rapidly expand the 'On Demand' market, Ramco has entered into a partnership with NIIT Technologies Ltd. (NIIT Technologies) a leading IT solutions organization headquartered in New Delhi. The NIIT Technologies' SaaS offering will leverage Ramco's robust OnDemand ERP suite for functional processes such as HRM & Payroll, Financials and Sales & Distribution. Ramco Systems in turn will leverage NIIT Technologies' proven track record of deep domain expertise and service-based operational excellence to widen its solution footprint.

By way of this IP based tie ups, NIIT Technologies will largely address big corporations and the Government sector through a single window service interface. NIIT Technologies will also seek to extend process-based solutions for its focused verticals by using the respective modules from Ramco OnDemand ERP suite.

The year also marked Ramco India's maiden venture into the business process outsourcing space with a distinct value proposition compared to conventional Indian vendors. In spite of not being an early entrant, Ramco has successfully leveraged its technology advantage (Ramco VirtualWorks) to deliver value added payroll processing services. The Company has already won two large, multi-year deals that provide annuity returns to Ramco Systems. The order pipeline is healthy and the company is focusing on the value added, high end outsourcing market.

## **GLOBAL OPERATIONS**

The Indian operations of Ramco witnessed healthy growth through focused marketing efforts in select verticals like Logistics, Infrastructure, Retail and Real Estate. Apart from conventional offerings, Ramco launched Ramco OnDemand ERP catering to growing businesses. The Company has been aggressively marketing this offering across India and the brand has gained impressive traction. In a short span, the Company has managed to build a robust ecosystem of partners and resellers who are actively penetrating the market. The brand has already clocked over a 1000 users and is expected to grow exponentially in the coming fiscal. Ramco- India operations registered revenues of Rs.101.97 crores and profit of Rs.22.93 crores and added new verticals such as retail and real estate to its portfolio.

Human Capital Management (HCM) was another major area where the Company made excellent in-roads in the Indian market. Maytas, Sundaram Business Services, The Landmark Group and IBM Daksh are some of the new order wins in the HCM space in India.

Ramco Optima – Ramco's solution for engineering process optimization witnessed excellent market success with seven new orders and a repeat business of over 60%. Shree Cements, Malabar Cements, Deccan Cements, Sterlite are some of the notable order wins for Optima. For the first time, Ramco has implemented Ethernet based Opto system for the entire plant automation using new SCADA software. Another first is an order for implementing simulator software at JP Rewa.

Overall, Ramco India recorded excellent growth in business – both new order wins and repeat business.

Ramco Systems Global Aviation solutions group recorded an impressive 30% growth over the previous fiscal aided by significant progress in adding domain subject matter experts to the global team in the Americas, Europe and Asia-Pacific (APAC) region. Key accounts earned as new business were Pinnacle Airlines, Republic Airways, Taca Regional, El Al Israel Airlines, Vueling Airlines, KD Avia and a few more. Customers who went 'Live' during this year include Safe Air Limited, Air Evac, ADAC, Lufthart Technik amongst others.

The global helicopter market is a key sector for Ramco and the Company has expanded its market and business development reach to secure business that compliments Ramco's market domination in the rotor business. The aviation solutions group has seen success in partnerships and teaming engagements with Sabre Airline Solutions and IBM.

In the American market, Ramco has been stressing the need for flexible business processes and focused analytics for businesses to be competitive and continue adding value to their customers. These efforts got a significant shot in the arm when one of the world's top thinkers – Mr. C K Prahalad wrote about Ramco's co-creation successes in the book 'The New Age of Innovation' which he has co-authored with Mr. M S Krishnan. The authors clearly recognize Ramco's unique co-creation approach and how Ramco's solutions enable customers to harness change and drive continuous innovation with unparalleled speed and cost-efficiency. Ramco's inclusion in this important new book further validates our strategy of helping customers around the world and increasingly in North America to stop force fitting their business through rigid technology, because innovation really is no longer an option.

## Ramco Systems Limited, INDIA

The book launch coupled with high-impact marketing programs has helped Ramco gain significant mindshare of Global 2000 corporations in the USA. Business prospects for Ramco in the US, especially amongst the large corporations are bright and the company is working on closing a few large deals during this fiscal ('08-09).

The Middle East (MENA) operations gained significant traction during the year including large order wins from a leading insurance company in Oman and a large defence organization in the region. The year has been profitable and the Company inked several key partnerships that are expected to bring in significant business in the coming years.

The APAC operations continued its success in winning HCM and payroll orders from leading corporations including KPMG & SDV Logistics. These wins are strategic in nature with a high potential of securing repeat orders. Ramco has entered into a partnership with ST Electronics to tap opportunities for HR & Payroll, Financials and Logistics in Government & Semi Govt organizations in Singapore.

The European operations of Ramco, based out of Basel in Switzerland, reported a profitable growth. Highlights for the year include first BFSI order in Europe, first order for Ramco MDM (Master Data Management), going live of Ramco's first eGovernance project in Switzerland and excellent orders for Aviation MRO.

Our engagement with a leading municipality in South Africa (SA) has expanded further and resulted in repeat and new business. During the year, the SA operations tapped into the corporate sector and has introduced its OnDemand offering. This is expected to bring in good returns in the medium term.

### GLOBAL CONSOLIDATED FINANCIAL STATEMENT UNDER AS 21

The Global consolidated financial statement as prescribed by ICAI under Accounting Standard 21 together with the Auditors Report thereon is enclosed.

Government of India, Ministry of Company Affairs, vide their letter No. 47/155/2008-CL-III dated 18th March, 2008, have granted their approval under Section 212 (8) of the Companies Act, 1956, exempting from attaching the full text of the financial statements of the Company's subsidiaries viz., Ramco Systems Corporation, USA, Ramco Systems Ltd., Switzerland, Ramco Systems Pte. Ltd., Singapore, Ramco Systems Sdn.Bhd., Malaysia, RSL Enterprise Solutions (Pty) Ltd., South Africa and Ramco Systems Australia Pty Ltd., Australia, along with the Company's accounts for the year ended 31st March, 2008.

Pursuant to the said approval, necessary disclosures have been made in respect of the said subsidiaries in this Annual Report apart from the statement pursuant to Section 212 of the Companies Act, 1956.

The Annual Accounts of the said subsidiaries and the related detailed information will be made available to the Investors of the Company/Subsidiaries seeking such information at any point of time. The Annual Accounts of the subsidiary companies will also be kept for inspection for any Investor at the Corporate Office of the Company.

### PLAN FOR NEW R&D FACILITY

In line with the Company's growth plans, the Company is building a new state-of-the-art R&D facility at Chennai. The Company already possesses the land and the construction is likely to be completed over the next twenty four months. Consequently, the Company has decided to unlock the value of the existing R&D facility and has sold it to M/s. Madras Cements Limited. The Company will continue to operate out of the current facility till the new R&D Premises is ready for occupation.

### RESEARCH AND DEVELOPMENT

The Company has successfully delivered multiple Global Projects and Enterprise Solutions across diverse technology stacks using the Ramco VirtualWorks platform. Ramco VirtualWorks is a Scalable delivery platform that facilitates flexible and robust business process and focused analytics. Ramco VirtualWorks provides complete and continuous alignment of business processes and Applications for our Customers. Ramco VirtualWorks has been used for delivering custom built applications and for implementing next generation global scale business solutions that provides change on demand to ensure that the information system changes as the business changes.

The R&D efforts have been primarily focused on initiatives to proactively enhance usability, productivity, performance and quality based on user feedback.

## **Platform Enhancements**

Capabilities have been built for business process modeling and business process execution. This has been done with an emphasis on interoperability to ensure that Ramco Applications can integrate and enhance existing IT assets in the organization. Work has also been carried out on legacy integration capabilities. Extensive work has been carried out on support for portal technologies and for creating a portal development framework. The platform has been enhanced in order to ensure support for all popular open source technologies. Projects have also been executed during this year using this capability.

One of the important focus areas has been the implementation toolkit that enables rapid and seamless implementation of Enterprise Applications. Enhancements have been made in the Extension Development Kit (EDK) that allows for powerful extensions to be built around Ramco's Enterprise Applications.

Tools and utilities have been created to convert the business logic written in certain languages specific to a particular vendor to other languages supported by other vendors to ensure better than 95% conversion efficiency. Business Logic Modeling and Stored Procedure Generation is a key focus area wherein it will be possible to generate database layer code based on modeled specifications.

## **Enterprise Information Management Suite**

Ramco VirtualWorks can deliver critical insights that can mean the difference between success and failure. Spanning from Business Intelligence to Alerts and Workflow to Data Warehousing and ETL, the Enterprise Information Management Platform can provide a window into customers and markets that can drive good business decisions.

A key requirement of any business analytic environment is the ability to get access to data stored around organization. Ramco can extract, transform and load data with sophisticated data cleansing and profiling capabilities that will enable the Company to examine information across the enterprise, not system by system.

## **Ramco Master Data Management**

Ramco Master Data Management (MDM) is a combination of systems and expert services that can deliver the single source of truth for disparate enterprise systems. In addition, a master data management is a perfect transition to a business process platform strategy for the enterprise. MDM can identify data challenges across the organization and opportunities for extending, enhancing, or retiring systems that are not performing. MDM is available as a standalone engagement or part of a larger Business Process Platform deployment.

## **Ramco's GRC Framework**

Ramco's GRC solution offers a comprehensive framework that enables the organization define governance initiatives that are derived from strategic business objectives. Through the use of an intuitive framework modeler, organizations can define their objectives, the policies and procedures that govern the achievement of these objectives and the risks that are associated with the achievement of these objectives. As the regulatory landscape changes, organizations can add or modify existing policies and also reassess the impact on the strategic objectives. Moving beyond risk definition and control identification, Ramco's GRC framework provides extensive risk assessment capabilities that are driven through user defined risk assessment forms for manual controls and event based assessments for automated controls. The GRC solution offers a world class reporting, ensures organizations work on "single version of truth" and performance monitoring dashboard that allows executives to monitor the performance of their GRC initiatives through a single window.

## **Component Repository**

Ramco Enterprise Series is a pre-packaged solution suite catering to various industry segments such as Power, Engineering Product Manufacturing, Storage Solutions, Armed Forces / Defence, Food and Beverages, Process Production, Fleet Operators and MRO service providers, etc.

The solutions are an assembly of pre-built components addressing all necessary business and regulatory requirements. R&D efforts have been spent to enhance the breadth and depth of the business processes addressed by these components. Additional functionality has been provided in the areas of warehouse management, predictive maintenance, electronic flight bag, demand matrix optimization, etc.

# Ramco Systems Limited, INDIA

Consolidating the experience gained from delivering solutions into various industrial segments, such as Power, Engineering Product Manufacturing, Storage Solutions, Armed Forces / Defence, Food and Beverages, Process Production, Fleet Operators and MRO service providers etc. and addressing all necessary Business, Regulatory, Payroll and HR related requirements has resulted in a repository of pre-built solutions that can address wider set of organizations in the listed segments.

During the last year we have developed Business Components for New domains such as Real Estate, Third Party logistics, Freight Transportation and Insurance (Non-Life) to name a few.

A separate Profit and Loss Account, Balance Sheet and Schedules in respect of Research and Development activities are enclosed as a part of the Accounts.

## **FIXED DEPOSITS**

Your Company has not accepted any deposits from the public during the year.

## **DIRECTORS**

Shri A.V. Dharmakrishnan, was co-opted as an additional director by the Board of Directors of the Company in its meeting held on 31st January, 2008, pursuant to provisions of Section 260 of the Companies Act, 1956. In terms of the provisions of the said section, Shri A.V. Dharmakrishnan holds the office of director until the date of the ensuing Annual General Meeting. However, the Company has received a notice from a member under the provisions of Section 257 of the Companies Act, 1956, along with the requisite deposit proposing the appointment of Shri A.V. Dharmakrishnan, as a director of the Company.

Shri P.R. Ramasubrahmaneya Rajha, Chairman and Shri M.M. Venkatachalam, Director, retire by rotation at the ensuing Annual General Meeting of the Company and being eligible offer themselves for re-appointment.

## **AUDITORS**

M/s. CNGSN & Associates, Chartered Accountants, Chennai, retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

## **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

The Particulars as prescribed under Sub Section (1) (e) of Section 217 of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are given in the Annexure to this Report.

## **EMPLOYEE PARTICULARS**

The particulars of employees as required to be disclosed in accordance with the provisions of Section 217 (2A) of the Companies Act, 1956 and the Companies (Particulars of Employees) Rules, 1975, as amended, are annexed to the Directors' Report. However, as per the provisions of Section 219 (1) (b) (iv) of the Companies Act, 1956, the Report and the Accounts are being sent to all shareholders of the Company excluding the aforesaid information. Any shareholder interested in obtaining such particulars may write to the Corporate Office of the Company.

## **CORPORATE GOVERNANCE REPORT AND MANAGEMENT DISCUSSION AND ANALYSIS**

The Company is committed to maintaining high standards of Corporate Governance and protecting Customers and Shareholders interests. Towards this, the Company has adopted high standards of governance principles, practices and disclosure levels. A detailed note on the Company's philosophy on Corporate Governance and the Management Discussion and Analysis report and such other disclosures as are required to be made under the Listing Agreement with the Stock Exchanges, are annexed and form part of this report.

## **COMPLIANCE CERTIFICATE**

A Certificate from the auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is attached to this report.

## DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed;

- that the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;
- that the selected accounting policies were applied consistently and judgments and estimates that are reasonable and prudent were made so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- that the annual accounts were prepared for the financial year ended 31st March, 2008 on a going concern basis.

## ACKNOWLEDGEMENT

Your directors take this opportunity to convey their appreciation for the support and co-operation received during the year under review, from all the Government Authorities, Shareholders, Clients, Vendors, Partners, Bankers, other Stakeholders and other Business Associates. Your directors wish to place on record their deep sense of appreciation for the dedicated and sincere services rendered by the Employees at all levels.

For and on Behalf of the Board

Place: Chennai  
Date : 23rd June, 2008

**P.R. RAMASUBRAHMANEYA RAJHA**  
CHAIRMAN

## ANNEXURE TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2008

In terms of Section 217(1)(e) of the Companies Act, 1956, (as amended) and the Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988, the following information is furnished for the year ended 31st March, 2008.

(A) Conservation of Energy	:	The operations of the Company are not energy intensive.
(B) Technology Absorption	:	Particulars given in Form B.
(C) Foreign Exchange Earnings and Outgo	:	
i) Activities relating to Export	:	Export of the Business Application Software and Services to Middle East, Philippines, Thailand and South Africa.
ii) Initiatives taken to increase exports	:	Marketing investments are being made in the subsidiaries abroad to increase sales and penetrate the market.
iii) Development of new export market	:	Marketing efforts are being made in countries like New Zealand, Australia, Middle East and Asia Pacific (APAC) for Ramco's offerings.
iv) Total Foreign Exchange used (Rs. in Lacs)	:	1586
v) Total Foreign Exchange earnings (Rs. in Lacs)	:	4685

# Ramco Systems Limited, INDIA

## FORM B

### FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION SPECIAL AREAS IN WHICH THE COMPANY CARRIES OUT R&D:

#### Ramco VirtualWorks

The current version of Ramco VirtualWorks is :

- A scalable delivery platform for custom built applications and for implementing next generation global scale business solutions that provides change on demand to ensure that the information system changes in step with the business change.
- Built on business process based approach that is radically different from the traditional approach.
- Supports model based development and componentized solutions development to deliver service oriented business applications.
- Geared for the emerging asset based delivery model that is standards compliant and support the business process platform strategy of an enterprise.

The platform has Code generators that create the application using the various models created as part of the delivery process. It provides modeling capabilities to specify the applications at different levels of granularity starting from a business process level to specifications of a data access artifact. It also possesses an application preview facility to visualize applications and get user acceptance before they are assembled. Impact analysis support on the models helps to clearly identify the artifacts that need to be changed / created / removed for a change request.

During the year, R&D investments have been in the following areas :

1. To provide sophisticated tools for business process modeling, business process execution and work flow :
  - a. This will allow for modeling the business process as per standard notations to depict the way business is conducted in an enterprise.
  - b. Provide facilities for associating either available business services / build new services to service all the steps that happen in business.
  - c. Provide for ways to search, identify, import and use the existing services from an enterprise to handle new situations / processes.
  - d. Provide ways to model work flow sequences, alerts, notifications etc.
2. To provide a mechanism by which the Ramco solution developed using Ramco VirtualWorks can be implemented using the Implementation Tool Kit (ITK) and Extension Development Kit (EDK):
  - a. This will allow implementation of the Ramco Solution by implementation teams and Partners without the need for the complete Ramco VirtualWorks Suite.
  - b. This will ensure rapid implementation and facilitate easier release and adoption of service packs by Customers.
3. Consolidating the experience gained from delivering solutions into various industrial segments, such as Power, Engineering Product Manufacturing, Storage Solutions, Armed Forces / Defence, Food and Beverages, Process Production, Fleet Operators and MRO Service Providers etc., addressing all necessary Business, Regulatory, Payroll and HR related requirements. We have created solutions in new domains such as Logistics and Insurance during the current year. This has resulted in a repository of pre-built solutions that can address wider set of organizations in the listed segments.
4. Development of systems to convert the business logic written in certain languages specific to a particular vendor to other languages supported by other vendors to ensure better than 95% conversion efficiency.
5. Several enhancements in the Enterprise Information Management suite including Ramco Master Data Management (MDM) and Ramco Governance, Risk and Compliance (GRC) framework. The governance framework can support statutory governance needs like SOX, Basel II etc.
6. Support for Open Source technologies.
7. To provide systems to support legacy applications transformation in the enterprise.

**Benefits derived as a result of the above R&D:**

- Enabling Business Innovation for customers by our support for flexible business processes and focused analytics.
- Expansion of Ramco offerings into more domains and verticals.
- Expansion of Ramco offerings into all technology segments. This enhances the technology market addressability immensely.
- Productivity increase due to platform process streamlining leading to better delivery schedule and cost predictability.
- Availability of standard functionalities to address more industry segments thus enhancing order wins and profitability.
- Ability to engage suitable business partners in delivering and implementing solutions to the end Customer organizations.
- Ability to assess critical requirements of the customers in the areas of MDM and GRC.

**Future Plan of Action:**

The Company continues to undertake Research and Development activities with the following objectives :

1. To enhance our integrated services environment to encompass various other functionality like rule modeling and process simulation.
2. To add pre-built solution functionalities to cover more vertical segments.
3. Support for Mobile devices and to address emerging technology trends to keep in step with the market needs.
4. To continually enhance the platform processes towards achieving improved productivity during all stages of solution delivery like modeling logic for code generation, web services standards support etc.
5. Built-in support for usage based billing and monitoring: Create integrated support in the framework run-time components to collect usage statistics which would enable different alternatives for vending software services.

**FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION**

<b>Expenditure on R&amp;D</b>	<b>(Rs. In lacs)</b>
Capital (exclusive of capitalized value of Technology Platform and Product Software) (Refer Schedule 1 to R&D Accounts)	23.32
Recurring (Refer Schedule 5 to R&D Accounts)	3,938.18
<b>Total</b>	<b>3,961.50</b>
Total R&D expenditure as a percentage of total turnover	41.03%

## REPORT ON CORPORATE GOVERNANCE

### COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Ramco is committed to maintaining high standards of Corporate Governance and protecting Customers' and Shareholders' interests. In line with this philosophy, Ramco Systems Limited endeavors to maintain transparency at all levels through adoption of best Corporate Governance practices. The following is a report on the status and progress on major aspects of corporate governance.

### BOARD OF DIRECTORS

The directors of the Company possess highest personal and professional ethics, integrity and values and are committed to representing the long-term interests of the stakeholders. The basic responsibility of the Board is to provide effective governance over the Company's affairs exercising its reasonable business judgment on behalf of the Company. Shri P.R. Venketrama Raja, Vice Chairman, Managing Director & CEO, manages the day-to-day affairs of the Company and is assisted by top executives of the Company. The Company's business is conducted by its employees under the direction of the Vice Chairman, Managing Director & CEO and the overall supervision of the Board, to enhance the long term value of the Company for its stakeholders.

The Board has an optimum combination of Executive, Non Executive and Independent Directors, which ensures proper governance and management. As at 31st March, 2008, the composition of the Company's Board of Directors is in conformity with the code of Corporate Governance prescribed by the Stock Exchanges. The Chairman is a Non Executive Promoter Director.

As a part of good corporate governance practice, it is ensured that timely and relevant information are made available to the directors in order to contribute to the meetings and discussions effectively. The structure of the Board is as under:

#### Composition and Category of Directors:

S No.	Name of the Director	Category
1	Shri P.R. Ramasubrahmaneya Rajha	Non Executive Promoter Director
2	Shri P.R. Venketrama Raja	Executive Director
3	Shri S.S. Ramachandra Raja	Non Executive Promoter Director
4	Shri N.K. Shrikantan Raja	Non Executive Independent Director
5	Shri M.M. Venkatachalam	Non Executive Independent Director
6	Shri V. Jagadisan	Non Executive Independent Director
7	Shri A.V. Dharmakrishnan*	Non Executive Director

\* Co-opted as an additional director by the Board of Directors in its meeting held on 31st January, 2008.

The Board met 5 times during the year on 12th April, 2007, 30th May, 2007, 27th July, 2007, 31st October, 2007 and 31st January, 2008. Details of attendance of each Director at the Board Meetings held during the year and at the last Annual General Meeting of the Company, are as follows:

#### Attendance of each Director at the Board Meetings and at the last Annual General Meeting (AGM):

S No.	Name of the Director	Designation	Attendance	
			Board Meetings	Last AGM
1	Shri P.R. Ramasubrahmaneya Rajha	Chairman	5	Yes
2	Shri P.R. Venketrama Raja	Vice Chairman, Managing Director & CEO	5	Yes
3	Shri S.S. Ramachandra Raja	Director	5	Yes
4	Shri N.K. Shrikantan Raja	Director	2	Yes
5	Shri M.M. Venkatachalam	Director	3	Yes
6	Shri V. Jagadisan	Director	5	Yes
7	Shri A.V. Dharmakrishnan*	Director	1	NA

\* Co-opted as an additional director by the Board of Directors in its meeting held on 31st January, 2008.

In terms of the provisions of the Clause 49 of the Listing Agreement with the Stock Exchanges, no director of the Company is a member in more than ten committees nor acts as a Chairman in more than five committees of Public Limited Companies, of which he is a director.



## BOARD PROCEDURE

The Board plays a pivotal role in enhancing the best Corporate Governance culture in the Company and towards this, all relevant information are placed before the Board. The Board has a formal schedule of matters reserved for its consideration and decision. The main agenda for the meetings are informed to the directors along with the notice of the meeting. This is followed by the detailed agenda papers, which is sent to each director in advance of the Board and Committee Meetings with the relevant information for the business to be transacted. The Board of Directors meets at regular intervals and decisions are taken at the meetings after detailed discussions. After the Board Meetings, the Company has a formal system for follow up and review. The action taken on the Board/Committee Meetings are reported at the next meeting for being reviewed by the Board/Committee. Amongst other things, the Board considers the following matters:

- Strategy and business plans;
- Annual Operating and expenditure budgets;
- Compliance with statutory requirements;
- Adoption of Quarterly/Half Yearly/Annual results;
- Minutes of the Meetings of the Board / Committees;
- Minutes of the Board of Meetings of the Subsidiaries.

In accordance with the code of corporate governance and based on the requirements to focus on special areas, the Board has constituted several Committees to deal with specific matters and delegated powers for different functional areas.

## AUDIT COMMITTEE

The Company has a qualified and Independent Audit Committee with all its members being Non Executive Directors, to oversee the accounting and financial governance of the Company. The Chairman of the Committee is an Independent Director.

### a) Composition and brief description in terms of reference :

The Audit Committee comprises of three Non Executive directors with any two, subject to presence of minimum two Independent Directors, forming the quorum. Shri M.M. Venkatachalam, Shri V. Jagadisan and Shri S.S. Ramachandra Raja are the members of the Committee, with Shri M.M. Venkatachalam being the Chairman. The Vice Chairman, Managing Director & CEO, Chief Operating Officer, Chief Financial Officer, the Statutory Auditors and the Internal Auditors are invited to attend the meetings of the Committee, as Invitees. The Company Secretary is the Secretary to the Committee.

The primary objective of the Committee is to monitor and provide effective supervision of the financial control and reporting system. The Audit Committee reviews its business at regular intervals and makes appropriate recommendations to the Board for its approval. The terms of reference of the Committee, which are in line with the requirements of the Clause 49 of the Listing Agreement and the provisions of Section 292A of the Companies Act, 1956, inter-alia comprises of the following:

- Oversight of the Company's financial reporting and disclosure of its financial information;
- Reviewing with the Management, the annual financial statements before submission to the Board for its approval;
- Reviewing of the adequacy of the internal control systems;
- Discussion with the Internal Auditors on significant findings and follow up thereon;
- Reviewing of the Capital Expenditure Plans and the status relating thereto;
- Monitoring the Company's Cost Control Measures;
- Reviewing of compliance with Accounting Standards.

### b) Meetings and attendance :

During the year the Committee met four times on 15th May, 2007, 23rd July, 2007, 29th October, 2007 and 25th January, 2008. The attendance of the members at the meetings of the Audit Committee is as follows:

S No.	Name of the Director	Meetings Attended
1	Shri M.M. Venkatachalam	4
2	Shri S.S. Ramachandra Raja	3
3	Shri V. Jagadisan	4

# Ramco Systems Limited, INDIA

## REMUNERATION COMMITTEE

### a) Composition and brief description in terms of reference :

The Remuneration Committee of the Board comprises of the following Non Executive Directors:

Shri M.M. Venkatachalam	- Chairman
Shri V. Jagadisan	- Member
Shri N.K. Shrikantan Raja	- Member

### The scope of the Committee inter-alia includes the following :

- determination of remuneration package of all the directors of the Company;
- determination of the service contracts, notice period and severances fees;
- determination of the eligibility of the stock options, if any to the directors and other modalities relating thereto.

The quorum for the meeting is presence of two members. The Company Secretary is the Secretary of the Committee.

### b) Remuneration Policy

The Remuneration policy of the Company has been structured to match the market trends of the Industry and to attract the best talents of the sector. The scales of remuneration are determined based on the levels of responsibility and scales prevailing in the industry. The Board of Directors of the Company had authorised the Remuneration Committee to fix the remuneration package of the Executive Director. Accordingly, the remuneration package of the Executive Director including its break up into fixed component and performance linked incentive along with the performance criteria are determined by the Remuneration Committee.

### c) Remuneration to the Directors

No remuneration is payable to the Non Executive Directors except sitting fees. No sitting fee is paid to the Executive Director for attending the meetings of the Board or the Committees thereof. The sitting fees payable to the directors has been approved by the members of the Company at the Annual General Meeting held on 9th December, 2005. Further, the members of the Company have authorised the Board of Directors of the Company to vary the amount of sitting fees payable to the directors for attending the Meetings of the Board of Directors and any of the Committees constituted, within such maximum permissible limit as may be prescribed under the Companies Act, 1956, Rules made and Notifications issued thereunder from time to time. As at present, the sitting fees payable to the each of the director per meeting is as follows:

	(Amount in Rs.)
Board	5000/-
Audit Committee	5000/-
Shareholders Committee	2500/-

The details of remuneration paid to Shri P.R. Venketrama Raja, Vice Chairman, Managing Director & CEO during the year ended 31st March, 2008, has been disclosed under Note No.6 to the Notes on Accounts.

No stock options were granted to the Directors of the Company and there are no convertible instruments issued by the Company. The details of the shares held by the Directors of the Company as at 31st March, 2008, are as follows :

Name of the Director	No. of Shares Held	Percentage to Capital
Shri P.R. Ramasubrahmaneya Rajha	352344	2.29
Shri P.R. Venketrama Raja	1289182	8.39
Shri S.S. Ramachandra Raja	30158	0.19
Shri N.K. Shrikantan Raja	6702	0.04
Shri M.M. Venkatachalam	Nil	Nil
Shri V. Jagadisan	Nil	Nil
Shri A.V. Dharmakrishnan	2484	0.02

## SHAREHOLDERS COMMITTEE

### a) Composition and brief description in terms of reference :

The Shareholders Committee of the Board comprises of the following directors:

Shri P.R. Ramasubrahmaneya Rajha	-	Chairman
Shri P.R. Venketrama Raja	-	Member
Shri N.K. Shrikantan Raja	-	Member

The Company attaches highest Importance to the Investor relations. The Board of Directors of the Company have constituted the Shareholders Committee of the Board to focus on the prompt and effective redressal of the shareholders grievances and strengthening of the investor relations. The details of the investor grievances are placed before the Board periodically and are noted by it. The Committee's main focus is on the basic rights of the Shareholders including, Transfer of Shares, Transmission / Transposition of Shares, Issue of Duplicate / Split Certificates, Sub-division / Consolidation of Shares, Consolidation of Folios, Dematerialisation/Rematerialisation of Shares, Change of Address, non receipt of the Refund Orders, non receipt of the Share Certificates and such other issues relating to investor relations.

### b) Meetings and attendance :

During the year the Committee met 5 times, viz., 30th May, 2007, 14th July, 2007, 14th September, 2007, 6th February, 2008 and 29th March, 2008. The attendance of members at the Committee meetings is as follows:

S No.	Name of the Director	Meetings Attended
1	Shri P.R. Ramasubrahmaneya Rajha	5
2	Shri P.R. Venketrama Raja	3
3	Shri N.K. Shrikantan Raja	4

### c) Status of the Shareholders' Complaints :

The Shareholders Committee and the Board reviews the status of the Shareholder's Grievances received by the Company together with the status of their redressal at every meeting.

During the year the Company had received 3 complaints from the shareholders, the details of which are as follows:

S No.	Nature of Complaints	No of Complaints	Redressed
1	Non Receipt of Annual Report	3	3

There were no complaints pending at the end of the year.

### d) Name and designation of Compliance Officer :

The Board of Directors of the Company have appointed Shri Subramanian Narayan, Company Secretary, as the Compliance Officer as per Clause 47 (a) and (f) of the Listing Agreement entered with the Stock Exchanges.

## COMPENSATION COMMITTEE

The Board of Directors of the Company has in Compliance with the SEBI (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, constituted a Compensation Committee with three Non Executive Directors as its members. Shri M.M. Venkatachalam (as Chairman), Shri P.R. Ramasubrahmaneya Rajha and Shri V. Jagadisan are the members of the Committee.

The primary objective of the Committee is to review the compensation levels across various positions in the Company, in order to ensure that the Company offers attractive compensation in line with the industry standards, to retain and develop best talent. It also administers the grant of stock option under various schemes of the Company.

During the year the Committee met four times, viz., 30th May, 2007, 14th July, 2007, 31st October, 2007 and 6th February, 2008. The attendance of directors at the committee meetings were as follows :

S No.	Name of the Director	Meetings Attended
1	Shri P.R. Ramasubrahmaneya Rajha	4
2	Shri M.M. Venkatachalam	3
3	Shri V. Jagadisan	4

# Ramco Systems Limited, INDIA

## **(A) Employee Share Purchase Plan (ESPP 1999)**

During the year 1999-2000, the Company had established Employee Share Purchase Plan (ESPP) which provided for the issuance of 1,100,000 shares to eligible employees (including certain employees of the subsidiaries). The shares were issued to an employee welfare trust called the RSL Employee Trust ("Trust") at Rs. 10/- each and Re. 1/- was paid up by the Trust as application money. Subsequently, the Trust expressed its inability to pay the remaining money due on all the 1,100,000 shares and offered to pay the balance amount (i.e., Rs. 9/- per share) only in respect of 250,000 shares. Accordingly, 850,000 shares were forfeited. The balance 250,000 shares have been allotted to the RSL Employee Trust. The RSL Trust allotted equity shares to the employees at par (i.e., Rs. 10/- each) as per their grade and number of years of services under an agreement of sale, whereby the employees would need to be in the employment of the Company over a four year period to get the shares on a progressive basis. As on 31st March, 2008, 84,125, equity shares remained with Trust and these represent the shares, which have not been vested due to non-fulfillment of conditions of scheme.

## **(B) Employee Stock Option Plan 2000 (ESOP 2000)**

### **(I) Shareholders Approval for ESOP 2000 :**

At the Extra-ordinary General Meeting held on 28th August, 2000, the Shareholders had approved an issue of 160,000 stock options convertible into equity shares of Rs.10/- each. The Compensation Committee in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, framed a detailed scheme.

Further, the shareholders have approved the following amendments to the ESOP 2000:

#### **(a) Amendments approved at the Extra-Ordinary General Meeting held on 29th September, 2006:**

1. The options other than those vested in the first lot vests on a quarterly basis with the options under the first lot vesting at the end of the one year.
2. The exercise period has been increased to 10 years from the date of the vesting of the final lot.

#### **(b) Amendments approved at the Annual General Meeting held on 27th July, 2007 :**

In case of severance of employment as a part of the reconstitution/amalgamation/sell off or otherwise all options granted to the employee would vest immediately and the employee would be required to exercise the options within a period of 18 months from the date of severance instead of 3 months from the date of severance. In the event the options is not so exercised within such period, the unexercised options would lapse.

In accordance with the amended ESOP 2000, the employees of the erstwhile subsidiary of the Company, M/s. Ramco Infotech Solutions Limited are eligible to exercise the options granted to them while that company was a subsidiary, till 13th January, 2009. However, the right to exercise these options are subject to the employment conditions.

### **(ii) Details of the options granted :**

At the meeting of the Compensation Committee held on 12th April, 2001, the Company had granted 126,150 stock options to the employees under the Employee Stock Option Plan 2000 at a price of Rs.254/- per stock option, with a vesting period of 2 to 3 years. After the expiry of the vesting period, upon the exercise of stock options 11,750 stock options were converted into equity shares during the financial year 2003-04.

At the meeting of the Compensation Committee held on 14th December, 2003, 67,700 Options were granted to the eligible employees of the company with a vesting period of three years, at a price of Rs.254/- per stock option. This price was adjusted to Rs.227/- per stock option for the Rights 2003 exercise and further adjusted to Rs.223/- per stock option for the Rights 2005 exercise as per SEBI guidelines. As at the expiry of the final vesting period, 19,950 stock options have been converted into equity shares, being 18,900 stock options converted at the rate of Rs.227/- per stock option and 1,050 stock options converted at the rate of Rs.223/- per option. As at 31st March, 2008, 31,050 stock options are yet to be exercised which are fully vested. In terms of the scheme, the option holders can exercise the options till 31st December, 2016.

At the meeting of the Compensation Committee held on 4th October, 2006, 87,500 further options were granted to the eligible employees of the Company at a price of Rs.177/- per share with a vesting period of 3 years and an exercise period of 10 years from the date of the vesting of the final lot i.e., till 3rd October, 2019. The options other than those vested in the first lot shall vest on a quarterly basis. The options under the first lot shall vest at the end of the one year from the date of grant. As at 31st March, 2008, 21,708 stock options are vested.

### **(C) Employee Stock Option Scheme 2003 (ESOS 2003)**

#### **(i) Shareholders Approval for ESOS 2003**

At the Extra-ordinary General Meeting held on 9th April, 2003, the Shareholders had approved an issue of 500,000 stock options convertible into equity shares of Rs.10/- each. The Compensation Committee in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, framed a detailed scheme.

Further, the Shareholders have approved the following amendments to the ESOS 2003:

#### **(a) Amendments approved at the Extra-ordinary General Meeting held on 29th September, 2006:**

1. The options other than those vested in the first lot vests on a quarterly basis with the options under the first lot vesting at the end of the one year.
2. The exercise period has been increased to 10 years from the date of the vesting of the final lot.

#### **(b) Amendments approved at the Annual General Meeting held on 27th July, 2007:**

In case of severance of employment as a part of the reconstitution/amalgamation/sell off or otherwise all options granted to the employee would vest immediately and the employee would be required to exercise the options within a period of 18 months from the date of severance instead of 3 months from the date of severance. In the event the options are not so exercised within such period, the unexercised options would lapse.

In accordance with the amended ESOS 2003, the employees of the erstwhile subsidiary of the Company, M/s. Ramco Infotech Solutions Limited are eligible to exercise the options granted to them while that company was a subsidiary, till 13th January, 2009. However, the right to exercise these options is subject to the employment conditions.

#### **(ii) Details of the options granted :**

At the meeting of the Compensation Committee held on 14th December, 2003, 464,500 stock options were granted to the eligible employees of the Company with a vesting period of 3 years at an adjusted price of Rs.284/- per stock option. The price was further adjusted to Rs.266/- per stock option for the Rights 2005 exercise as per SEBI guidelines. As at the date of the report, the total options which have been converted into equity shares are 37,975 equity shares of Rs.10/- each, being 36,350 stock options converted at the rate of Rs.284/- per stock option and 1,625 stock option converted at the rate of Rs.266/- per option. As at 31st March, 2008, 1,35,550 stock options are yet to be exercised which are fully vested. In terms of the scheme, the option holders can exercise the options till 31st December, 2016.

At the meeting of the Compensation Committee held on 1st December, 2005, 9,200 stock options were granted at an exercise price of Rs.266/- per option as per SEBI guidelines with a vesting period of 3 years. As at March 31, 2008, 3,520 stock options are vested which are yet to be exercised. In terms of the scheme, the option holders can exercise the options till 30th November, 2018.

At the meeting of the Compensation Committee held on 4th October, 2006, 2,19,800 further options were granted to the eligible employees of the Company at a Price of Rs. 177/- per share as per the SEBI guidelines with a vesting period of 3 years and an exercise period of 10 years from the date of the vesting of the final lot. The options other than those vested in the first lot shall vest on a quarterly basis. The options under the first lot shall vest at the end of the one year from the date of grant. As at 31st March, 2008, 64,980 stock options are vested which are yet to be exercised. In terms of the scheme, the option holders can exercise the options till 3rd October, 2019.

At the meeting of the Compensation Committee held on 14th July, 2007, 101,100 further options were granted to the eligible employees of the Company at a Price of Rs.163/- per share as per SEBI guidelines with a vesting period of 3 years and an exercise period of 10 years from the date of the vesting of the final lot, i.e. till 13th July, 2020. The Options other than those vested in the first lot shall vest on a quarterly basis. The options under the first lot shall vest at the end of the one year from the date of grant. None of the options are vested as on 31st March, 2008.

### **(D) Employee Stock Option Scheme 2004 (ESOS 2004)**

#### **(i) Shareholders Approval for ESOS 2004:**

The Shareholders of the Company in the Extra-ordinary General Meeting held on 24th December, 2004 had approved the issue of 9,00,000 stock options, convertible into equity shares of Rs.10/- each, under the scheme, to Key Managerial Personnel including, Independent Directors, President, CEO and other Senior Key Management Personnel of the Company as well as of the Subsidiaries.

## Ramco Systems Limited, INDIA

Further, the Shareholders have approved the following amendments to the ESOS 2004 :

(a) Amendments approved at the Extra-ordinary General Meeting held on 29th September, 2006:

- (1) The number of shares underlying the aggregate options that may be granted was increased to 12,00,000 equity shares of Rs.10/- each from 9,00,000 equity shares of Rs.10/- each.
- (2) Broad basing of the coverage of the scheme to the employees of the Company and its Subsidiaries at all levels as provided in other schemes instead of the scheme being applicable only to the senior level employees.

(b) Amendments approved at the Annual General Meeting held on 27th July, 2007:

In case of severance of employment as a part of the reconstitution/amalgamation/sell off or otherwise all options granted to the employee would vest immediately and the employee would be required to exercise the options within a period of 18 months from the date of severance, instead of 3 months from the date of severance. In the event the options are not so exercised within such period, the unexercised options would lapse.

In accordance with the amended ESOS 2004, the employees of the erstwhile subsidiary of the Company, M/s. Ramco Infotech Solutions Limited are eligible to exercise the options granted to them while that company was a subsidiary, till 13th January, 2009. However, the right to exercise these options is subject to the employment conditions.

### (ii) Details of Options granted:

At the meeting of the Compensation Committee held on 1st December, 2005, 100,000 stock options were granted at an exercise price of Rs.315/- per option. The options granted would vest over a period of four years at quarterly rests (except for the options vesting during the first year, which would vest at the end of one year from the date of grant). These options have since lapsed.

At the meeting of the Compensation Committee held on 4th October, 2006, 747,350 fresh options were granted to the eligible employees of the Company at a Price of Rs. 177/- per share as per SEBI guidelines with a vesting period of 4 years and an exercise period of 10 years from the date of the vesting of the final lot. The options other than those vested in the first lot shall vest on a quarterly basis. The options under the first lot shall vest at the end of the one year from the date of grant. As at 31st March, 2008, 202,350, stock options are vested. In terms of the scheme, the options holders can exercise these options till 3rd October, 2020.

At the meeting of the Compensation Committee held on 14th July, 2007, 300,500 further fresh stock options were granted to the eligible employees at a price of Rs.163/- per share as per SEBI guidelines with a vesting period of 4 years and an exercise period of 10 years from the date of the vesting of the final lot i.e., till 13th July, 2021. The options other than those vested in the first lot shall vest on a quarterly basis. The options under the first lot shall vest at the end of the one year from the date of grant. None of the options are vested as at 31st March, 2008.

At the meeting of the Compensation Committee held on 31st October, 2007, 162,000 further stock options were granted to the eligible employees of the Company at a price of Rs.156/- per share as per SEBI guidelines with a vesting period of 4 years and an exercise period of 10 years from the date of the vesting of the final lot i.e., till 30th October, 2021. The options other than those vested in the first lot shall vest on a quarterly basis. The options under the first lot shall vest at the end of the one year from the date of grant. None of the options are vested as at 31st March, 2008.

At the meeting of the Compensation Committee held on 6th February, 2008, 20,000 further stock options were granted to an eligible employee of the Company at a price of Rs. 165/- per share as per SEBI guidelines with a vesting period of 4 years and an exercise period of 10 years from the date of vesting of the final lot i.e., till 5th February, 2022. The Options other than those vested in the first lot shall vest on a quarterly basis. The options under the first lot shall vest at the end of the one year from the date of grant. None of these options are vested as at 31st March, 2008.

### (E) Employee Stock Purchase Scheme 2004 (ESPS 2004) :

The Shareholders at their Extra-ordinary General Meeting held on 24th December, 2004 have approved the issue of 100,000 equity shares of Rs.10/- each under the scheme to Senior Key Managerial Personnel including Independent Directors, President, CEO and other Senior Key Management Personnel of the Company as well as of the Subsidiaries. As on 31st March, 2008 no equity shares have so far been allotted, under this Scheme.

**(F) The details of the stock options under the above said schemes (B to D) as at 31st March, 2008, are as follows:**

S No.	Particulars	ESOP 2000	ESOS 2003	ESOS 2004
1	Total Options	160,000	500,000	1,200,000
2	Options Granted (Net of Employee separations)	101,450	381,100	964,100
3	Exercise Price	Refer (B) above	Refer (C) above	Refer (D) above
4	Options Vested	52,758	204,050	202,350
5	Options Exercised	-	-	1,500
6	Options Lapsed	2,350	-	-
7	Total Number of Shares arising as a result of exercise of Options	-	-	1,500
8	Unvested Options	23,993	156,000	761,750
9	Money realized by exercise of Options (in Rs.)	-	-	265,500
10	Employee-wise details of Options granted			
	(i) Senior Managerial Personnel	-	-	-
	(ii) Any other employee, who receives a grant in one year of option amounting to 5% or more of option granted during that year.	-	15,000	197,000
	(iii) Identified employees who were granted option, during one year equal to or exceeding 1% of the Issued Capital (Excluding Outstanding Warrants and Conversions) of the Company at the time of grant .	-	-	-

**(G) Merchant Bankers to ESOP 2000, ESOS 2003, ESOS 2004 and ESOS 2004 Schemes :**

In accordance with the SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999, the Company has appointed M/s. Indbank Merchant Banking Services Limited, (I Floor, Khivaraj Complex I, No.480, Anna Salai, Nandanam, Chennai – 600 035: Telephone No. 044- 24313094 – 97; Fax No. 044- 24313093) as the Merchant Bankers for the implementation of the said schemes.

**GENERAL BODY MEETINGS**

The following are the details of Date, Location and Time of the General Meetings held during last three financial years.

Date	Meeting	Location	Time
4th April, 2005	E G M	47, PSK Nagar, Rajapalayam – 626 108	10.00 A.M
22nd July, 2005	E G M	-do-	10.00 A.M
9th December, 2005	A G M	Shri PACR Centenary Community Hall, Sudharsan Gardens, PAC Ramasamy Raja Salai, Rajapalayam-626 108	12.30 P.M.
27th July, 2006	A G M	-do-	12.00 Noon
29th September, 2006	E G M	47, PSK Nagar, Rajapalayam – 626 108	02.30 P.M.
27th July, 2007	A G M	Shri PACR Centenary Community Hall, Sudharsan Gardens, PAC Ramasamy Raja Salai, Rajapalayam-626 108	12.00 Noon

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There were no special resolutions passed at the past two Annual General Meetings preceding the last Annual General Meeting. At the last Annual General Meeting held on 27<sup>th</sup> July, 2007, six special resolutions in relation to certain amendments to the Stock Option Schemes were unanimously passed by the members of the Company.

### POSTAL BALLOT

There were no resolutions that were required to be passed by means of a postal ballot by the members of the Company during the year ended 31st March, 2008. None of the resolutions placed at the ensuing Annual General Meeting are required to be passed by the members through a Postal Ballot.

### CODE OF CONDUCT

The Board of Directors of the Company has laid down the following code of conduct for all the Board Members and the Senior Management of the Company and the same has been posted on the website of the Company: [www.ramco.com](http://www.ramco.com) in compliance with the provisions of the Listing Agreement with the Stock Exchanges.

"This Code of Conduct shall apply to the Directors and Senior Management personnel of Ramco Systems Limited, who shall affirm compliance with this Code on an annual basis as at the end of each financial year.

### CODE OF CONDUCT FOR DIRECTORS

A Director being a Trustee of the Shareholders shall –

- i. Act always in the best interest of the shareholders.
- ii. Maintain a high standard of probity in his relations with the Company, its Subsidiaries, Employees, Contractors, Suppliers and Customers.
- iii. Maintain confidentiality of the Company on matters that come to his knowledge as Director, both during his Directorship and thereafter as well.
- iv. Always conduct himself in a manner that befits his position.
- v. Assist the Company to observe the provisions of the Company Law and other laws applicable to the Company, both in letter and in its spirits.
- vi. Not use this position in any manner to his personal advantage or that of his family or friends.

### CODE OF CONDUCT FOR SENIOR MANAGEMENT PERSONNEL

A Senior Manager person is one who occupies the rank of General Manager or above and notified from time to time as a Senior Management person.

A Senior Management personnel shall –

- i. By his personal behavior and conduct, set an example to his fellow employees.
- ii. Conduct himself in a manner that upholds his integrity, rectitude and fair name of the Company and give no occasion to the Management to explain his actions or behaviors.
- iii. Refrain his position for personal benefit from the Employees, Contractors, Suppliers and Customers of the Company.
- iv. Maintain the confidentiality of the Company's information that has come to his notice, except where disclosure is authorized in writing by the Management.
- v. Observe all prescribed safety and environmental related norms.
- vi. Not divulge to any member of the press or media any matter concerning the Company unless authorized by the Management.
- vii. Not engage himself in any business relationship or commercial activity with or without remuneration, without the prior written permission of the Management."

All the Board Members and Senior Management Personnel of the Company have affirmed compliance with the applicable code of conduct for the year ended 31st March, 2008. The declaration from Shri P.R. Venketrama Raja, Vice Chairman, Managing Director & CEO, regarding the affirmation of the compliance for the year ended 31st March, 2008, is enclosed and forms part of this report.

The Company has also framed a code of conduct for prevention of Insider Trading in compliance with the SEBI (Prohibition of Insider Trading) Regulations, 1992. This code is applicable to all the Directors / Officers and Designated Employees. The Code regulates dealing in shares by the persons having access to the unpublished price sensitive information.



## **DISCLOSURES**

There were no related party transactions i.e., transactions of the Company of material nature, entered with its Promoters, the Directors or the Management, their Subsidiaries or Relatives etc., that may have potential conflict with the interest of Company at large. The details of the related party transactions are disclosed under the notes on accounts, as required under the Accounting Standard 18 issued by the Institute of Chartered Accountants of India.

The Company has complied with the requirements of the SEBI and the Stock Exchanges on the matters relating to the capital markets as applicable from time to time. There has been no instance of non-compliance by the Company or penalty or strictures imposed on the Company by the stock exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

The Company has complied with all the mandatory requirements of the code of Corporate Governance prescribed by the Stock Exchanges. As regards the non mandatory requirement, the Company has a Remuneration Committee as detailed in the earlier paragraphs.

## **MEANS OF COMMUNICATION**

The Board of Directors of the Company takes on record the Un-audited Financial Results in the prescribed form within one month of the close of every quarter and announces the results to the stock exchanges where the Company's shares are listed. The same are also published within 48 hours in the newspapers viz., Financial Express, Business Standard (English) and Makkal Kural (Tamil).

Press briefings are held after important occasions viz., announcement of quarterly results, new tie up etc. The press releases issued from time to time are informed to the respective Stock Exchanges where the equity shares of the Company are listed and the same is also hosted on the Company's website for the information of the Investors.

The Company's official website; [www.ramco.com](http://www.ramco.com) has in it a separate page for investors relations, wherein the quarterly financial results, shareholding patterns, important announcements to the stock exchanges, are hosted for the knowledge of the investors. In addition to the above, the Company also regularly provides information to the stock exchanges as per the requirements of the listing agreements and updates the same on Company's website periodically to include information on new developments and business opportunities of the Company. The Company is also uploading the quarterly results and shareholding patterns on the Electronic Data Information Filing and Retrieval (EDIFAR) website ([www.sebiedifar.nic.in](http://www.sebiedifar.nic.in)).

SEBI has vide Circular No. SEBI/CFD/DIL/LA/4/2007/27/12 dated December 27, 2007, amended the listing agreement by introducing Clause 52, which provides for filing of documents through Corporate Filing and Dissemination System (CFDS) which has been put in place jointly by the Bombay Stock Exchange Limited and The National Stock Exchange of India limited. CFDS is expected to offer a XBRL enabled common platform for listed companies to file their returns with stock exchanges and also a common place for Investors to view information related to listed companies. In terms of the circular, initially the Clause 52 of the Listing Agreement is applicable to the Companies whose names are specified by the participating Stock Exchanges. The Company would file the information through the CFDS once specified by the Stock Exchanges. Accordingly, the Investors are also requested to view the information at [www.corpfiling.co.in](http://www.corpfiling.co.in).

Shareholders are being provided with timely information on all Company related matters. For effective and better communication to the Shareholders, the Company has appointed M/s.Ogilvy as PR Agency.

As a further effort towards effective Investor Grievance redressal measure and in compliance with the provisions of Clause 47(f) of the Listing Agreement with the Stock Exchanges, the Company has designated an exclusive e-mail id: [investorcomplaints@rsi.ramco.com](mailto:investorcomplaints@rsi.ramco.com) to enable the investors to lodge their complaints. The investors are requested to kindly make use of the same.

As required under sub clause IV(F) of Clause 49 of the Listing Agreement, the Management Discussion and Analysis Report detailing the overview of the Industry, Company's business and its financials etc., is provided separately as a part of the Directors' Report.

# Ramco Systems Limited, INDIA

## GENERAL SHAREHOLDER INFORMATION

### Details of the forthcoming Eleventh Annual General Meeting:

1. Date 11th August, 2008
2. Day Monday
3. Time 11.45 a.m
4. Venue P A C Ramasamy Raja Centenary Community Hall, Sudharsan Gardens,  
PAC Ramasamy Raja Salai, Rajapalayam – 626 108.

### Financial Calendar for 2008-09 (tentative)

The Financial year of the Company is April- March of every year and the tentative details of the financial calendar for the year 2008-09 are as under:

Financial Results for the Quarter ending 30th June, 2008	Between 15th July & 31st July, 2008
Financial Results for the Quarter ending 30th September, 2008	Between 15th October & 31st October, 2008
Financial Results for the Quarter ending 31st December, 2008	Between 15th January & 31st January, 2009
Financial Results for the year ending 31st March, 2009	Between 15th May & 31st May, 2009
Twelfth Annual General Meeting of the Company, for the year ending 31st March, 2009	July / August, 2009

### Book Closure

In order to comply with the provisions of Clause 16 of the Listing Agreement, the Register of Members of the Company and the Share Transfer Books would remain closed on Monday, the 11th August, 2008.

### Listing on Stock Exchanges

The equity shares of the Company are listed on the following Stock Exchanges with the stock codes as indicated against each stock exchange:

Name of the Stock Exchange	Address	Stock Code
Madras Stock Exchange Limited	No.11, Second Line Beach, Chennai – 600 001.	RSST
Bombay Stock Exchange Limited	Phiroze Jhejeebhoy Towers, Dalal Street, Mumbai – 400 001.	532370
The National Stock Exchange of India Limited	C1-Block G, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051.	RAMCOSYS

In line with the provisions of the Listing Agreement with the Stock Exchanges, the listing fees for the financial year 2008-09 have been paid to the Stock Exchanges, where the Company's shares are listed.

### Depositories

The equity shares of the Company are admitted in the following Depositories of the Country under the International Securities Identification Number (ISIN) INE246B 01019. This number is required to be quoted in each transaction relating to the dematerialized equity shares of the Company.

Name of the Depository	Address
National Securities Depository Limited	4th Floor, Kamala Mills Compound, Senapathi Bapat Marg, Lower Parel, Mumbai – 400 013.
Central Depository Services (India) Limited	28th Floor, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001.

### Corporate Identity Number

The Corporate Identity Number (CIN), allotted by the Ministry of Company Affairs, Government of India is L72300TN1997PLC037550.

With the MCA 21 initiative of the Ministry of Company Affairs going live, the Company's Master Data information and details of the compliance filings made by the Company with the Ministry of Company Affairs, Government of India, may be viewed by the members and other stake holders at [www.mca.gov.in](http://www.mca.gov.in) using the above mentioned CIN.

### Credit Ratings

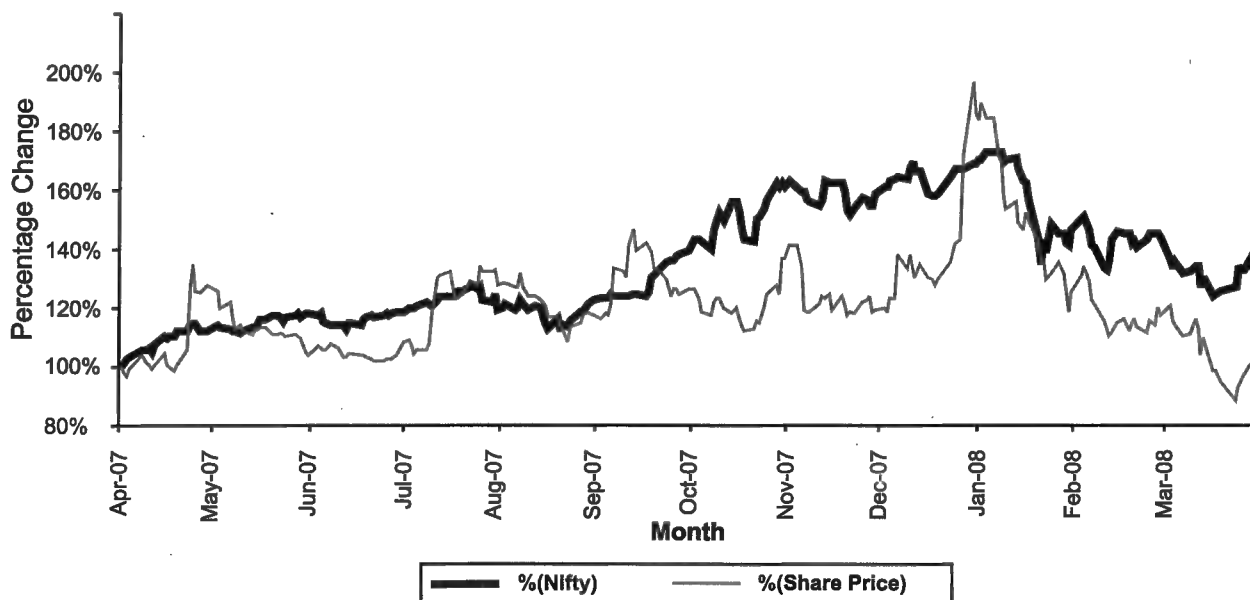
The Company's Short Term Non Convertible Debenture Programme are rated by ICRA Limited as per the details given below:

Programme	Credit Rating	Rating Degree	Amount
Short Term Non Convertible Debentures	A1+(SO)	Highest –Credit –Quality	Rs.95 Crores

### Details of the Share price movements

S. No.	Month	NSE Volume	BSE Volume	NSE Prices (In Rs.)			BSE Prices (In Rs.)		
				High	Low	Close	High	Low	Close
1	Apr-07	14,52,865	10,69,900	190.00	118.00	159.65	179.70	119.00	160.50
2	May-07	1,90,278	1,72,819	163.75	130.10	130.95	163.95	130.00	132.30
3	Jun-07	1,09,170	1,21,698	138.75	125.55	129.50	137.75	126.00	128.90
4	Jul-07	9,42,451	9,94,005	171.50	128.50	165.45	173.00	128.60	165.65
5	Aug-07	1,44,471	1,43,917	167.40	133.10	146.15	169.00	133.00	144.70
6	Sep-07	3,08,132	3,24,204	194.25	143.25	155.30	195.50	144.00	156.50
7	Oct-07	1,86,418	1,81,920	170.60	137.00	170.50	171.30	137.00	171.30
8	Nov-07	3,74,913	2,46,300	187.55	144.85	148.85	188.40	145.00	148.00
9	Dec-07	8,46,274	8,17,224	257.00	146.00	245.35	256.90	146.05	245.65
10	Jan-08	5,47,787	5,38,231	251.00	148.00	148.30	253.00	143.85	146.00
11	Feb-08	59,359	1,09,202	168.00	135.10	146.45	168.85	129.00	145.00
12	Mar-08	1,73,633	1,89,237	153.80	107.00	127.90	152.25	107.50	124.85
<b>Total</b>		<b>5,335,751</b>	<b>4,908,657</b>						

### Relative Performance of Ramco Systems Limited's Share Price with NSE NIFTY



### Registrar and Share Transfer Agent

M/s. Cameo Corporate Services Limited, Chennai, is the Registrar and Share Transfer Agent (RTA) for handling the physical and electronic registry work. The shareholders are requested to address their share related requests / queries to the RTA at the following address.

M/s. Cameo Corporate Services Limited  
 Unit: Ramco Systems Limited  
 Subramanian Building, No.1, Club House Road, Mount Road, Chennai – 600 002.  
 Tel: 044-28460390 Fax: 044-28460129

# Ramco Systems Limited, INDIA

## Share Transfer System

The requests for physical Share Transfers, Transmissions, Transpositions etc., are received by the Company or by the Registrar and Share Transfer Agent. In respect of the Company's shares, which are traded in the dematerialisation form, the transfers are processed and approved in electronic form by NSDL/CDSL through their Depository Participants.

The physical Share Transfers, Transmissions etc., are processed based on number of requests received and keeping in view the prescribed timeline. The shares lodged for physical Transfer/Transmission/Transposition are registered as per the requirement of the listing agreement, if the documents are complete in all respects. Adequate care is taken to ensure that no share transfers are pending for more than the period stipulated in the listing agreement. Requests for dematerialisation of shares are confirmed in line with the statutory requirements.

To ensure swift processing of the Share Transfers, Transmissions, Transposition etc., the Board of Directors has delegated powers to approve the process to the Shareholders Committee. During the year the Shareholders Committee has met 5 times and approved the share transfer of 377 equity shares and transmission of 9,050 equity shares. There is no specific complaint outstanding on the subject till date.

### Shareholding Pattern and the Distribution of Shareholding as at 31st March, 2008:

Description	No. of Share holders	Shares held in demat	Total Shares Held	% to Capital	Graphical Representation
<b>Promoters:</b>					<p>Shareholding Pattern</p> <p>61.69% 7.17% 31.14%</p> <p>60.83% 7.17% 28.57%</p> <p>0.86% 2.57%</p> <p>Promoters Institutional Investors Others</p> <p>Category</p> <p>■ Physical ■ Demat</p>
- Core Promoters	5	8,594,290	8,594,290	55.96	
- Others	16	747,983	880,147	5.73	
<b>Sub Total</b>	<b>21</b>	<b>9,342,273</b>	<b>9,474,437</b>	<b>61.69</b>	
<b>Institutional Investors:</b>					
Mutual Fund & UTI	3	3	303	0.00	
Insurance Companies	1	351,493	351,493	2.29	
FIs/ Banks	5	26,000	26,150	0.17	
FII's	3	723,554	723,554	4.71	
<b>Sub -Total</b>	<b>12</b>	<b>1,101,050</b>	<b>1,101,500</b>	<b>7.17</b>	
<b>Others:</b>					
NRIs/OCBs/ Foreign Nationals	96	45,237	49,337	0.32	
Bodies Corporate	406	870,691	871,250	5.67	
Indian Public	8,688	3,467,768	3,861,462	25.15	
<b>Sub Total</b>	<b>9,190</b>	<b>4,383,696</b>	<b>4,782,049</b>	<b>31.14</b>	
<b>Grand Total</b>	<b>9,223</b>	<b>14,827,019</b>	<b>15,357,986</b>	<b>100.00</b>	

The Distribution of the Shareholding of the Company as at 31st March, 2008, is as follows:

Nominal Value of Shareholding (in Rs.)	Share Holders		Share Capital	
	Number	% to total	Rs.	% to total
Upto 5000	8,204	88.95	8,765,830	5.71
5001-10000	423	4.59	3,254,925	2.12
10001-20000	265	2.87	3,854,665	2.51
20001-30000	89	0.97	2,238,270	1.46
30001-40000	59	0.64	2,074,760	1.35
40001-50000	29	0.31	1,325,120	0.86
50001-100000	68	0.74	4,920,020	3.20
100001 and above	86	0.93	127,146,270	82.79
<b>Total</b>	<b>9,223</b>	<b>100.00</b>	<b>153,579,860</b>	<b>100.00</b>

### **Dematerialization of Shares and Liquidity**

The Company has entered into agreements with both National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) to facilitate the shareholders to demat their equity shares with any one of the Depositories. The custodial charges for the year 2008-09 have been paid to NSDL and CDSL as per the Listing Agreement. As at 31st March, 2008, 1,48,27,019 equity shares representing 96.54% of the Company's total numbers of shares have been dematerialised.

In view of the, SEBI's direction, that the settlement of trades in the listed securities should take place only in the demat mode and the benefits embedded in holding of the securities in demat form, the shareholders holding the shares in physical forms are requested to demat their shares at the earliest.

**Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, conversion date and likely impact on Equity** : The Company has not so far, issued any ADR/GDR or convertible warrants.

### **Plant Location**

**R&D Centre** : No.64, Sardar Patel Road, Taramani, Chennai – 600 113

### **Address for Correspondence & Shareholders queries**

: The Company Secretary  
No:64, Sardar Patel Road, Taramani, Chennai – 600 113  
Phone: 044-22355558 Fax : 044-22355078

(or)

M/s. Cameo Corporate Services Limited  
Unit: Ramco Systems Limited  
Subramanian Building, No.1, Club House Road,  
Chennai: 600 002  
Phone:044-28460390: Fax:044-28460129.

### **Email id for registering investor complaints:**

As required under Clause 47(f) of the Listing Agreement, a separate email id; investorcomplaints@rsi.ramco.com, has been created by the Company for the purpose of registering the complaints by the Investors. Shri Subramanian Narayan, Company Secretary, has been appointed as the Compliance Officer of the Company for redressal of investor grievances. The Company has also displayed the email id on the Company's website; www.ramco.com.

### **Other Shareholders Information**

#### **Secretarial Audit**

A secretarial audit is done every quarter by a practising Company Secretary to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and paid up capital. The audit confirms that the total issued/paid up capital is in agreement with the aggregate total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL.

#### **Compliance Certificate**

Compliance Certificate on Corporate Governance dated 23rd June, 2008 from our Statutory Auditors, M/s. CNGSN & Associates is given at the end of this Corporate Governance Report.

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### **Declaration from the Vice Chairman, Managing Director & CEO**

(Under clause 49(D)(ii) of the Listing Agreement)

To

The Members of Ramco Systems Limited

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, the Board Members and the Senior Management Personnel have affirmed compliance with the Company's Code of Conduct for the year ended 31st March, 2008.

**For RAMCO SYSTEMS LIMITED**

Place: Chennai  
Date : 23rd June, 2008

**P.R. VENKETRAMA RAJA**  
VICE CHAIRMAN, MANAGING DIRECTOR & CEO

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# Ramco Systems Limited, INDIA

## **AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

(Under Clause 49 of the Listing Agreement)

### **To**

The Members of Ramco Systems Limited

We have examined the compliance of conditions of Corporate Governance by Ramco Systems Limited, for the year ended 31st March, 2008, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company, for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For CNGSN & ASSOCIATES**

Chartered Accountants

**C.N. GANGADARAN**

Partner

Membership No.011205

Place: Chennai

Date: 23rd June, 2008

## MANAGEMENT DISCUSSION AND ANALYSIS

### Overview

The year 2007-08 has been a watershed year for Ramco on various facets. The year commenced with Ramco divesting its 100% stake in its wholly owned subsidiary – Ramco Infotech Solutions Limited (RITS) to TVS Interconnect Systems Limited. This helped the Company focus better on providing Enterprise Applications, leveraging Ramco VirtualWorks.

Continuing its firm belief in investing in R&D to deliver continuous value to its customers, Ramco launched the next version of its collaborative solution innovation platform – Ramco VirtualWorks 3.0. The platform, built on principles of Service Oriented Architecture (SOA), provides complete and continuous alignment between business processes and applications along with the ability to change those applications on demand as business requirements shift, delivering cutting edge applications.

During the year, Ramco became the first Indian technology vendor firm to join Open Compliance and Ethics Group (OCEG) technology community as a full member of the Technology Council, signifying its leadership in Corporate Governance, Risk and Compliance related information technology.

Ramco is the first company to launch a comprehensive and proven ERP on a service model. Referred in the industry as SaaS (Software-as-a-Service), Ramco OnDemand ERP addresses the ERP needs of growing enterprises and is reshaping the dynamics of the Indian ERP market. Offered for an affordable monthly subscription, the service takes care of all IT infrastructure, maintenance and support needs and gives the customers the power to focus on growing their core business.

During the year, Ramco successfully moved across the value chain and set up a value added Business Process Outsourcing (BPO) business. Unlike conventional BPO players who are service centric with rigid processes, Ramco leverages its platform – Ramco VirtualWorks to deliver value added services with built in flexibility for change. Within months of establishing the practice, Ramco has won two large, multi year annuity deals that deliver payroll processing services. With a healthy order pipeline, Ramco is confident that this would continue to be a profitable business and compliment Ramco's existing offerings.

In India, Ramco recorded healthy growth aided by focused marketing efforts in select verticals like Logistics, Infrastructure, Retail and Real Estate. Ramco HCM (Human Capital Management) solution won several orders including The Landmark Group, Sundaram Business Services, Maytas and IBM Daksh. Ramco's solution for engineering process optimization (Ramco Optima), targeted primarily at the cement industry, expanded its footprint across the country and won seven new orders including Shree Cements, Malabar Cements, Deccan Cements amongst others.

The enterprise applications business in India recorded excellent growth with some notable order wins such as ACME Telepower, Adani Group, Continental Carriers, MRC Logistics, Indian Institute of Science (IISc) and Sagar Cements. DLF, one of our biggest success in the real estate sector, went live successfully during the year.

The Aviation solutions group has further enhanced its global delivery capabilities by porting the Aviation solutions onto the latest release of VirtualWorks (RVW 3.0). All development staff of base aviation have been trained in SEI's PSP/TSP to complement the CMMi L5 processes. This is expected to bring in reduction in testing effort and further improve quality. The Aviation team is the pioneer in extreme programming methodology which is now being replicated by other solution delivery centres within Ramco. Some of the Customer go-lives during the year include ADAC, Pinnacle, Caribbean, Virgin and Air Evac.

The Company has strengthened the US operations with the infusion of global talent and refocusing its efforts on Global 2000 corporations. These corporations seek flexible business processes and focused analytics to stay competitive and create value. Ramco's pioneering work in co creating value and fostering innovation got a boost when Mr. C K Prahalad wrote about Ramco's successes in the book 'The New Age of Innovation'. The book, co-authored with Mr. M S Krishnan validates Ramco's strategy of helping customers to stop force-fitting their business through rigid technology, because innovation really is no longer an option. The book has helped Ramco gain significant mindshare of Global 2000 corporations in the USA and the Company is optimistic of winning sizeable business soon.

### Opportunities

The Company is well positioned to address emerging market opportunities by leveraging its robust and collaborative solution innovation platform – Ramco VirtualWorks.

With a widened and streamlined portfolio of offerings, Ramco is one of the very few companies worldwide who offer an integrated and seamless solution spanning Consulting, Business Applications and Process Outsourcing. This offers exciting opportunities as it eliminates the need for customers to work with multiple vendors to address their diverse business requirements.

## Ramco Systems Limited, INDIA

The ability of Ramco VirtualWorks to dynamically support changes yet straddle the entire IT value chain provides customers with the freedom and flexibility to chart their IT path based on their current level of IT adoption and their unique/emerging business needs. The Company is embarking on large and complex transformation projects that provide annuity returns and better revenue stability.

Some of the focus areas for Ramco include ERP, HCM, Aviation, Logistics, Manufacturing, Banking & Insurance and Governance.

### Partnerships & Alliances

Ramco firmly believes in a strong partner ecosystem to penetrate the market within a short span of time. It has been a year of several partnerships across a wide range of businesses.

- a. In APAC, Ramco has entered into a DSPP partnership with HP to tap market opportunities. To penetrate the HR & Payroll, Financials and Logistics space in Government & Semi Govt organizations in Singapore, Ramco is partnering with ST Electronics that includes Sales, Implementation and BPO.
- b. Ramco has entered into a strategic global partnership for Ramco Aviation MRO solution with IBM. This is enabling Ramco get into large accounts including the Aerospace & defence sectors.
- c. To target large & niche opportunities in the 'On Demand' space, Ramco has entered into a strategic partnership with NIIT Technologies. By way of this IP based alliance, NIIT Technologies will largely address big corporations and the Government sector through a single window service interface. NIIT Technologies will also seek to extend process based solutions for its focused verticals by using the respective modules from Ramco OnDemand ERP suite.

### People Initiatives

Employees continue to be the core strength of the Company and Ramco takes special care to nurture its global talent pool and provide ample opportunities to demonstrate their talent, contribute positively and grow with the organization.

We realize the importance of 'Training' and several training programs have been conducted addressing various facets of work such as technology skills, communications skills, presentation, team motivation and management, leadership amongst others. During the year, the Company introduced "Out Bound Training" aimed at fostering team building, result orientation and problem solving.

Another initiative during the year has been the introduction of Assessment centers. These centers comprise a variety of tasks designed to evaluate specific competencies and serve as a primary requirement for career progression and leadership development.

As a part of continuous efforts to strengthen leadership and strategic positions, identified senior management personnel were put through various 360 degree psychometric assessment tools by reputed psychologists and given feedback along with development plans. The individual development plans are followed up by HR. All this has helped Ramco build leadership skills and competencies in line with its long-term business strategy.

The Company conducts general awareness programs and workshops that help employees de-stress and lead a healthy and balanced life.

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*The 'Letter to shareholders' and 'Corporate Theme' provided in this report may not contain sufficient information to allow full understanding of the results or the state of affairs of the Company. The Ramco Systems management cautions investors that these reports are provided only as additional information to our investors. Using such reports for predicting the future of Ramco Systems is risky. The Ramco Systems management is not responsible for any direct, indirect or consequential losses suffered by any person using these reports.*



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

1. We have audited the attached Balance Sheet of Ramco Systems Limited, as at 31st March, 2008, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Sub-section (4-A) of Section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that :
  - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (ii) In our opinion, proper books of account, as required by law have been kept by the Company, so far as appears from our examination of those books;
  - (iii) The Balance sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (iv) In our opinion, the Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
  - (v) On the basis of written representation received from the directors, as on 31st March, 2008 and taken on record by the Board of Directors, we report that none of the Directors is disqualified, as on 31st March, 2008 from being appointed as a Director in terms of clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956.
  - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - (a) in case of the balance sheet, of the state of affairs of the Company as at 31st March 2008;
    - (b) in the case of the profit and loss account, of the profit for the year ended on that date; and
    - (c) in the case of cash flow statement, of the cash flows for the year ended on that date.

**For CNGSN & ASSOCIATES**  
Chartered Accountants

**C.N. GANGADARAN**  
Partner

Membership No.011205

Place: Chennai  
Date: 23rd June, 2008

## ANNEXURE TO THE AUDITOR'S REPORT

Referred to in paragraph 3 of our report of even date,

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situations of fixed assets.
- (b) Most of the assets have been physically verified by the management during the year. The Company has a phased programme of verification which in our opinion is reasonable having regard to the size of the Company. No material discrepancies have been noticed on such verification.
- (c) During the year, the Company has disposed off fixed assets having written down value of Rs.21.83 crores; however the going concern status of the Company is not affected.
- (ii) (a) The inventory has been physically verified during the year by the management.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. No material discrepancies were noticed at the time of physical verification.
- (iii) (a) The Company has taken loans from one party in Section 301 register in earlier years . The year end balance is Rs.200,000,000/- and the maximum outstanding is also Rs.200,000,000/-. No fresh loans were taken during the year . No loans have been granted to any such parties.
- (b) In our opinion rates of interest and other terms and conditions are not prejudicial to the interest of the Company.
- (c) The repayment of the principal amounts and interest wherever applicable are regular.
- (d) The loans taken by the Company are repayable on demand and therefore the question of overdue amounts does not arise.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, with regard to the purchase of inventory, fixed assets and with regard to sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
- (v) (a) The company has transactions with Section 301 companies. The transactions have been entered in the register maintained under Section 301 of the Companies Act, 1956.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of Rupees Five Lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an adequate internal audit system commensurate with the size and nature of its business.
- (viii) The Company does not come under section 209(1)(d) of the Companies Act, 1956.
- (ix) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education Protection Fund, Employees' State Insurance, Income Tax, Wealth Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty and Cess and other material statutory dues as applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, service tax, customs duty, excise duty and cess were in arrears as at 31st March, 2008, for a period of more than six months from the date they became payable.
- (c) Further, there are no disputed taxes .
- (x) In our opinion, the accumulated losses of the Company are not more than 50% of its net worth. The Company has incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.

- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institutions or bank or debenture holders.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditors Report) Order, 2003 are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Companies (Auditors Report) Order, 2003 are not applicable to the Company.
- (xv) The Company has not given guarantees during the year.
- (xvi) In our opinion, the term loans have been applied for the purpose for which they were raised.
- (xvii) According to the information and explanation given to us and on an overall examination of the balances sheet of the Company, we report that no funds raised on short term basis have been used for long term investment.
- (xviii) During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (xix) According to the information and explanations given to us, during the period covered by our audit report, the Company has issued 117 numbers of unsecured debentures amounting to Rs.93.75 crores.
- (xx) There has been no public issue during the year and hence the question of end use of money does not arise.
- (xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

**For CNGSN & ASSOCIATES**  
Chartered Accountants

Place: Chennai  
Date: 23rd June, 2008

**C.N. GANGADARAN**  
Partner  
MembershipNo.011205

# Ramco Systems Limited, INDIA

## BALANCE SHEET AS AT 31ST MARCH, 2008

	Schedule	As at 31.03.2008 Rs.	As at 31.03.2007 Rs.
<b>I. SOURCES OF FUNDS</b>			
<b>1. Shareholders' Funds</b>			
a) Share Capital	I	153,933,750	153,918,750
b) Reserves & Surplus	II	1,942,746,246	1,942,495,746
		<u>2,096,679,996</u>	<u>2,096,414,496</u>
<b>2. Loan Funds</b>			
a) Secured	III	421,785,371	654,806,396
b) Unsecured	IV	877,500,000	965,474,658
		<u>1,299,285,371</u>	<u>1,620,281,054</u>
<b>TOTAL</b>		<u>3,395,965,367</u>	<u>3,716,695,550</u>
<b>II. APPLICATION OF FUNDS</b>			
<b>1. Fixed Assets</b>			
Gross Block	V	2,553,511,714	2,648,275,151
Less : Depreciation		915,664,378	994,977,063
Net Block		<u>1,637,847,336</u>	<u>1,653,298,088</u>
<b>2. Investments</b>	VI	1,222,077,768	1,310,781,967
<b>3. Current Assets, Loans &amp; Advances</b>			
a) Inventories	VII	1,871,703	98,337
b) Sundry Debtors	VIII	379,047,024	407,387,144
c) Cash & Bank Balances	IX	54,046,478	20,576,393
d) Loans & Advances	X	163,689,399	113,306,604
e) Other Current Assets	XI	46,423,483	30,695,039
		<u>645,078,087</u>	<u>572,063,517</u>
<b>Less: Current Liabilities and Provisions</b>			
a) Current Liabilities	XII	477,993,119	446,583,347
b) Provisions	XIII	64,470,812	35,579,151
		<u>542,463,931</u>	<u>482,162,498</u>
<b>Net Current Assets</b>		102,614,156	89,901,019
<b>4. Profit &amp; Loss account</b>	XIV	433,426,107	662,714,476
<b>TOTAL</b>		<u>3,395,965,367</u>	<u>3,716,695,550</u>
Significant Accounting Policies and Notes on accounts	XXI		

Schedules, Accounting Policies and Notes form an integral part of the accounts

As per our Report Annexed  
For CNGSN & Associates  
Chartered Accountants

**P.R. RAMASUBRAHMANEYA RAJHA**  
Chairman

**S.S. RAMACHANDRA RAJA**

**N.K. SHRIKANTAN RAJA**

**C.N. GANGADARAN**  
Partner

**P.R. VENKETRAMA RAJA**  
Vice Chairman, Managing Director & CEO

**M.M. VENKATACHALAM**

**V. JAGADISAN**

Place: Chennai  
Date : 23rd June, 2008

**SUBRAMANIAN NARAYAN**  
Company Secretary

**A.V. DHARMAKRISHNAN**  
Directors

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008**

	Schedule	Year ended 31.03.2008 Rs.	Year ended 31.03.2007 Rs.
<b>INCOME</b>			
Sales	XV	965,536,820	785,709,506
Other Income	XVI	54,214,718	82,963,721
		<u>1,019,751,538</u>	<u>868,673,227</u>
<b>EXPENDITURE</b>			
Cost of Resale Material		49,694,914	13,528,497
Employee Compensation & Benefits	XVII	649,988,524	611,572,070
Sales & Marketing Expenses	XVIII	34,882,504	22,070,242
Administrative & Other Expenses	XIX	237,969,551	195,712,484
		<u>972,535,493</u>	<u>842,883,293</u>
<b>Profit / (Loss) before Interest, Depreciation, Exceptional Items &amp; Tax</b>		47,216,045	25,789,934
Interest & Finance Charges	XX		
- For R&D activities		51,932,121	33,794,983
- For Others		129,031,167	95,315,841
		<u>180,963,288</u>	<u>129,110,824</u>
<b>Profit / (Loss) before Depreciation, Exceptional Items &amp; Tax</b>		(133,747,243)	(103,320,890)
Depreciation			
- on Technology Platform & Product Software		161,931,760	143,559,548
- on other fixed assets		72,497,991	70,352,263
		<u>234,429,751</u>	<u>213,911,811</u>
<b>Profit / (Loss) before Exceptional Items &amp; Tax</b>		(368,176,994)	(317,232,701)
Exceptional Income / (Expense) (Refer Note No.17)		603,344,073	-
<b>Profit / (Loss) before Tax</b>		235,167,079	(317,232,701)
Provision for Taxation (Refer Note No. 7)			
- Current Taxation		-	-
- Deferred Taxation		-	-
- Fringe Benefit Tax		(5,878,710)	(4,800,000)
<b>Profit / (Loss) after Tax</b>		<u>229,288,369</u>	<u>(322,032,701)</u>
Balance in Profit & Loss Account brought forward from previous year		(662,714,476)	(340,681,775)
<b>Balance in Profit &amp; Loss Account</b>		<u>(433,426,107)</u>	<u>(662,714,476)</u>
Earnings Per Share - Basic & Diluted (Face value of Share @ Rs.10/- each)		14.93	(20.97)

Significant Accounting Policies and Notes on accounts **XXI**

Schedules, Accounting Policies and  
Notes form an integral part of the accounts

As per our Report Annexed  
For CNGSN & Associates  
Chartered Accountants

**P.R. RAMASUBRAHMANEYA RAJHA**  
Chairman

**S.S. RAMACHANDRA RAJA**

**N.K. SHRIKANTAN RAJA**

**C.N. GANGADARAN**  
Partner

**P.R. VENKETRAMA RAJA**  
Vice Chairman, Managing Director & CEO

**M.M. VENKATACHALAM**

**V. JAGADISAN**

Place: Chennai  
Date : 23rd June, 2008

**SUBRAMANIAN NARAYAN**  
Company Secretary

**A.V. DHARMAKRISHNAN**  
Directors

# Ramco Systems Limited, INDIA

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2008

	Year ended 31.03.2008 Rs.	Year ended 31.03.2007 Rs.
<b>A. Cash Flow From Operating Activities:</b>		
<b>Net Profit / (Loss) before tax &amp; exceptional items</b>	<b>(368,176,994)</b>	<b>(317,232,701)</b>
<b>Adjustments for:</b>		
Depreciation	234,429,751	213,911,811
Interest & finance charges	180,963,288	129,110,824
Unrealised foreign exchange fluctuation (gain) / loss	(3,586,673)	(7,653,623)
(Profit) / Loss on sale of fixed assets (other than those mentioned in Note No.17 (a)) - Net	147	798,547
Interest income	(1,513,129)	(8,566,526)
Dividend income	(8,453,373)	(48,612,675)
<b>Operating Profit /(Loss) before Working Capital Changes</b>	<b>33,681,017</b>	<b>(38,244,343)</b>
<b>Working Capital Changes:</b>		
(Increase) / Decrease in Trade and Other receivables	(22,042,675)	(170,066,172)
(Increase) / Decrease in Inventories	(1,773,366)	(67,316)
(Increase) / Decrease in Other current assets [other than Cash and Bank]	(15,728,444)	(15,507,625)
Increase / (Decrease) in Current liabilities and Provisions	67,068,652	159,549,328
<b>Cash generated from operations</b>	<b>61,205,184</b>	<b>(64,336,128)</b>
Fringe Benefit Tax paid	(12,645,930)	-
<b>Cash flow before exceptional items</b>	<b>48,559,254</b>	<b>(64,336,128)</b>
Provision for liabilities under contracts	(47,462,002)	-
Overseas withholding tax	(16,219,104)	-
<b>Net Cash (used in) / generated from operating activities</b>	<b>(15,121,852)</b>	<b>(64,336,128)</b>
<b>B. Cash Flow from Investing Activities:</b>		
Purchase of fixed assets - for R&D activities	(2,332,246)	(4,669,872)
Purchase of fixed assets - for Others	(99,043,530)	(64,427,197)
Investment in R&D activities	(335,890,617)	(183,722,125)
Net Investment in mutual funds	(95,607)	5,777,325
Balance proceeds from divestment of subsidiary Ramco Infotech Solutions Ltd.	70,000,000	-
Proceeds from sale of fixed assets mentioned in Note No.17 (a)	900,001,000	-
Proceeds from sale of other fixed assets	4,111,233	2,956,645
Interest income	1,513,129	8,566,526
Dividend income	8,453,373	48,612,675
<b>Net cash (used in) / generated from Investing Activities</b>	<b>546,698,734</b>	<b>(186,906,023)</b>
<b>C. Cash Flow from Financing Activities:</b>		
Proceeds from issue of share capital	265,500	2,500
Proceeds from secured borrowings	270,505,498	109,655,162
Proceeds from unsecured borrowings	1,312,500,000	610,424,658
Repayment of secured borrowings	(503,526,523)	(1,656,165)
Repayment of unsecured borrowings	(1,400,474,658)	(500,375,090)
Interest & finance charges	(180,963,288)	(129,110,824)
<b>Net cash (used in) / generated from financing activities</b>	<b>(501,693,471)</b>	<b>88,940,241</b>
<b>Net Increase / (Decrease) in cash and cash equivalents (A+B+C)</b>	<b>29,883,412</b>	<b>(162,301,910)</b>
<b>Cash and Cash equivalents at the beginning of the year</b>	<b>20,576,393</b>	<b>175,224,680</b>
Effect of unrealised foreign exchange fluctuation gain / (loss)	3,586,673	7,653,623
<b>Cash and Cash equivalents at the end of the year</b>	<b>54,046,478</b>	<b>20,576,393</b>

As per our Report Annexed  
For **CNGSN & Associates**  
Chartered Accountants

**P.R. RAMASUBRAHMANEYA RAJHA**  
Chairman

**S.S. RAMACHANDRA RAJA**

**N.K. SHRIKANTAN RAJA**

**C.N. GANGADARAN**  
Partner

**P.R. VENKETRAMA RAJA**  
Vice Chairman, Managing Director & CEO

**M.M. VENKATACHALAM**

**V. JAGADISAN**

Place: Chennai  
Date : 23rd June, 2008

**SUBRAMANIAN NARAYAN**  
Company Secretary

**A.V. DHARMAKRISHNAN**  
Directors

**SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2008**

	Rs.	As at 31.03.2008 Rs.	As at 31.03.2007 Rs.
<b>Schedule I</b>			
<b>Share Capital</b>			
<b>Authorised Share Capital</b>			
30,000,000 equity Shares of Rs.10/- each (Previous year 30,000,000 of Rs.10/- each)		<u>300,000,000</u>	<u>300,000,000</u>
<b>Issued Share Capital</b>			
15,707,164 equity shares of Rs.10/- each (Previous year 15,705,664 of Rs.10/- each)		<u>157,071,640</u>	<u>157,056,640</u>
<b>Subscribed Share Capital</b>			
15,707,164 equity shares of Rs.10/- each (Previous year 15,705,664 of Rs.10/- each)		<u>157,071,640</u>	<u>157,056,640</u>
<b>Paid up Share Capital</b>			
15,357,986 (Previous year 15,356,486) equity Shares of Rs.10/- each fully paid up (Refer Note No. 10)	<b>153,579,860</b>		
Add: Forfeited Shares (Previous year Rs.353,890)	<u>353,890</u>	<u>153,933,750</u>	<u>153,918,750</u>

Of the above

4,333,153 equity shares of face value Rs.10/- each have been allotted to the shareholders of Ramco Industries Limited credited as fully paid up pursuant to the approval of the scheme of arrangement (Demerger) for the transfer of software business undertaking of Ramco Industries Limited with Ramco Systems Limited by the Honorable High Court of Madras, vide order dated 24th December 1999.

2,376,719 equity shares have been allotted to Ramco Industries Limited as fully paid up shares of face value of Rs. 10/- each at a premium of Rs.293/- per share pursuant to a contract for the transfer of its entire investment in the overseas Subsidiary Companies without payment being received in cash. The above allotment has been duly approved by the Shareholders of the Company in the EGM held on 10th November 1999 and by the Reserve Bank of India.

	Rs.	As at 31.03.2008 Rs.	As at 31.03.2007 Rs.
<b>Schedule II</b>			
<b>Reserves &amp; Surplus</b>			
Share Premium (Previous year Rs.1,942,383,836) (Refer Note No. 10)	<b>1,942,634,336</b>		
Add: Forfeited Shares (Previous year Rs.111,910)	<u>111,910</u>	<u>1,942,746,246</u>	<u>1,942,495,746</u>
		<u>1,942,746,246</u>	<u>1,942,495,746</u>
<b>Schedule III</b>			
<b>Secured Loans</b>			
a) Bank Borrowings		<b>169,974,541</b>	150,364,043
b) Term Loan from Banks		<b>250,000,000</b>	502,229,452
c) Hire Purchase Loans		<b>1,810,830</b>	2,212,901
(For security details, refer Note No.2)		<u>421,785,371</u>	<u>654,806,396</u>
<b>Schedule IV</b>			
<b>Unsecured Loans</b>			
Short Term Loans - from Banks		-	515,474,658
- from others		<b>877,500,000</b>	450,000,000
(For security details, Refer Note No.2)		<u>877,500,000</u>	<u>965,474,658</u>





**SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2008**

	As at 31.03.2008 Rs.	As at 31.03.2007 Rs.
<b>Schedule VIII</b>		
<b>Sundry Debtors</b>		
(Unsecured, Considered good)		
a) Debts Outstanding for period exceeding six months		
(i) From Subsidiaries	73,145,961	95,821,893
(ii) Others	58,208,050	76,151,344
b) Other debts		
(i) From Subsidiaries	149,557,428	123,296,700
(ii) Others	98,135,585	112,117,207
(Unsecured, Considered doubtful)		
Debts - (out of (a)(ii) above)	4,664,675	333,975
Less: Provision for doubtful debts	<u>(4,664,675)</u>	<u>(333,975)</u>
	<u>379,047,024</u>	<u>407,387,144</u>
<b>Schedule IX</b>		
<b>Cash and Bank Balances</b>		
Cash on hand	106,173	131,882
Balances with Scheduled Banks in		
a) Current Accounts	53,114,366	19,669,511
b) Deposit Accounts	825,939	775,000
	<u>54,046,478</u>	<u>20,576,393</u>
<b>Schedule X</b>		
<b>Loans and Advances</b>		
(Unsecured, Considered good)		
Advance recoverable in Cash or kind or value to be received		
From Subsidiaries	-	13,600,000
From Others	115,728,097	73,970,587
Tax deducted at Source	39,772,332	17,603,563
Deposits with Government Departments and Others	8,188,970	8,132,454
(Unsecured, Considered doubtful )		
Advance recoverable in Cash or kind or value to be received	567,211	567,211
Less: Provision for doubtful advances	<u>(567,211)</u>	<u>(567,211)</u>
	<u>163,689,399</u>	<u>113,306,604</u>
<b>Schedule XI</b>		
<b>Other Current Assets</b>		
Software Work In Progress	28,765,338	13,486,260
Prepaid expenses	17,615,279	17,173,942
Interest Accrued	42,866	34,837
	<u>46,423,483</u>	<u>30,695,039</u>
<b>Schedule XII</b>		
<b>Current Liabilities</b>		
For Purchases	51,130,253	38,662,719
For Expenses		
To Subsidiaries	178,959,082	241,233,543
To Others	189,638,798	161,262,263
Interest accrued but not due on loans	58,264,986	5,424,822
	<u>477,993,119</u>	<u>446,583,347</u>
<b>Schedule XIII</b>		
<b>Provisions</b>		
Provision for staff benefit schemes (Refer Note No.18)	64,038,032	28,379,151
Provision for Taxation (Refer Note No.7)	432,780	7,200,000
	<u>64,470,812</u>	<u>35,579,151</u>
<b>Schedule XIV</b>		
<b>Profit &amp; Loss Account</b>		
Balance brought forward from P&L Account	433,426,107	662,714,476

# Ramco Systems Limited, INDIA

## SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

	Year ended 31.03.2008 Rs.	Year ended 31.03.2007 Rs.
<b>Schedule XV</b>		
<b>Sales</b>		
Software Revenues (Licensing & Services)	774,313,067	671,102,684
Value Added Resale Software & Hardware Materials	86,279,275	20,043,564
Royalty	104,944,478	94,563,258
	<u>965,536,820</u>	<u>785,709,506</u>
<b>Schedule XVI</b>		
<b>Other Income</b>		
Interest Income (TDS Rs.74,706/- (Previous year Rs.199,258/-))	1,513,129	8,566,526
Profit on sale of fixed assets	2,317,368	13,744
Rent Income	38,912,956	25,484,323
Dividend from investment in mutual fund units	95,607	1,972,675
Dividend from subsidiary company	8,339,766	46,640,000
Miscellaneous Income	3,035,892	286,453
	<u>54,214,718</u>	<u>82,963,721</u>
<b>Schedule XVII</b>		
<b>Employee Compensation &amp; Benefits</b>		
Salaries, Bonus etc.	530,405,344	528,340,860
Gratuity & Superannuation	49,182,507	27,452,763
Provident Fund	31,009,732	23,915,472
Staff Welfare	39,390,941	31,862,975
	<u>649,988,524</u>	<u>611,572,070</u>
<b>Schedule XVIII</b>		
<b>Sales &amp; Marketing Expenses</b>		
Advertisement & Sales Promotion	34,838,831	22,055,593
Handling, Packing, Forwarding and others	43,673	14,649
	<u>34,882,504</u>	<u>22,070,242</u>
<b>Schedule XIX</b>		
<b>Administrative &amp; Other Expenses</b>		
Consultancy Charges	12,457,537	16,211,155
Bank Charges	2,896,566	1,551,624
Insurance	1,505,886	1,420,459
Loss on sale of fixed assets	2,317,515	812,291
Communication Expenses	14,098,566	11,973,975
Power & Fuel	12,128,768	12,285,574
Printing & Stationery	3,055,376	2,212,847
Rates & Taxes	6,112,172	7,465,318
Rent	52,911,104	42,685,753
Repairs - Buildings	6,838,713	4,447,457
Repairs - Plant & Machinery	18,087,811	13,771,721
Repairs - Others	3,623,413	3,571,242
Travel & Conveyance	54,750,719	59,381,494
Bad Debts Written off	16,768,733	976,067
Provision for Doubtful Debts	4,330,700	-
Foreign Exchange Fluctuation	1,486,811	2,306,323
Miscellaneous Expenses	24,599,161	14,639,184
	<u>237,969,551</u>	<u>195,712,484</u>
<b>Schedule XX</b>		
<b>Interest &amp; Finance Charges</b>		
Interest on loans taken for R&D activities	51,932,121	33,794,983
Interest on other loans		
- Hire Purchase & Finance Charges	1,106,011	589,583
- Others	127,925,156	94,726,258
	<u>129,031,167</u>	<u>95,315,841</u>
	<u>180,963,288</u>	<u>129,110,824</u>

**Schedule XXI**

**SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS**

**SIGNIFICANT ACCOUNTING POLICIES**

**I. Basis of Preparation**

The financial statements are prepared under the historical cost convention in accordance with the Generally Accepted Accounting Principles (GAAP) and materially comply with the mandatory Accounting Standards issued by The Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956. All income and expenditure having a material bearing on the financial statements are recognized on accrual basis.

**II. Revenue Recognition**

**A. Software and related services**

**i) License Fees**

License Fee revenue is recognized on delivery of the software.

**ii) Software development / Implementation Fees**

Software development / Implementation Contracts are either fixed price based or time and material based. In case of fixed price contracts, revenue is 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.

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

Revenue from sales is recognized upon despatch of goods to Customers.

**C. Other Income**

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

**III. Fixed Assets and Depreciation**

**A. Tangible Assets**

Fixed Assets are capitalized at historical cost and includes freight, installation cost, finance cost, net of taxes and duties wherever applicable and other incidental expenses incurred during the installation stage.

Depreciation is charged on a pro-rata basis on the Straight Line Method as per the rates prescribed under Schedule XIV of the Companies Act, 1956.

Individual assets not exceeding Rs.5,000/- are depreciated in full in the year of purchase.

Assets acquired on Hire Purchase are capitalized at the gross value and interest there on is charged to Profit & Loss A/c.

In respect of Assets leased prior to 1st April 2001, the lease rentals paid during the year are charged to Profit & Loss A/c. In respect of assets leased on or after 1st April 2001, the accounting treatment prescribed by Accounting Standard 19 on "Leases" is followed.

**B. Intangible Assets**

Costs incurred in the development of ERP Product, together with repository of new business components, upon completion of the development phase, have been classified and grouped as "Product Software" under Fixed Assets.

Similarly, costs incurred in the development of technology platform framework, which would enable the Company to provide solutions - both standard and customized - in an efficient manner, have been classified and grouped as "Technology Platform" under Fixed Assets, once the same is available for use. The useful life of these assets is estimated as ten years and depreciation is charged accordingly.

**IV. Investments**

Long term investments are stated at cost and short term investments are valued at lower of cost and net realizable value. Diminution in value is provided for where the management is of the opinion that the diminution is of permanent nature.

**V. Inventories**

Inventories are valued at lower of cost and net realizable value. Cost includes cost incurred in bringing the inventories to their present location and condition and is determined based on FIFO method.

## VI. Foreign Currency Transactions

The functional currency of the Company is Indian Rupee.

Transactions denominated in foreign currency are recorded at the exchange rate prevailing on the date of transaction. The monetary items denominated in the foreign currency at the year end are translated at the exchange rates prevailing on the date of the balance sheet or wherever forward contracts are booked, at the respective rates as per such forward contracts and the loss or gain arising out of such transactions is adjusted in the Profit & Loss A/c. Exchange difference in respect of foreign currency liabilities incurred for acquiring fixed assets on or before accounting period commencing after 7th December 2006, is added to the cost of respective fixed assets.

## VII. Translation of Financial Statements of Foreign Branch

All income and expenditure transactions during the year are reported at a monthly moving average exchange rate for the respective periods. Monetary assets and liabilities are translated at the rate prevailing on the balance sheet date. Non-monetary assets and liabilities are translated at the rate prevailing on the date of the transaction and the balance in 'head office account' whether debit or credit, is reported at the amount of the balance in the 'branch account' in the books of the head office, after adjusting for un-responded transactions. Net gain / loss on foreign currency translation is recognized in the Profit & Loss A/c.

## VIII. Employee Benefits

Short-term employee benefits viz., Salaries, Wages and other benefits are recognized as expenses at the actual value as per contractual terms and such amounts are charged as expenses in the profit and loss account for the year in which the related service is rendered. Other benefits are treated as below:

### Gratuity

In accordance with the Indian law, the company provides for gratuity, a defined benefit plan ("The Gratuity Plan"), covering all employees. These employees are covered under the Group Gratuity Scheme of the Life Insurance Corporation of India. The contributions to the said scheme are charged to the Profit & Loss Account. Effective 1st April 2007, with the applicability of Accounting Standard 15 (Revised), the liability for gratuity is ascertained as at the balance sheet date based on independent actuarial valuation and the charge for current year arrived at. Accordingly, the difference between such charge and the contribution is provided in the accounts by a debit to the Profit & Loss Account. The transitional liability as on 1st April 2007 is charged to the Profit & Loss Account.

### Superannuation

Apart from being covered under the Gratuity Plan described above, the senior officers of the Company are participants in a defined contribution plan ("The Superannuation Plan") maintained by the Life Insurance Corporation of India, to which the company makes contributions based on a specified percentage of each covered employee's salary. The Company has no further obligations under the plan beyond its contributions.

### Provident Fund

In addition to the above benefits, all employees receive benefits from a Provident fund, which is a defined contribution plan. Both the employee and employer each make monthly contributions to the plan equal to 12% of the covered employee's basic salary. These contributions are made to its employees' provident fund maintained by the Government of India. The Company has no further obligations under the plan beyond its monthly contributions.

### Leave Encashment

Leave encashment liability is ascertained as at the balance sheet date based on independent actuarial valuation in accordance with Accounting Standard 15 (Revised) and is provided for in the books of accounts. The transitional liability as on 1st April 2007 is charged to the Profit & Loss Account.

## IX. Earnings per share

Profit after tax is adjusted for prior period adjustments, if any and divided by the weighted average number of equity shares outstanding during the period.

## X. Taxes on income

Current Tax is determined as the amount of tax payable in respect of the taxable income for the period. Deferred tax asset or deferred tax liability is considered for timing differences in accordance with Accounting Standard 22. Deferred tax asset arising on account of carry forward of losses is not considered.

## XI. Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the profit and loss account. If at the balance sheet date, there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

## NOTES ON ACCOUNTS

	As at 31.03.2008	(Rs. in thousands) As at 31.03.2007
<b>1. Contingent Liabilities</b>		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for	<b>16,698</b>	17,678
(b) Bank Guarantees	<b>6,451</b>	9,315
(c) Letters of Credit	<b>Nil</b>	6,133
(d) Corporate guarantee furnished by the Company to Axis Bank Ltd., for Ramco Infotech Solutions Ltd., to support their credit facilities	<b>Nil</b>	130,000

Note: The Company is engaged in development of software products, which are marketed by the Company and its overseas subsidiaries. The intellectual property rights are held by the Company. There are in-built warranties for performance and support. Claims which may arise out of these are not quantifiable and hence not provided for.

### 2. Secured & Unsecured Loans

Borrowings from the banks for working capital amounting to Rs.47,475 thousands (Previous year Rs.30,000 thousands) are secured by a pari-passu first charge on current assets including stocks and book debts and by a pari-passu second charge on the fixed assets of the Company except assets given as exclusive charge and assets acquired on hire purchase or lease.

Balance borrowings from the banks for working capital amounting to Rs.122,500 thousands (Previous year Rs.120,364 thousands) are secured by a pari-passu second charge on current assets including stocks and book debts and by a pari-passu second charge on the fixed assets of the Company except assets given as exclusive charge and assets acquired on hire purchase or lease and supported by a Corporate Guarantee from Madras Cements Limited and Ramco Industries Limited.

Borrowings from Axis Bank Limited (Under Term Loans from Banks) amounting to Rs.Nil (Previous year Rs. 252,229 thousands) are secured by subservient charge on current assets including stocks and book debts and supported by a Corporate Guarantee from Madras Cements Limited.

Borrowings from The Federal Bank Limited (Under Term Loans from Banks) amounting to Rs. 250,000 thousands are secured by a First Charge by way of Equitable Mortgage on Vacant Land situated at No.86C, Santhome High Road, R.A.Puram, Chennai and Movable Fixed Assets comprising of computer hardwares situated at the Corporate Office, Adyar, Chennai. (Previous year Rs.250,000 thousands, secured by first charge by way of equitable mortgage on Land & Building and Movable Fixed Assets located at No.64, Sardar Patel Road, Taramani, Chennai).

Assets acquired under Hire Purchase Finance are hypothecated to the Hire Purchase Companies as security.

Of the total unsecured loans of Rs.877,500 thousands (Previous year Rs.965,475 thousands), Rs. 677,500 thousands (Previous year Rs.615,050 thousands) are supported by a Corporate Guarantee from Madras Cements Limited and Rs.Nil (Previous year Rs.150,425 thousands) are supported by a Corporate Guarantee from Ramco Industries Limited.

### 3. Current Liabilities

There are no Micro and Small Enterprises, to whom the Company owes dues as at 31st March, 2008. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

# Ramco Systems Limited, INDIA

## 4. Additional information as required by Schedule VI of the Companies Act, 1956

		(Rs. in thousands)			
		Year ended 31.03.2008		Year ended 31.03.2007	
<b>A)</b>	<b>CIF Value of Imports</b>				
	Raw Materials	31,543		6,601	
	Components & spare parts	-		-	
	Capital goods	23,257		2,469	
	<b>TOTAL</b>	<b>54,800</b>		<b>9,070</b>	
<b>B)</b>	<b>Expenditure in Foreign Currency on account of</b>				
	Professional / consultation fees	4,463		3,238	
	Travelling	26,034		25,080	
	Patents	3,641		2,083	
	Provision for liabilities under contracts	47,462		-	
	Others	22,183		7,285	
	<b>TOTAL</b>	<b>103,783</b>		<b>37,686</b>	
<b>C)</b>	<b>Number of Non-resident shareholders</b>	<b>99</b>		<b>102</b>	
<b>D)</b>	<b>Value of consumption of Imported and Indigenous raw materials and spare parts</b>				
		<b>Value</b>	<b>%</b>	<b>Value</b>	<b>%</b>
		<b>(Rs. in thousands)</b>		<b>(Rs. in thousands)</b>	
	<b>Raw Material</b>				
	Imported	31,543	63.47	6,601	48.79
	Indigenous	18,152	36.53	6,927	51.21
<b>E)</b>	<b>Earnings in Foreign Exchange</b>				
	Export of goods & Services on F.O.B basis	355,199		324,637	
	Royalty	104,945		94,563	
	Dividend	8,340		46,640	
	<b>TOTAL</b>	<b>468,484</b>		<b>465,840</b>	

## 5. Fees paid to Statutory Auditors inclusive of service tax

		(Rs. in thousands)	
S. No	Particulars	Year ended 31.03.2008	Year ended 31.03.2007
(a)	Statutory Audit	843	673
(b)	Tax Audit	135	101
(c)	Independent Auditor's report under AS-21	225	224
(d)	Others	258	112
(e)	Reimbursement of out of pocket expenses	37	128
	<b>TOTAL</b>	<b>1,498</b>	<b>1,238</b>

## 6. Managerial Remuneration

In the Extra-ordinary General Meeting of the Company held on 4th April 2005, the shareholders have approved the reappointment of Shri P.R. Venketrama Raja, as Vice Chairman, Managing Director & CEO (VCMD & CEO) for a period of five years with effect from 23rd March 2005, on the same terms and conditions as were applicable before the reappointment. The Central Government had also accorded its approval for the same.

Computation of Profits as per Section 349 of the Companies Act, 1956, for remuneration to VCMD & CEO for the year ended 31.03.2008:

		(Rs.)
Profit / (Loss) before Tax		235,167,079
Add: Directors Sitting Fees	177,500	
Vice Chairman, Managing Director & CEO's Remuneration	1,274,400	
Provision for doubtful debts	<u>4,330,700</u>	5,782,600
Less: Profit on sale of assets in excess of the original cost:		
Land	465,527,025	
Building	<u>222,948,173</u>	<u>688,475,198</u>
Loss arrived for the purpose of Managerial Remuneration		<u>(447,525,519)</u>

5% of the above – Rs. Nil

The Company's VCMD & CEO is also the Vice Chairman & Managing Director of Ramco Industries Limited. As per the provisions of the Companies Act, 1956, read with Schedule XIII the total remuneration payable should not exceed the maximum limit admissible from any one of the Companies of which he is the Managing Director.

The details of his remuneration, paid by way of monthly remuneration as per the terms of appointment, are given below:

	2007-08	2006-07
Basic pay	720,000	720,000
House Rent Allowance	360,000	360,000
Contribution to Provident Fund	86,400	86,400
Contribution to Superannuation Fund	108,000	108,000
Total	<u>1,274,400</u>	<u>1,274,400</u>

This remuneration has been adjusted in the overall maximum remuneration of Rs. 19,484,106/- (Previous Year Rs. 17,499,077/-) payable by Ramco Industries Limited at 5% of its net profits computed in accordance with the provisions of the said Act.

## 7. Taxation

No provision for current Income Tax for the Company (including its Branches at United Kingdom and Germany) has been made in view of absence of taxable profits. Provision for Fringe Benefit Tax has been made. The Company has net deferred tax assets as on 31st March 2008 which arise mainly on account of carry forward losses. However the Company has not taken credit for such net deferred tax assets.

## 8. Research and Development

### a) R&D Accounts:

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

# Ramco Systems Limited, INDIA

## b) R&D Asset classification:

In line with the Company's stated policy on Intangible Assets, the research and development efforts are classified and capitalized into "Product Software" and "Technology Platform" as below:

	(Rs. in thousands)	
	Year ended 31.03.2008	Year ended 31.03.2007
Total Research & Development expenditure capitalized during the year, as per Schedule 5 to R&D Accounts	<b>335,891</b>	183,722
Of the above,		
Shown as "Technology Platform" under Fixed Assets	<b>110,147</b>	60,743
Shown as "Product Software" under Fixed Assets	<b>225,744</b>	122,979

## 9. Sundry Debtors

Sundry Debtors include dues from overseas subsidiaries as given below:

S. No.	Subsidiary	Outstanding as on 31.03.2008	Maximum amount due during the year
A	Ramco Systems Corporation, USA	Rs.72,289 thousands (Previous year Rs.107,961 thousands)	Rs.115,120 thousands (Previous year Rs.107,961 thousands)
B	Ramco Systems Limited, Switzerland	Rs. 55,090 thousands (Previous year Rs.26,631 thousands)	Rs.55,240 thousands (Previous year Rs.26,631 thousands)
C	Ramco Systems Sdn., Bhd., Malaysia	Rs.5,539 thousands (Previous year Rs.1,976 thousands)	Rs.5,539 thousands (Previous year Rs.2,350 thousands)
D	Ramco Systems Pte Ltd., Singapore	Rs.51,938 thousands (Previous year Rs.43,744 thousands)	Rs.53,606 thousands (Previous year Rs.43,744 thousands)
E	RSL Enterprise Solutions (Pty.) Ltd., South Africa	Rs.37,847 thousands (Previous year Rs.38,807 thousands)	Rs.53,515 thousands (Previous year Rs.38,807 thousands)
	Total	Rs.222,703 thousands (Previous year Rs.219,119 thousands)	

## 10. Equity and Share Premium

Pursuant to the exercise of options under ESOS 2004, 1500 shares were allotted to an employee on 6th February, 2008. Consequent to the said allotment, the paid up capital and share premium has increased as below:

	(Rs. in thousands)	
Increase on account of	Share capital	Share premium
Opening balance	153,919	1,942,496
Allotment of 1500 shares under ESOS 2004	15	250
Closing Balance	<u>153,934</u>	<u>1,942,746</u>

## 11. Earnings per share (EPS):

			Year ended 31.03.2008	Year ended 31.03.2007
Profit / (Loss) after tax	(Rs.)	(A)	<b>229,288,369</b>	(322,032,701)
Weighted average Equity		(B)	<b>15,356,711</b>	15,356,482
Shares outstanding				
EPS - Basic & diluted (per share of Rs.10/- each)	(Rs.)	(A/B)	<b>14.93</b>	(20.97)

12. The Company's shares are listed on Madras Stock Exchange Limited, Bombay Stock Exchange Limited. and The National Stock Exchange of India Limited. The Listing Fees payable to these stock exchanges have been paid.

13. The Company has branches in United Kingdom and Germany. The United Kingdom branch has made a turnover of Rs.6,768 thousands for the year ended 31st March 2008 (Previous year Rs.11,639 thousands) and the Germany branch has made a turnover of Rs.7,040 thousands for the year ended 31st March 2008 (Previous year Rs. 807 thousands).



14. Amounts recovered from Subsidiaries towards expenses incurred on account of on-site employees to the extent of Rs.73,241 thousands (Previous year Rs.65,149 thousands) have been netted off from expenses.

**15. Related Party Transactions:**

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

**a. (i) Subsidiary Companies ("Subsidiaries"):**

1. Ramco Systems Corporation, USA
2. Ramco Systems Ltd., Switzerland
3. Ramco Systems Pte Ltd., Singapore
4. Ramco Systems Sdn Bhd., Malaysia
5. RSL Enterprise Solutions (Pty) Ltd., South Africa
6. Ramco Systems Australia Pty Ltd., Australia  
(100% subsidiary of Ramco Systems Corporation, USA)

(ii) The Board of Directors in its meeting held on 12th April 2007 approved the proposal for the sale of its entire investment in Ramco Infotech Solutions Limited, (RITS) to TVS Interconnect Systems Ltd., belonging to the TVS Group, subject to completion of the Due-Diligence and other formalities. Accordingly, upon completion of such formalities, the shares held by the Company in RITS were transferred on 14th July 2007 and with effect from that date, RITS ceased to be a subsidiary of the Company.

**b. Key Management Personnel and Relatives ("KMP"):**

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

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

1. Rajapalayam Mills Ltd.
2. Madras Cements Ltd.
3. Ramco Industries Ltd.
4. The Ramaraju Surgical Cotton Mills Ltd.

The Company's transactions with the above Related Parties are given below:

Current Year		(Rs. in thousands)	
Type of transaction	Particulars	Subsidiaries	Group
Income from Export of software & Services	Transaction during the year	327,015	-
	Outstanding as on 31.03.08	121,930	-
Income from Sale of Goods and Services	Transaction during the year	-	152,266
	Outstanding as on 31.03.08	-	4,797
Income from Royalty	Transaction during the year	104,944	-
	Outstanding as on 31.03.08	100,773	-
Cost of Services availed	Transaction during the year	2,267	-
	Outstanding as on 31.03.08	131,497	-
Loan availed	Transaction during the year	-	-
	Outstanding as on 31.03.08 (including interest due if any)	-	200,000
Interest	Expenses	-	20,055
	Income	-	-
Dividend Income	Transaction during the year	8,340	-
	Outstanding as on 31.03.08	-	-
Rent	Expenses	-	-
	Income	-	275
Sale of fixed assets	Transaction during the year	-	901,251
	Outstanding as on 31.03.08	-	-
Other expenses - Provision for liabilities under contracts	Transaction during the year	47,462	-
	Outstanding as on 31.03.08	47,462	-

# Ramco Systems Limited, INDIA

Previous Year

(Rs. in thousands)

Type of transaction	Particulars	Subsidiaries	Group
Income from Export of Software & Services	Transaction during the year	319,254	-
	Outstanding as on 31.03.07	94,791	-
Income from Sale of goods & services	Transaction during the year	-	67,901
	Outstanding as on 31.03.07	-	61,547
Income from Royalty	Transaction during the year	94,563	-
	Outstanding as on 31.03.07	124,328	-
Cost of services availed	Transaction during the year	35,904	-
	Outstanding as on 31.03.07	241,234	-
Loan availed	Transaction during the year	-	375,000
	Outstanding as on 31.03.07 (including interest due if any)	-	200,000
Loan given	Transaction during the year	32,000	-
	Outstanding as on 31.03.07	2,000	-
Investments	Transaction during the year	88,300	-
	Outstanding as on 31.03.07	-	-
Interest	Expenses	-	7,944
	Income	2,949	-
Dividend Income	Transaction during the year	46,640	-
	Outstanding as on 31.03.07	11,600	-

**Notes:**

- Details of corporate guarantees given by the Group are given in Note No.2 above.
- Details of transactions with KMP:
  - Remuneration paid to Shri P.R. Venketrama Raja is furnished in Note No. 6 above.
  - Sitting fee paid to Shri P.R. Ramasubrahmaneya Rajha Rs. 35 thousands.
- The figures for the previous year 2006-07 include the transactions and balances with the erstwhile subsidiary, viz., Ramco Infotech Solutions Limited as given below:

Type of transaction	Particulars	Rs. in thousands
Cost of goods and Services availed	Transaction during the year	1,859
	Outstanding as on 31.03.07	1,859
Loan given	Transaction during the year	32,000
	Outstanding as on 31.03.07	2,000
Investments	Transaction during the year	88,300
	Outstanding as on 31.03.07	-
Interest Income	Transaction during the year	2,949
	Outstanding as on 31.03.07	-

**16. Segmental Revenue:**

The company currently operates only in one segment, viz., Software Solutions & Services and hence the segment reporting as required by AS-17, issued by The Institute of Chartered Accountants of India does not apply.

**17. Exceptional Income / (Expense) comprises of the following:**

S. No.	Description	Rs. in thousands
a	Profit on sale of Land, Building and other assets of the Company at 64 Sardar Patel Road, Taramani, Chennai 600 113	685,825
b	Loss on divestment of Ramco Infotech Solutions Ltd.,	(18,800)
c	Provision for liabilities under contracts	(47,462)
d	Overseas withholding tax written off	(16,219)
	<b>Total</b>	<b>603,344</b>

**18. Retirement benefit Plans**

Pursuant to the adoption of AS 15 (Revised) on Employee Benefits effective 1st April 2007, the transitional liability of Rs.24,109 thousands has been debited to the Profit and Loss Account for the year.

As per the said AS 15 (Revised) the disclosures of employee benefits for the year are given below:

<b>a) Defined Contribution Plan:</b>	(Rs. in thousands)
Employer's Contribution to Provident Fund	31,010
Employer's Contribution to Superannuation Fund	16,266

<b>b) Defined Benefit Plan:</b>	<b>Gratuity (Funded)</b>	<b>Leave encashment (Unfunded)</b>
<b>Reconciliation of opening and closing balances of defined benefit plan:</b>		
Defined Benefit obligation as on 1-4-2007	46,098	39,641
Current Service Cost	9,009	3,550
Interest Cost	3,355	3,003
Actuarial (gain) / loss	9,672	5,643
Benefits paid	(8,313)	(4,209)
Defined Benefit obligation as on 31-3-2008	59,821	47,628
<b>Reconciliation of opening and closing balances of fair value of plan assets:</b>		
Fair value of plan assets as on 1-4-2007	33,251	
Expected return on plan assets	2,961	
Actuarial (gain) / loss	(323)	
Employer contribution	15,835	
Benefits paid	(8,313)	
Fair value of plan assets as on 31-3-2008	43,411	
Actual return on plan assets	2,638	
<b>Reconciliation of fair value of assets and obligations:</b>		
Fair value of plan assets	43,411	-
Present value of obligation	(59,821)	(47,628)
Amount recognized in Balance Sheet	(16,410)	(47,628)
<b>Expense recognized during the year:</b>		
Current Service Cost	9,009	3,550
Interest Cost	3,355	3,003
Expected return on plan assets	(2,961)	-
Actuarial (gain) / loss	9,995	5,643
Net Cost	19,398	12,196
<b>Investment Details as on 31-3-2008 for Gratuity :</b>		
GOI Securities	-	
State Government Securities	-	
High Quality Corporate Bonds	-	
Funds with LIC	100%	
Others	-	
<b>Actuarial assumptions:</b>		
Attrition rate	6%	6%
Discount rate p.a	8%	8%
Expected rate of return on plan assets p.a	8%	-
Rate of escalation in salary p.a	10%	10%

19. The figures have been rounded off to the nearest rupee / thousand and previous year's figures have been regrouped / recast where ever necessary to conform to the current year's classifications.

As per our Report Annexed  
For **CNGSN & Associates**  
Chartered Accountants

**P.R. RAMASUBRAHMANEYA RAJHA**  
Chairman

**S.S. RAMACHANDRA RAJA**

**N.K. SHRIKANTAN RAJA**

**C.N. GANGADARAN**  
Partner

**P.R. VENKETRAMA RAJA**  
Vice Chairman, Managing Director & CEO

**M.M. VENKATACHALAM**

**V. JAGADISAN**

Place: Chennai  
Date : 23rd June, 2008

**SUBRAMANIAN NARAYAN**  
Company Secretary

**A.V. DHARMAKRISHNAN**  
Directors

# Ramco Systems Limited, INDIA

Research and Development Activities (Refer SI.No.8 of Notes on Accounts)

**BALANCE SHEET AS AT 31ST MARCH, 2008**

	Schedule	As at 31.03.2008 Rs.	As at 31.03.2007 Rs.
<b>I. SOURCES OF FUNDS</b>			
1. Loan Funds		579,000,000	533,000,000
2. Head Office Contra Account		1,963,792,559	1,924,369,526
<b>TOTAL</b>		<b>2,542,792,559</b>	<b>2,457,369,526</b>
<b>II. APPLICATION OF FUNDS</b>			
<b>1. Fixed Assets</b>			
	1		
Gross Block		2,111,957,329	2,163,966,491
Less : Depreciation		765,856,508	848,396,910
Net Block		<u>1,346,100,821</u>	<u>1,315,569,581</u>
<b>2. Current Assets</b>			
		-	-
<b>Less: Current Liabilities and Provisions</b>		<b>13,478,014</b>	<b>11,667,326</b>
<b>Net Current Assets / (Liabilities)</b>		<b>(13,478,014)</b>	<b>(11,667,326)</b>
<b>3. Revenue Expenditure relating to Research</b>			
	2		
		1,210,169,752	1,153,467,271
<b>TOTAL</b>		<b>2,542,792,559</b>	<b>2,457,369,526</b>

As per our Report Annexed  
For **CNGSN & Associates**  
Chartered Accountants

**P.R. RAMASUBRAHMANEYA RAJHA**  
Chairman

**S.S. RAMACHANDRA RAJA**

**N.K. SHRIKANTAN RAJA**

**C.N. GANGADARAN**  
Partner

**P.R. VENKETRAMA RAJA**  
Vice Chairman, Managing Director & CEO

**M.M. VENKATACHALAM**

**V. JAGADISAN**

Place: Chennai  
Date : 23rd June, 2008

**SUBRAMANIAN NARAYAN**  
Company Secretary

**A.V. DHARMAKRISHNAN**  
Directors

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008**

	Schedule	Year ended 31.03.2008 Rs.	Year ended 31.03.2007 Rs.
<b>INCOME</b>			
Profit on sale of fixed assets		<u>2,264,075</u>	<u>-</u>
<b>EXPENDITURE</b>			
Employee Compensation & Benefits	3	2,392,759	2,234,864
Administrative & Other Expenses	4	5,866,972	4,972,491
Interest		51,932,121	33,794,983
Depreciation			
- on Technology Platform & Product Software		161,931,760	143,559,548
- on other R&D fixed assets		20,367,881	27,385,764
<b>Total Expenditure</b>		<u>242,491,493</u>	<u>211,947,650</u>
<b>Profit / (Loss) before Exceptional Items</b>		<u>(240,227,418)</u>	<u>(211,947,650)</u>
Exceptional Income / (Expense) (Refer Note No.17 (a))		<u>183,524,937</u>	<u>-</u>
<b>Net Profit / (Loss)</b>		<u>(56,702,481)</u>	<u>(211,947,650)</u>

As per our Report Annexed  
For **CNGSN & Associates**  
Chartered Accountants

**P.R. RAMASUBRAHMANEYA RAJHA**  
Chairman

**S.S. RAMACHANDRA RAJA**

**C.N. GANGADARAN**  
Partner

**P.R. VENKETRAMA RAJA**  
Vice Chairman, Managing Director & CEO

**N.K. SHRIKANTAN RAJA**

**M.M. VENKATACHALAM**

**V. JAGADISAN**

Place: Chennai  
Date : 23rd June, 2008

**SUBRAMANIAN NARAYAN**  
Company Secretary

**A.V. DHARMAKRISHNAN**  
Directors

# Ramco Systems Limited, INDIA

## SCHEDULES TO BALANCE SHEET FOR R&D AS AT 31ST MARCH, 2008

### Schedule 1 : Fixed Asset

Rs.

Asset Description	Gross Block				Depreciation Block				Net Block	
	As at 01.04.07	Additions	Withdrawals	As at 31.03.08	Up to 01.04.07	For the year	Withdrawals	Up to 31.03.08	As at 01.04.07	As at 31.03.08
Building	121,513,175	-	121,513,175	-	42,679,939	3,867,668	46,547,607	-	78,833,236	-
Plant & Machinery										
- EDP	244,525,251	2,309,396	130,444,781	116,389,866	216,072,401	6,904,912	117,580,080	105,397,233	28,452,850	10,992,633
- Software	40,210,246	22,850	-	40,233,096	35,962,706	1,719,782	-	37,682,488	4,247,540	2,550,608
- Others	3,531,073	-	3,531,073	-	3,531,073	-	3,531,073	-	-	-
Technology Platform	771,444,504	110,147,276	-	881,591,780	288,231,777	77,144,450	-	365,376,227	483,212,727	516,215,553
Product Software	847,873,099	225,743,342	-	1,073,616,441	172,548,435	84,787,310	-	257,335,745	675,324,664	816,280,696
Furniture										
- Furniture	54,368,620	-	54,368,620	-	36,298,869	3,154,064	39,452,933	-	18,069,751	-
- Office Equipment	7,146	-	-	7,146	5,145	339	-	5,484	2,001	1,662
Electrical Items	80,493,377	-	80,374,377	119,000	53,066,565	4,721,116	57,728,350	59,331	27,426,812	59,669
<b>Total</b>	<b>2,163,966,491</b>	<b>336,222,864</b>	<b>390,232,026</b>	<b>2,111,957,329</b>	<b>848,396,910</b>	<b>182,299,641</b>	<b>264,840,043</b>	<b>765,856,508</b>	<b>1,315,569,581</b>	<b>1,346,100,821</b>
Previous year	1,975,574,494	188,391,997	-	2,163,966,491	677,451,598	170,945,312	-	848,396,910	1,298,122,896	1,315,569,581

As at 31.03.2008

As at 31.03.2007

Rs.

Rs.

### Schedule 2 : Revenue Expenditure relating to Research

Transferred from Profit & Loss Account

(56,702,481)

(211,947,650)

Balance brought forward from previous year

(1,153,467,271)

(941,519,621)

(1,210,169,752)

(1,153,467,271)

## SCHEDULES TO PROFIT & LOSS ACCOUNT FOR R&D FOR THE YEAR ENDED 31ST MARCH, 2008

Year ended

Year ended

31.03.2008

31.03.2007

Rs.

Rs.

### Schedule 3 : Employee compensation & benefits

Salaries , Bonus, contributions etc.,

302,166,078

164,879,420

Staff welfare

2,392,759

2,234,864

Less: Product Research and Development Expenditure Capitalised

(302,166,078)

(164,879,420)

2,392,759

2,234,864

### Schedule 4: Administrative & other expenses

Communication Expenses

3,045,767

2,710,534

Power & Fuel

17,729,024

15,952,901

Rent

5,826,640

2,889,804

Travel & Conveyance

274,479

1,301,822

Consultancy charges

10,168,875

-

Loss on sale of fixed assets

608,951

-

Miscellaneous Expenses

1,937,775

960,135

Less: Product Research and Development Expenditure Capitalised

(33,724,539)

(18,842,705)

5,866,972

4,972,491

### Schedule 5: Calculation of Recurring R&D Expenditure

Loss before exceptional items

240,227,418

211,947,650

Add: Capitalised R&D Expenditure:

Employee Compensation & benefits

302,166,078

164,879,420

Administrative & other expenses

33,724,539

18,842,705

335,890,617

183,722,125

### Total Expenditure

576,118,035

395,669,775

Less:

Depreciation on Technology Platform and Product Software

161,931,760

143,559,548

Depreciation on other R&D fixed assets

20,367,881

27,385,764

182,299,641

170,945,312

Recurring R&D Expenditure

393,818,394

224,724,463

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**
**I. REGISTRATION DETAILS**

Registration No:  State Code   
 Balance Sheet Date  (Refer Code List)  
 Date Month Year

**II CAPITAL RAISED DURING THE YEAR (Amount in Rs.Thousands)**

Public Issue  Rights Issue   
 Bonus Issue  Private Placement   
 Others

**III POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in Rs. Thousands)**

Total Liabilities  Total Assets

**Sources of Funds**

Paid up Capital  Reserves & Surplus   
 Secured Loans  Unsecured Loans

**Application of Funds**

Net Fixed Assets  Investments   
 Net Current Assets  Miscellaneous Expenditure   
 Profit and Loss Account

**IV PERFORMANCE OF COMPANY (Amount in Rs. Thousands)**

Turnover and Other income  Total Expenditure   
 Loss before Tax and Exceptional items  Profit after Tax and  
 Earnings per share in Rs.  Exceptional items   
 Dividend Rate %

**V GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF COMPANY**

(as per monetary terms)

Item Code No.(ITC Code)   
 Product Description

**P.R. RAMASUBRAHMANEYA RAJHA**  
Chairman

**S.S. RAMACHANDRA RAJA**  
Director

**M.M. VENKATACHALAM**  
Director

**P.R. VENKETRAMA RAJA**  
Vice Chairman, Managing Director & CEO

**N.K. SHRIKANTAN RAJA**  
Director

**V. JAGADISAN**  
Director

Place: Chennai  
Date : 23rd June, 2008

**SUBRAMANIAN NARAYAN**  
Company Secretary

**A.V. DHARMAKRISHNAN**  
Director

# Ramco Systems Limited, INDIA

## STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956, RELATING TO SUBSIDIARIES

1	Name of the Subsidiary Company	Ramco Systems Corporation, USA	Ramco Systems Limited, Switzerland	Ramco Systems Sdn Bhd, Malaysia	Ramco Systems Pte Ltd, Singapore	RSL Enterprise Solutions (Pty) Ltd., South Africa	Ramco Systems Ausirailia Pty Ltd., Australia
2	Financial Year end of the Subsidiary Company	March 31, 2008	March 31, 2008	March 31, 2008	March 31, 2008	March 31, 2008	March 31, 2008
3	No of shares held in the Subsidiary Company as on the above date	192,729,550 Equity Shares of USD 0.0145 each	1,400,000 Equity Shares of CHF 1/- each	1,280,000 Equity Shares of RM 1/- each	725,000 Equity Shares of SGD 1/- each	100 Equity Shares of ZAR 1/- each	100,000 Equity Shares of AUD 1 each held by Ramco Systems Corporation, USA
4	Percentage of holding (Equity)	98%	100%	100%	100%	100%	98%
5	Percentage of holding ( Preference)	Nil	Nil	Nil	Nil	Nil	Nil
6	The net aggregate of Profit/(Losses) of the Subsidiary Company so far as they concern the members of the Company	Nil	Nil	RM 729,600	Nil	Nil	Nil
	a. Dealt with Accounts of the Company for the year ended 31 March 2008	(USD 2,181,122)	CHF 43,226	RM 366,580	(SGD 645,762)	(ZAR 1,989,618)	(AUD 162,019)
7	The net aggregate of Profit/(Losses) of the Subsidiary Company for the previous financial years since it became a subsidiary company so far as they concern the members of the Company	Nil	Nil	RM 1,664,000	Nil	Nil	Nil
	a. Dealt with Accounts of the Company for the year ended 31 March 2007	(USD 3,520,835)	(CHF 1,538,625)	(RM 130,462)	(SGD 201,547)	ZAR 8,000,000	Nil
	b. Not dealt with Accounts of the Company for the year ended 31 March 2007	N A	N A	N A	N A	N A	Nil
8	Change in the interest of the Company between the end of the financial year of the Subsidiary Company and the Company's Financial year ended 31 March 2008	N A	N A	N A	N A	N A	N A
9	Material changes between the end of the Financial Year of the Subsidiary Company and the Company's Financial year ended 31 March 2008	N A	N A	N A	N A	N A	N A

**P.R. RAMASUBRAHMANEYA RAJHA**  
Chairman

**S.S. RAMACHANDRA RAJA**  
Director

**M.M. VENKATACHALAM**  
Director

**P.R. VENKETRAMA RAJA**  
Vice Chairman, Managing Director & CEO

**N.K. SHRIKANTAN RAJA**  
Director

**V. JAGADISAN**  
Director

Place: Chennai  
Date : 23rd June, 2008

**SUBRAMANIAN NARAYAN**  
Company Secretary

**A.V. DHARMAKRISHNAN**  
Director



### INFORMATION WITH REGARD TO SUBSIDIARY COMPANIES

(Furnished as required by the letter no.F.No.47/155/2008-CL-III dated: 18th March, 2008 of the Ministry of Corporate Affairs, Government of India, exempting the full disclosure of financial statements of the Subsidiary Companies, under section 212(8) of the Companies Act, 1956)

Name of the Subsidiary	Year	Capital	Reserves	Total Assets	Total Liabilities	Investments	Turnover	Profit Before Tax	Provision for Tax	Profit After Tax	Proposed dividend	Exchange Rate used (Rs. per unit of foreign currency)	
												B/S	P&L
Ramco Systems Corporation, USA	2007-2008 2006-2007	105,740 105,740	(50,682) 50,763	110,680 161,899	110,680 161,899	3,453 -	763,101 1,043,450	(88,729) 10,430	- 1,599	(88,729) 8,831	- -	39.52 43.17	40.21 45.03
Ramco Systems Ltd., Switzerland	2007-2008 2006-2007	29,327 29,327	65,181 75,501	94,507 107,369	94,507 107,369	- -	204,752 206,426	(404) (6,887)	- -	(404) (6,887)	- -	39.52 35.39	34.50 36.30
Ramco Systems Sdn. Bhd, Malaysia	2007-2008 2006-2007	18,217 18,217	2,530 5,599	20,747 23,816	20,747 23,816	- -	45,878 52,983	4,068 5,322	- -	4,068 5,322	8,340 -	12.49 11.76	11.85 12.27
Ramco Systems Pte. Ltd., Singapore	2007-2008 2006-2007	18,616 18,616	(32,525) (12,875)	18,616 18,616	18,616 18,616	- -	103,379 134,772	(17,429) (33,402)	1,175 1,859	(18,604) (35,261)	- -	28.59 28.40	27.11 28.70
RSL Enterprise Solutions (Pty) Ltd., South Africa	2007-2008 2006-2007	1 1	18,554 33,519	18,555 33,520	18,555 33,520	3 3	242,924 276,411	(8,638) 42,000	(603) 9,891	(8,035) 32,109	- 46,640	4.76 5.80	5.56 6.32
Ramco Systems Australia Pty Ltd., Australia	2007-2008 2006-2007	3,453 NA	(6,174) NA	7,649 NA	7,649 NA	- NA	- NA	(5,901) NA	- NA	(5,901) NA	- NA	36.16 NA	35.50 NA
Ramco Infotech Solutions Ltd., India	2007-2008 2006-2007	NA 38,891	NA 44,253	NA 120,800	NA 120,800	NA -	NA 542,536	NA (3,933)	NA 1,720	NA (5,653)	NA -	NA NA	NA NA

**P.R. RAMASUBRAMANEYA RAJHA**  
Chairman

**S.S. RAMACHANDRA RAJA**  
Director

**M.M. VENKATACHALAM**  
Director

**P.R. VENKETRAMA RAJA**  
Vice Chairman, Managing Director & CEO

**N.K. SHRIKANTAN RAJA**  
Director

**V. JAGADISAN**  
Director

Place: Chennai  
Date : 23rd June, 2008

**SUBRAMANIAN NARAYAN**  
Company Secretary

**A.V. DHARMAKRISHNAN**  
Director

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**RAMCO SYSTEMS LIMITED**  
**GLOBAL CONSOLIDATED FINANCIAL STATEMENTS**  
**UNDER AS-21**

**SUBSIDIARIES**

1. Ramco Systems Corporation, USA
2. Ramco Systems Ltd., Switzerland
3. Ramco Systems Pte.Ltd., Singapore
4. Ramco Sytems Sdn.Bhd., Malaysia
5. RSL Enterprise Solutions (Pty) Ltd., South Africa
6. Ramco Systems Australia Pty Ltd., Australia

**AUDITORS**

**Messrs. CNGSN & ASSOCIATES**  
**Chartered Accountants, Chennai**

# Ramco Systems Limited, Global Consolidated (Under AS-21)

## AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF RAMCO SYSTEMS LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF RAMCO SYSTEMS LIMITED AND ITS SUBSIDIARIES

We have examined the attached Consolidated Balance Sheet of Ramco Systems Limited and its Subsidiaries as at 31st March 2008, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year then ended.

These financial statements are the responsibility of Ramco Systems Limited's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Generally Accepted Auditing Standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material aspects, in accordance with identified financial reporting framework and are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of certain subsidiaries, whose financial statements reflect total assets of Rs. 160,075,235/- as at 31st March 2008 and total revenues of Rs. 596,933,524/- for the year then ended. These financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of these subsidiaries, is based solely on the report of the other auditors.

We report that the consolidated financial statements have been prepared by the company in accordance with the requirements of Accounting Standard 21 – Consolidated Financial Statements and Accounting Standard 23 – Accounting for Investments in Associates in Consolidated Financial Statements issued by the Institute of Chartered Accountants of India, and on the basis of the separate audited financial statements of Ramco Systems Limited and its Subsidiaries in the Consolidated financial statements.

On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of Ramco Systems Limited and its aforesaid Subsidiaries, we are of the opinion that,

- a) the Consolidated Balance Sheet gives a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of Ramco Systems Limited and its Subsidiaries as at 31st March 2008.
- b) the Consolidated Profit and Loss Account gives a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated results of operation of Ramco Systems Limited and its Subsidiaries for the year then ended.
- c) the Consolidated Cash flow statement gives a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated cash flow of Ramco Systems Limited and its Subsidiaries for the year then ended.

**For CNGSN & ASSOCIATES**

Chartered Accountants

**C.N. GANGADARAN**

Partner

Membership.No.011205

Place: Chennai

Date: 23rd June, 2008

**CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2008**

	SCHEDULE	As at 31.03.2008		As at 31.03.2007	
		Rs.	USD	Rs.	USD
<b>I. SOURCES OF FUNDS</b>					
<b>1. Shareholders' Funds</b>					
a) Share Capital	I	153,933,750	3,527,920	153,918,750	3,527,537
b) Reserves & Surplus	II	1,942,982,246	47,864,813	1,963,576,555	45,066,456
		<u>2,096,915,996</u>	<u>51,392,733</u>	<u>2,117,495,305</u>	<u>48,593,993</u>
<b>2. Minority Interest</b>		1,054,907	30,293	3,399,413	88,602
<b>3. Loan Funds</b>					
a) Secured	III	421,785,371	10,672,707	684,806,396	15,863,016
b) Unsecured	IV	882,440,000	22,328,947	970,870,908	22,489,481
		<u>1,304,225,371</u>	<u>33,001,654</u>	<u>1,655,677,304</u>	<u>38,352,497</u>
<b>TOTAL</b>		<u>3,402,196,274</u>	<u>84,424,680</u>	<u>3,776,572,022</u>	<u>87,035,092</u>
<b>II. APPLICATION OF FUNDS</b>					
<b>1. Fixed Assets</b>					
Gross Block	V	3,684,815,368	93,239,255	3,777,365,101	87,499,771
Less : Depreciation		<u>1,037,355,107</u>	<u>26,248,865</u>	<u>1,113,461,494</u>	<u>25,792,483</u>
Net Block		<u>2,647,460,261</u>	<u>66,990,390</u>	<u>2,663,903,607</u>	<u>61,707,288</u>
<b>2. Investments</b>	VI	5,797,738	146,704	6,509,036	150,777
<b>3. Deferred Tax Asset</b>		1,444,921	36,562	-	-
<b>4. Current Assets, Loans &amp; Advances</b>					
a) Inventories	VII	1,871,703	47,361	21,751,756	503,863
b) Sundry Debtors	VIII	496,336,213	12,559,116	800,261,086	18,537,436
c) Cash & Bank Balances	IX	165,848,434	4,196,570	168,124,781	3,894,481
d) Loans & Advances	X	194,863,309	4,930,752	129,963,423	3,010,503
e) Other Current Assets	XI	68,052,066	1,721,965	50,760,202	1,175,821
		<u>926,971,725</u>	<u>23,455,764</u>	<u>1,170,861,248</u>	<u>27,122,104</u>
<b>Less: Current Liabilities and Provisions</b>					
a) Current Liabilities	XII	587,453,671	14,864,719	608,728,306	14,100,725
b) Provisions	XIII	83,815,155	2,120,829	54,218,151	1,255,922
		<u>671,268,826</u>	<u>16,985,548</u>	<u>662,946,457</u>	<u>15,356,647</u>
<b>Net Current Assets</b>		<u>255,702,899</u>	<u>6,470,216</u>	<u>507,914,791</u>	<u>11,765,457</u>
<b>5. Miscellaneous Expenditure</b> (to the extent not written off / adjusted)	XIV	4,084,772	103,360	-	-
<b>6. Profit &amp; Loss Account</b>	XV	487,705,683	10,677,448	598,244,588	13,411,570
<b>TOTAL</b>		<u>3,402,196,274</u>	<u>84,424,680</u>	<u>3,776,572,022</u>	<u>87,035,092</u>
Significant Accounting Policies and Notes on Accounts	XXII				
Schedules, Accounting Policies and Notes form an integral part of the accounts					
As per our Report Annexed For <b>CNGSN &amp; Associates</b> Chartered Accountants	<b>P.R. RAMASUBRAHMANEYA RAJHA</b> Chairman			<b>S.S. RAMACHANDRA RAJA</b>	
				<b>N.K. SHRIKANTAN RAJA</b>	
<b>C.N. GANGADARAN</b> Partner	<b>P.R. VENKETRAMA RAJA</b> Vice Chairman, Managing Director & CEO			<b>M.M. VENKATACHALAM</b>	
				<b>V. JAGADISAN</b>	
Place: Chennai Date : 23rd June, 2008	<b>SUBRAMANIAN NARAYAN</b> Company Secretary			<b>A.V. DHARMAKRISHNAN</b> Directors	

# Ramco Systems Limited, Global Consolidated (Under AS-21)

## CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

	SCHEDULE	Year ended 31.03.2008		Year ended 31.03.2007	
		Rs.	USD	Rs.	USD
<b>INCOME</b>					
Sales	XVI	1,953,180,048	48,576,781	2,667,032,004	59,233,944
Other Income	XVII	83,792,153	2,083,962	53,155,904	1,180,576
		<u>2,036,972,201</u>	<u>50,660,743</u>	<u>2,720,187,908</u>	<u>60,414,520</u>
<b>EXPENDITURE</b>					
Cost of Resale Material		66,764,263	1,660,468	430,203,086	9,554,676
Employee Compensation & Benefits	XVIII	1,368,373,732	34,032,290	1,613,994,250	35,846,306
Sales & Marketing Expenses	XIX	133,751,065	3,326,471	109,607,322	2,434,344
Administrative & Other Expenses	XX	538,653,394	13,396,639	570,063,813	12,660,938
		<u>2,107,542,454</u>	<u>52,415,868</u>	<u>2,723,868,471</u>	<u>60,496,264</u>
<b>Profit/(Loss) before Interest, Depreciation, Exceptional Items &amp; Tax</b>		<b>(70,570,253)</b>	<b>(1,755,125)</b>	<b>(3,680,563)</b>	<b>(81,744)</b>
Interest & Finance Charges	XXI	181,510,323	4,514,273	129,824,423	2,883,360
<b>Profit/(Loss) before Depreciation, Exceptional Items &amp; Tax</b>		<b>(252,080,576)</b>	<b>(6,269,398)</b>	<b>(133,504,986)</b>	<b>(2,965,104)</b>
Depreciation					
- On Technology Platform & Product Software		161,931,760	4,027,342	143,559,548	3,188,412
- On other fixed assets		79,536,535	1,978,122	79,780,666	1,771,904
		<u>241,468,295</u>	<u>6,005,464</u>	<u>223,340,214</u>	<u>4,960,316</u>
<b>Profit/(Loss) before Exceptional Items &amp; Tax</b>		<b>(493,548,871)</b>	<b>(12,274,862)</b>	<b>(356,845,200)</b>	<b>(7,925,420)</b>
Exceptional Income / (Expense) (Refer Note No.12(a))		603,344,073	15,005,536	-	-
<b>Profit/(Loss) before Tax</b>		<b>109,795,202</b>	<b>2,730,674</b>	<b>(356,845,200)</b>	<b>(7,925,420)</b>
Provision for Taxation					
Current Taxation		(1,174,760)	(29,217)	(13,349,267)	(296,483)
Deferred Taxation (Refer Note No.4)		603,227	15,003	-	-
Fringe Benefit Tax		(5,878,710)	(146,207)	(6,520,071)	(144,809)
Minority Interest		2,344,506	58,309	(166,424)	(3,696)
Equity in Earnings /(Losses) of Affiliates		(806,281)	(20,053)	36,080	801
<b>Profit/(Loss) after Tax</b>		<b>104,883,184</b>	<b>2,608,509</b>	<b>(376,844,882)</b>	<b>(8,369,607)</b>
Balance in Profit & Loss Account brought forward from previous year		(597,177,843)	(13,387,504)	(214,826,394)	(4,895,598)
Dividend tax on Dividend declaration by subsidiary		-	-	(5,506,567)	(122,299)
<b>Balance in Profit &amp; Loss Account</b>		<b>(492,294,659)</b>	<b>(10,778,995)</b>	<b>(597,177,843)</b>	<b>(13,387,504)</b>
Earnings Per Share - Basic & Diluted (Face value of Shares @ Rs.10/- each)		6.83	0.17	(24.54)	(0.55)

Significant Accounting Policies and Notes on Accounts **XXII**

Schedules, Accounting Policies and Notes form an integral part of the accounts

As per our Report Annexed For **CNGSN & Associates** Chartered Accountants

**P.R. RAMASUBRAHMANEYA RAJHA**  
Chairman

**S.S. RAMACHANDRA RAJA**

**N.K. SHRIKANTAN RAJA**

**C.N. GANGADARAN**  
Partner

**P.R. VENKETRAMA RAJA**  
Vice Chairman, Managing Director & CEO

**M.M. VENKATACHALAM**

**V. JAGADISAN**

Place: Chennai  
Date : 23rd June, 2008

**SUBRAMANIAN NARAYAN**  
Company Secretary

**A.V. DHARMAKRISHNAN**  
Directors

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2008**

	Year ended 31.03.2008 Rs.	Year ended 31.03.2008 USD	Year ended 31.03.2007 Rs.	Year ended 31.03.2007 USD
<b>A. Cash Flow From Operating Activities</b>				
<b>Net Profit / (Loss) before tax &amp; exceptional items</b>	<b>(493,548,871)</b>	<b>(12,274,862)</b>	<b>(356,845,200)</b>	<b>(7,925,420)</b>
<b>Adjustments for:</b>				
Depreciation	241,468,295	6,005,464	223,340,214	4,960,316
Preliminary expenses written off	1,002,647	24,936	32,000	710
Interest & Finance Charges	181,510,323	4,514,273	129,824,423	2,883,360
Unrealised foreign exchange fluctuation (gain) / loss (Profit)/Loss on sale of fixed assets (other than those mentioned in Note No.12(a)) - Net	(3,586,673)	(89,203)	(7,653,623)	(169,985)
Interest income	247,266	6,150	(272,780)	(6,058)
Dividend income	(3,571,691)	(88,830)	(7,768,549)	(172,537)
	(95,607)	(2,378)	(1,972,675)	(43,812)
<b>Operating Profit before Working Capital Changes</b>	<b>(76,574,311)</b>	<b>(1,904,450)</b>	<b>(21,316,190)</b>	<b>(473,426)</b>
<b>Working Capital Changes:</b>				
(Increase) / Decrease in Trade and Other receivables	(7,450,746)	(4,125,656)	78,845,378	516,209
(Increase) / Decrease in Inventories	(1,773,366)	(45,083)	(901,287)	(34,786)
(Increase) / Decrease in Other current assets [other than Cash and Bank]	(20,683,808)	(624,716)	(17,717,327)	(432,449)
Increase / (Decrease) in Current liabilities and Provisions	155,563,419	5,038,701	28,952,025	1,095,028
<b>Cash generated from operations</b>	<b>49,081,188</b>	<b>(1,661,204)</b>	<b>67,862,599</b>	<b>670,576</b>
Tax paid (including Dividend Distribution Tax)	(17,094,894)	(418,046)	(20,253,606)	(449,826)
<b>Cash Flow before exceptional items</b>	<b>31,986,294</b>	<b>(2,079,250)</b>	<b>47,608,993</b>	<b>220,750</b>
Provision for liabilities under Contracts	(47,462,002)	(1,180,409)	-	-
Overseas withholding tax	(16,219,104)	(403,379)	-	-
<b>Net Cash (used in) / generated from operating activities</b>	<b>(31,694,812)</b>	<b>(3,663,038)</b>	<b>47,608,993</b>	<b>220,750</b>
<b>B. Cash Flow from Investing Activities:</b>				
Purchase of Fixed assets - for R&D activities	(2,332,246)	(59,014)	(4,669,872)	(108,174)
Purchase of Fixed assets - for Others	(105,983,570)	(2,681,770)	(70,297,683)	(1,628,392)
Investment in R&D activities	(335,890,618)	(8,499,256)	(183,722,125)	(4,255,782)
Balance proceeds from divestment of subsidiary Ramco Infotech Solutions Ltd.	70,000,000	1,740,943	-	-
Net Investment in Companies / Mutual Funds	711,298	4,073	13,954,151	310,506
Proceeds from Sale of fixed assets mentioned in Note No.12(a)	900,001,000	22,476,320	-	-
Proceeds from Sale of other fixed assets	4,249,086	115,186	2,975,073	68,653
Interest income	3,571,691	88,830	7,768,548	172,537
Dividend income	95,607	2,378	1,972,675	43,812
Equity in Earnings / (Losses) of Affiliates	(806,281)	(20,053)	36,080	801
Miscellaneous Expenditure	(5,087,419)	(128,296)	-	-
<b>Net cash (used in) / generated from Investing Activities</b>	<b>528,528,548</b>	<b>13,039,341</b>	<b>(231,983,153)</b>	<b>(5,396,039)</b>
<b>C. Cash Flow from Financing Activities</b>				
Proceeds from Issue of Share Capital	265,500	6,771	2,500	50
Proceeds from secured borrowings	250,895,000	6,348,558	75,011,893	1,809,356
Proceeds from unsecured borrowings	1,312,500,000	33,211,033	610,424,658	14,140,019
Repayment of secured borrowings	(483,916,025)	(10,843,940)	(3,687,891)	252,036
Repayment of unsecured borrowings	(1,400,930,908)	(33,371,566)	(500,535,090)	(11,020,198)
Interest & Finance Charges	(181,510,323)	(4,514,273)	(129,824,423)	(2,883,360)
<b>Net cash (used in) / generated from financing activities</b>	<b>(502,696,756)</b>	<b>(9,163,417)</b>	<b>51,391,647</b>	<b>2,297,903</b>
<b>Net Increase / (Decrease) in cash and cash equivalents (A+B+C)</b>	<b>(5,863,020)</b>	<b>212,886</b>	<b>(132,982,513)</b>	<b>(2,877,386)</b>
<b>Cash and Cash equivalents at the beginning of the year</b>	<b>168,124,781</b>	<b>3,894,481</b>	<b>293,453,671</b>	<b>6,601,882</b>
Effect of Unrealised foreign exchange fluctuation gain / (loss)	3,586,673	89,203	7,653,623	169,985
<b>Cash and Cash equivalents at the end of the year</b>	<b>165,848,434</b>	<b>4,196,570</b>	<b>168,124,781</b>	<b>3,894,481</b>

As per our Report Annexed  
For **CNGSN & Associates**  
Chartered Accountants

**P.R. RAMASUBRAHMANEYA RAJHA**  
Chairman

**S.S. RAMACHANDRA RAJA**

**N.K. SHRIKANTAN RAJA**

**C.N. GANGADARAN**  
Partner

**P.R. VENKETRAMA RAJA**  
Vice Chairman, Managing Director & CEO

**M.M. VENKATACHALAM**

**V. JAGADISAN**

Place: Chennai  
Date: 23rd June, 2008

**SUBRAMANIAN NARAYAN**  
Company Secretary

**A.V. DHARMAKRISHNAN**  
Directors

# Ramco Systems Limited, Global Consolidated (Under AS-21)

## SCHEDULES TO CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2008

	As at 31.03.2008		As at 31.03.2007	
	Rs.	USD	Rs.	USD
<b>Schedule I</b>				
<b>Share Capital</b>				
<b>Authorised Share Capital</b>				
30,000,000 equity Shares of Rs.10/- each (Previous year 30,000,000 of Rs.10/- each)	<u>300,000,000</u>		<u>300,000,000</u>	
<b>Issued Share Capital</b>				
15,707,164 equity shares of Rs.10/- each (Previous year 15,705,664 of Rs.10/- each)	<u>157,071,640</u>	<u>3,601,260</u>	<u>157,056,640</u>	<u>3,600,872</u>
<b>Subscribed Share Capital</b>				
15,707,164 equity shares of Rs.10/- each (Previous year 15,705,664 of Rs.10/- each)	<u>157,071,640</u>	<u>3,601,260</u>	<u>157,056,640</u>	<u>3,600,872</u>
<b>Paid up Share Capital</b>				
15,357,986 (Previous year 15,356,486) Equity shares of Rs.10/- each fully paid up	<u>153,579,860</u>	<u>3,519,652</u>	<u>153,564,860</u>	<u>3,519,269</u>
Add: Forfeited Shares	<u>353,890</u>	<u>8,268</u>	<u>353,890</u>	<u>8,268</u>
	<u>153,933,750</u>	<u>3,527,920</u>	<u>153,918,750</u>	<u>3,527,537</u>
Of the above				
4,333,153 equity shares of face value Rs.10/- each have been allotted to the shareholders of Ramco Industries Limited credited as fully paid up pursuant to the approval of the scheme of arrangement (Demerger) for the transfer of software business undertaking of Ramco Industries Limited with Ramco Systems Limited by the Honorable High Court of Madras, vide order dated 24th December, 1999.				
2,376,719 equity shares, have been allotted to Ramco Industries Limited as fully paid up shares of face value of Rs.10/- each at a premium of Rs.293/- per share pursuant to a contract for the transfer of its entire investment in the overseas Subsidiary Companies without payment being received in cash. The above allotment has been duly approved by the shareholders of the company in the EGM held on 10th November 1999 and by the Reserve Bank of India.				
<b>Schedule II</b>				
<b>Reserves &amp; Surplus</b>				
Share Premium (Refer Note No.6)	<u>1,942,746,246</u>	<u>44,951,173</u>	<u>1,942,495,746</u>	<u>44,944,784</u>
Translation Reserve Account (Refer Accounting Policy No III)	<u>236,000</u>	<u>2,913,640</u>	<u>21,080,809</u>	<u>121,672</u>
	<u>1,942,982,246</u>	<u>47,864,813</u>	<u>1,963,576,555</u>	<u>45,066,456</u>
<b>Schedule III</b>				
<b>Secured Loans</b>				
a) Bank Borrowings	<u>169,974,541</u>	<u>4,300,975</u>	<u>180,364,043</u>	<u>4,177,995</u>
b) Term Loan from Banks	<u>250,000,000</u>	<u>6,325,911</u>	<u>502,229,452</u>	<u>11,633,761</u>
c) Hire Purchase Loans (For security details, refer Note No.2)	<u>1,810,830</u>	<u>45,821</u>	<u>2,212,901</u>	<u>51,260</u>
	<u>421,785,371</u>	<u>10,672,707</u>	<u>684,806,396</u>	<u>15,863,016</u>
<b>Schedule IV</b>				
<b>Unsecured Loans</b>				
From Banks	-	-	<u>515,474,658</u>	<u>11,940,576</u>
Others (For security details, refer Note No.2)	<u>882,440,000</u>	<u>22,328,947</u>	<u>455,396,250</u>	<u>10,548,905</u>
	<u>882,440,000</u>	<u>22,328,947</u>	<u>970,870,908</u>	<u>22,489,481</u>



Schedule V - Fixed Assets

Asset Description	Gross Block						Depreciation Block						Net Block			
	As at 01.04.2007		As at 31.03.2008		As at 01.04.2007		As at 31.03.2008		As at 01.04.2007		As at 31.03.2008		As at 01.04.2007		As at 31.03.2008	
	Rs.	USD	Rs.	USD	Rs.	USD	Rs.	USD	Rs.	USD	Rs.	USD	Rs.	USD	Rs.	USD
Goodwill	994,508,931	23,037,041	-	-	994,508,931	25,164,703	-	-	-	-	-	-	994,508,931	23,037,041	994,508,931	25,164,703
Land	117,819,801	2,729,201	-	872,292	83,346,626	2,108,973	-	-	-	-	-	-	117,819,801	2,729,201	83,346,626	2,108,973
Building	167,069,726	3,870,042	5,051,310	485,247	5,068,209	128,244	167,069,827	4,227,045	56,947,933	1,319,155	263,156	61,490,473	1,042,563	26,380	4,025,646	101,864
Plant & Machinery	386,740,308	9,190,184	48,061,619	2,064,924	304,177,822	7,696,806	140,624,105	3,558,302	28,310,644	7,117,887	1,373,764	130,248,807	205,341,222	5,195,882	96,836,600	2,500,924
- EDP	198,327,701	4,594,108	28,630,223	1,148,753	226,957,324	5,742,861	-	-	16,203,198	2,916,348	723,956	-	144,101,932	3,646,304	82,835,992	2,086,557
- Software	39,019,422	903,855	-	83,479	7,203,882	182,285	31,815,540	805,049	1,519,926	588,652	92,826	20,207,827	6,724,218	170,146	479,864	12,139
- Others	771,444,504	17,869,921	110,147,276	4,437,563	881,591,780	22,307,484	-	-	77,144,450	6,676,670	2,568,681	-	365,376,226	9,245,351	516,215,554	13,062,133
Technology Platform	847,873,998	19,640,332	225,743,342	7,526,077	1,073,616,440	27,166,409	-	-	172,548,435	3,996,952	2,514,580	-	257,335,745	6,511,532	816,280,695	20,654,877
Product Software	112,758,043	2,611,954	21,455,328	784,134	57,245,377	1,448,517	76,967,994	1,947,571	71,050,383	1,645,928	20,071,434	52,849,271	38,272,546	968,435	18,972,831	480,082
Furniture	24,357,858	584,231	413,138	62,565	8,090,872	204,728	16,880,124	422,068	1,243,258	334,460	62,350	8,886,360	6,795,531	171,953	1,295,341	32,775
- Furniture	100,432,469	2,326,441	10,256,692	474,397	35,849,527	907,123	74,839,634	1,893,715	49,964,194	1,157,382	7,270,571	290,866	10,128,885	256,298	25,720,632	650,825
- Office Equipments	7,013,440	162,461	866,160	36,921	7,157,978	181,122	721,622	18,260	1,680,112	39,149	725,035	21,962	2,236,229	56,594	4,921,749	124,538
Electrical Items	3,777,365,101	87,499,771	450,625,088	19,483,786	3,684,815,368	93,239,255	543,174,821	13,744,302	1,113,461,494	25,792,483	244,861,129	320,967,516	1,037,355,107	26,248,865	2,647,460,261	66,990,390
Vehicles	3,523,226,975	79,262,69	257,661,382	8,318,685	3,777,365,101	87,499,771	3,523,255	81,613	891,702,399	20,060,796	229,580,058	820,963	1,113,461,484	25,792,483	2,663,903,607	61,707,288
Total	3,777,365,101	87,499,771	450,625,088	19,483,786	3,684,815,368	93,239,255	543,174,821	13,744,302	1,113,461,494	25,792,483	244,861,129	320,967,516	1,037,355,107	26,248,865	2,647,460,261	66,990,390
Previous year	3,523,226,975	79,262,69	257,661,382	8,318,685	3,777,365,101	87,499,771	3,523,255	81,613	891,702,399	20,060,796	229,580,058	820,963	1,113,461,484	25,792,483	2,663,903,607	61,707,288

Notes: 1. Gross Block includes assets purchased under Hire Purchase Rs.6,461,761/- (USD 163,506) (Previous year Rs.5,995,601(USD 129,618)).

2. Additions in Gross Block and Depreciation Block include the following on account of Reserve Adjustment:

Gross Block Rs.6,418,655 USD 8,243,745 (Previous Year - (Rs.1,028,299) USD 2,236,338)

Depreciation Block Rs.3,392,834 USD 2,572,565 (Previous Year - (Rs.760,156) USD 790,389)

# Ramco Systems Limited, Global Consolidated (Under AS-21)

## SCHEDULES TO CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2008

### Schedule VI Investments

	As at 31.03.2008		As at 31.03.2007	
	Rs.	USD	Rs.	USD
<b>Trade-Unquoted (Long Term)</b>				
300 shares of face value ZAR 1 each in Redlex 47 (Pty) Limited, South Africa	5,667,937	143,420	6,474,842	149,985
<b>Non-Trade -Unquoted ( Short Term)</b>				
Investments In Mutual Funds (129.774 units (Previous Year 34.191 units) purchased under Standard Chartered Liquidity Manager Plus - Daily Dividend Plan)	129,801	3,284	34,194	792
	<u>5,797,738</u>	<u>146,704</u>	<u>6,509,036</u>	<u>150,777</u>

### Schedule VII Inventories

Resale Hardware & Software Materials (Valued at Cost or Net realisable value whichever is lower and as certified by management)	1,871,703	47,361	21,751,756	503,863
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### Schedule VIII Sundry Debtors (Unsecured)

a) Debts Outstanding for period exceeding six months	105,225,897	2,662,599	127,038,436	2,942,749
Less: Provision for Bad & Doubtful Debts	(5,652,675)	(143,033)	(13,138,169)	(304,336)
	<u>99,573,222</u>	<u>2,519,566</u>	<u>113,900,267</u>	<u>2,638,413</u>
b) Other debts considered good	396,762,991	10,039,550	686,360,819	15,899,023
	<u>496,336,213</u>	<u>12,559,116</u>	<u>800,261,086</u>	<u>18,537,436</u>

### Schedule IX Cash and Bank Balances

Cash on hand	430,499	10,893	516,447	11,963
Balances with Scheduled Banks in				
a) Current Accounts	53,114,366	1,343,987	74,582,201	1,727,640
b) Deposit Accounts	825,939	20,899	3,552,259	82,285
Balances with Other Banks in Current Account				
Bank of America , USA	48,221,004	1,220,167	36,853,832	853,691
Commerce Bank, USA	3,221,388	81,513	4,621,498	107,053
CIBC, Canada	141,654	3,584	-	-
UBS AG,Switzerland	10,422,351	263,724	3,523,886	81,628
Credit Suisse, Switzerland	58,186	1,472	388,493	8,999
ABN Amro Bank, Singapore	12,228,103	309,416	6,920,081	160,298
Bumiputra Commerce Bank Berhad, Malaysia	8,488,694	214,795	11,726,947	271,646
ABN Amro Bank Berhad, Malaysia	11,630,104	294,284	7,804,871	180,794
Bank of Baroda, South Africa	15,377,361	389,103	12,671,436	293,524
The Standard Bank, South Africa	1,688,785	42,733	4,962,830	114,960
	<u>165,848,434</u>	<u>4,196,570</u>	<u>168,124,781</u>	<u>3,894,481</u>

**SCHEDULES TO CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2008**

	As at 31.03.2008		As at 31.03.2007	
	Rs.	USD	Rs.	USD
<b>Schedule X</b>				
<b>Loans and Advances</b>				
(Unsecured, Considered Good)				
Advance recoverable in Cash or kind or for value to be received	1,23,768,504	3,131,794	88,250,965	2,044,266
Tax deducted at Source	39,772,332	1,006,385	28,300,317	655,555
Deposits with Government Departments and Others	27,169,868	687,497	11,686,021	270,698
Advance Tax	4,152,605	105,076	1,726,120	39,984
(Unsecured, Considered doubtful )				
Advance recoverable in Cash or kind or for value to be received	567,211	14,353	1,113,408	25,791
Less: Provision for doubtful advances	(567,211)	(14,353)	(1,113,408)	(25,791)
	<u>194,863,309</u>	<u>4,930,752</u>	<u>129,963,423</u>	<u>3,010,503</u>
<b>Schedule XI</b>				
<b>Other Current Assets</b>				
Prepaid expenses	39,243,862	993,013	22,080,244	511,471
Interest Accrued	42,866	1,084	205,562	4,762
Software Work in Progress	28,765,338	727,868	28,474,396	659,588
	<u>68,052,066</u>	<u>1,721,965</u>	<u>50,760,202</u>	<u>1,175,821</u>
<b>Schedule XII</b>				
<b>Current Liabilities</b>				
For Purchases	76,434,693	1,934,076	183,854,075	4,258,839
For Expenses	452,753,992	11,456,326	419,449,409	9,716,224
Interest accrued but not due on loans	58,264,986	1,474,317	5,424,822	125,662
	<u>587,453,671</u>	<u>14,864,719</u>	<u>608,728,306</u>	<u>14,100,725</u>
<b>Schedule XIII</b>				
<b>Provisions</b>				
Provision for Taxation	432,780	10,951	7,236,507	167,628
Provision for staff benefit schemes	83,382,375	2,109,878	46,981,644	1,088,294
	<u>83,815,155</u>	<u>2,120,829</u>	<u>54,218,151</u>	<u>1,255,922</u>
<b>Schedule XIV</b>				
<b>Miscellaneous Expenditure</b>				
Preliminary Expenses	4,084,772	103,360	-	-
<b>Schedule XV</b>				
<b>Profit &amp; Loss Account</b>				
Balance brought forward from Profit & Loss account	492,294,659	10,778,995	597,177,843	13,387,504
Adjustment for divestment of Subsidiary, Ramco Infotech Solutions Limited	(5,655,721)	(125,613)	-	-
Adjustment for divestment of Associate, Triamun Ramco Health Care Systems Limited	1,066,745	24,066	1,066,745	24,066
	<u>487,705,683</u>	<u>10,677,448</u>	<u>598,244,588</u>	<u>13,411,570</u>

# Ramco Systems Limited, Global Consolidated (Under AS-21)

## SCHEDULES TO CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

	Year Ended 31.03.2008		Year Ended 31.03.2007	
	Rs.	USD	Rs.	USD
<b>Schedule XVI</b>				
<b>Sales</b>				
Software Revenues (Licensing & Services)	1,854,986,336	46,134,643	2,135,237,362	47,422,952
Value Added Resale Software & Hardware Materials	98,193,712	2,442,138	491,477,576	10,915,563
Others	-	-	40,317,066	895,429
	<u>1,953,180,048</u>	<u>48,576,781</u>	<u>2,667,032,004</u>	<u>59,233,944</u>
<b>Schedule XVII</b>				
<b>Other Income</b>				
Dividend from Mutual Fund units	95,607	2,378	1,972,675	43,813
Interest Income	3,571,691	88,830	7,768,549	172,537
Profit on sale of fixed assets	2,317,368	57,634	1,085,071	24,099
Miscellaneous Income	77,807,487	1,935,120	42,329,609	940,127
	<u>83,792,153</u>	<u>2,083,962</u>	<u>53,155,904</u>	<u>1,180,576</u>
<b>Schedule XVIII</b>				
<b>Employee Compensation &amp; Benefits</b>				
Salaries, Bonus etc.	1,119,597,694	27,845,078	1,354,794,505	30,089,561
Gratuity & Superannuation	84,468,100	2,100,773	71,198,338	1,581,293
Provident Fund & others	32,980,356	820,242	26,824,509	595,764
Staff Welfare	131,327,582	3,266,197	161,176,898	3,579,688
	<u>1,368,373,732</u>	<u>34,032,290</u>	<u>1,613,994,250</u>	<u>35,846,306</u>
<b>Schedule XIX</b>				
<b>Sales &amp; Marketing Expenses</b>				
Advertisement & Sales Promotion	133,707,392	3,325,385	107,264,127	2,382,303
Handling, Packing & Forwarding and Others	43,673	1,086	2,343,195	52,041
	<u>133,751,065</u>	<u>3,326,471</u>	<u>109,607,322</u>	<u>2,434,344</u>
<b>Schedule XX</b>				
<b>Administrative &amp; Other Expenses</b>				
Consultancy Charges	41,335,378	1,028,036	64,618,289	1,435,152
Bank Charges	3,863,446	96,086	5,329,022	118,356
Insurance	9,545,120	237,393	9,216,312	204,691
Loss on sale of fixed assets	2,564,634	63,784	812,291	18,040
Communication Expenses	36,973,133	919,544	39,353,902	874,038
Power & Fuel	12,458,142	309,842	15,975,590	354,813
Printing & Stationery	6,248,497	155,404	7,568,773	168,100
Rates & Taxes	6,591,219	163,928	8,830,509	196,123
Rent	79,991,756	1,989,444	89,244,812	1,982,099
Repairs - Buildings	6,838,713	170,083	4,447,457	98,777
Repairs - Plant & Machinery	3,672,069	91,327	13,829,378	307,146
Repairs - Others	24,198,304	601,827	8,497,103	188,718
Travel & Conveyance	218,213,493	5,427,103	227,548,444	5,053,780
Bad Debts Written off	19,112,854	475,348	28,664,020	636,619
Provision for Doubtful Debts	12,013,657	298,787	(4,152,335)	(92,222)
Provision for Doubtful advances	-	-	546,197	12,131
Foreign Exchange Fluctuation	12,970,098	322,574	5,604,814	124,481
Miscellaneous Expenses	42,062,881	1,046,129	44,129,235	980,096
	<u>538,653,394</u>	<u>13,396,639</u>	<u>570,063,813</u>	<u>12,660,938</u>
<b>Schedule XXI</b>				
<b>Interest &amp; Finance Charges</b>				
Fixed Loans	-	-	1,291,709	28,688
Hire Purchase & Finance Charges	1,143,213	28,433	591,782	13,144
Others	180,367,110	4,485,840	127,940,932	2,841,528
	<u>181,510,323</u>	<u>4,514,273</u>	<u>129,824,423</u>	<u>2,883,360</u>

**Schedule XXII**

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS TO CONSOLIDATED FINANCIAL STATEMENTS OF RAMCO SYSTEMS LIMITED, INDIA AND ITS SUBSIDIARIES:**

**SIGNIFICANT ACCOUNTING POLICIES:**

**I. BASIS OF PREPARATION OF FINANCIAL STATEMENTS :**

The financial statements are prepared under the historical cost convention and the accounts are prepared in accordance with the Generally Accepted Accounting Principles, the mandatory Accounting Standards issued by The Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956 as adopted consistently by the Company.

**II. PRINCIPLES OF CONSOLIDATION :**

The consolidated financial statements have been prepared on the following basis:

The Financial Statements of Subsidiaries have been combined on a line by line basis by adding together the book values of like item of assets, liabilities, income and expenditure after eliminating intra-group balances and intra-group transactions resulting in unrealized profits or losses. The Financial Statement of the affiliate has been consolidated using the Equity Method as prescribed by Accounting Standard 23 issued by The Institute of Chartered Accountants of India.

The consolidated financial statements are prepared by adopting uniform accounting policies for like transactions or other events in similar circumstances and are presented to the extent possible, in the same manner as the Parent Company's financial statements.

**III. TRANSLATION TO INDIAN RUPEES :**

The functional currency of the Parent Company is Indian Rupee. The functional currencies of the subsidiaries are their respective local currencies. Their accounts are converted from their local currency to Indian Rupees in the following manner:

All income and expense items are translated at the moving average rate of exchange applicable for the year. All monetary and non-monetary assets and liabilities are translated at the closing rate as on Balance Sheet date. The equity share capital is stated at the exchange rate at the date of investment. The exchange difference arising out of the year end translation is debited or credited to Translation Reserve account and is being classified under Reserves and Surplus Account.

**IV. OTHER SIGNIFICANT ACCOUNTING POLICIES:**

These are set out in the notes to accounts under "Significant Accounting Policies" of the financial statements of Ramco Systems Limited, India.

**NOTES ON ACCOUNTS:**

The Consolidated Financial Statements cover Ramco Systems Limited, India (the Parent company), its Subsidiaries and Affiliate as given below:

S.No.	Name	Country	% holding	Year ending on
<b>Subsidiaries</b>				
1	Ramco Systems Corporation	USA	98%	31st March
2	Ramco Systems Limited	Switzerland	100%	31st March
3	Ramco Systems Sdn. Bhd.	Malaysia	100%	31st March
4	Ramco Systems Pte. Limited	Singapore	100%	31st March
5	RSL Enterprise Solutions (Pty) Limited	South Africa	100%	31st March
6	Ramco Systems Australia Pty Limited	Australia	98%	31st March
<b>Affiliate</b>				
1	Redlex 47 (Pty) Limited	South Africa	30%	29th February

Notes: 1. Ramco Infotech Solutions Limited has ceased to be a subsidiary during the year. (Refer Note No. 9)

2. Ramco Systems Australia Pty Limited has become 100% subsidiary of Ramco Systems Corporation, USA on 4th December 2007.

# Ramco Systems Limited, Global Consolidated (Under AS-21)

## 1. Contingent Liabilities

Particulars	As at 31.03.2008 (Rs. in thousands)	As at 31.03.2008 (USD million)	As at 31.03.2007 (Rs. in thousands)	As at 31.03.2007 (USD million)
(a) Estimated amount of contracts remaining to be executed on capital account	16,698	0.42	17,678	0.41
(b) Bank Guarantees	6,451	0.16	29,450	0.68
(c) Letters of Credit	Nil	Nil	26,893	0.62
(d) Corporate guarantee furnished by the Company to Axis Bank Ltd., for Ramco Infotech Solutions Ltd., to support its credit facilities	Nil	Nil	130,000	3.01

Note : The Company is engaged in development of software products, which are marketed by the Company and its overseas subsidiaries. The intellectual property rights are held by the Company. There are in-built warranties for performance and support. Claims which may arise out of these are not quantifiable and hence not provided for.

## 2. Secured and Unsecured Loans

### Ramco Systems Limited, India

Borrowings from the banks for working capital amounting to Rs.47,475 thousands (USD 1.20 million) (Previous year Rs.30,000 thousands (USD 0.69 million)) are secured by a pari-passu first charge on current assets including stocks and book debts and by a pari-passu second charge on the fixed assets of the Company except assets given as exclusive charge and assets acquired on hire purchase or lease.

Balance borrowings from the banks for working capital amounting to Rs.122,500 thousands (USD 3.10 million) (Previous year Rs.120,364 thousands (USD 2.79 million)) are secured by a pari-passu second charge on current assets including stocks and book debts and by a pari-passu second charge on the fixed assets of the Company except assets given as exclusive charge and assets acquired on hire purchase or lease and supported by corporate guarantee from Madras cements Limited and Ramco Industries Limited.

Borrowings from Axis Bank Limited (Under Banks) amounting to Rs.Nil (USD Nil) (Previous year Rs.252,229 thousands (USD 5.84 million)) are secured by subservient charge on current assets including stocks and book debts and supported by a corporate guarantee from Madras Cements Limited.

Borrowings from Federal Bank Limited (Under Banks) amounting to Rs.250,000 thousands (USD 6.33 million) are secured by a First Charge by way of Equitable Mortgage on Vacant Land situated at No.86C, Santhome High Road, R.A.Puram Chennai and Movable Fixed Assets comprising of computer hardware situated at 64, Sardar Patel Road, Taramani, Chennai. (Previous year Rs.250,000 thousands (USD 5.79 million)), secured by first charge by way of equitable mortgage on Land & Building and Movable Fixed Assets located at No.64, Sardar Patel Road, Taramani, Chennai).

Assets acquired under Hire Purchase Finance are hypothecated to the Hire Purchase Companies as security.

Of the total unsecured loans of Rs.877,500 thousands (USD 22.20 million) (Previous year Rs.965,475 thousands (USD 22.36 million)), Rs.677,500 thousands (USD 17.14 million) (Previous year Rs.615,050 thousands (USD 14.25 million)) are supported by a Corporate Guarantee from Madras Cements Limited and Rs. Nil (USD Nil) (Previous year Rs.150,425 thousands (USD 3.48 million)) are supported by a Corporate Guarantee from Ramco Industries Limited.

In the case of subsidiaries, there are no secured loans outstanding as on 31.03.08.

## 3. Taxation

### Ramco Systems Limited, India

No provision for current tax for the Company (including its Branches at United Kingdom and Germany) has been made in view of absence of taxable profits. Provision for Fringe Benefit Tax has been made.

### Ramco Systems Pte. Limited, Singapore

Provision for taxation made during the year pertains to the current year tax provision.

No provision for taxation has been made by other subsidiaries, in the absence of taxable profits.

## 4. Deferred Tax

### Ramco Systems Limited, India

The Company has net deferred tax assets as an 31st March 2008, which arise mainly on account of carry forward losses. However, the Company has not taken credit for such net deferred tax assets.

In the case of subsidiaries, deferred tax asset / liability to the extent provided in their accounts, has been considered.

**5. Research & Development - R&D Asset classification - Ramco Systems Limited, India:**

In line with the Company's stated policy on Intangible Assets, the research and development efforts are classified and capitalised into "Product Software" and "Technology Platform" as below :

Particulars	Year ended 31.03.2008		Year ended 31.03.2007	
	Rs. in thousands	USD million	Rs. in thousands	USD million
Total research & development expenditure capitalized during the year, as per Schedule 5 to R&D Accounts	335,891	8.50	183,722	4.26
Of the above:				
Shown as "Technology Platform" under Fixed Assets	110,147	2.79	60,743	1.41
Shown as "Product Software" under Fixed Assets	225,744	5.71	122,979	2.85

**6. Equity and Share Premium - Ramco Systems Limited, India:**

Pursuant to the exercise of options under ESOS 2004, 1500 shares were allotted to an employee on 6th February 2008. Consequent to the said allotment, the paid up capital and share premium has increased as below:

Increase on account of	Share capital		Share premium	
	Rs. in thousands	USD million	Rs. in thousands	USD million
Opening balance	153,919	3.53	1,942,496	44.94
Allotment of 1500 shares under ESOS 2004	15	-	250	0.01
<b>Closing balance</b>	<b>153,934</b>	<b>3.53</b>	<b>1,942,746</b>	<b>44.95</b>

**7. Earnings per share [EPS]**

Particulars	Year ended 31.03.2008		Year ended 31.03.2007	
	Rs.	USD	Rs.	USD
A. Profit / (Loss) after tax	Rs.104,883,184	USD 2,608,509	Rs.(376,844,882)	USD (8,369,607)
B. Weighted Average Equity shares outstanding (No.)	15,356,711	15,356,711	15,356,482	15,356,482
C. EPS-Basic & Diluted (per share of Rs.10/- each) A/B	Rs.6.83	USD 0.17	Rs.(24.54)	USD (0.55)

8. Proportionate equity in the earnings of the Affiliate Redlex 47 (Pty) Limited for the year Mar 2007-Feb 2008 is recognized in the Profit and Loss Account.

9. The Board of Directors in its meeting held on 12th April 2007 approved the proposal for the sale of its entire investment in Ramco Infotech Solutions Limited, (RITS) to TVS Interconnect Systems Ltd., belonging to the TVS Group, subject to completion of the Due-Diligence and other formalities. Accordingly, upon completion of such formalities, the shares held by the Company in RITS were transferred on 14th July 2007 and with effect from that date, RITS ceased to be a subsidiary of the Company. Accordingly, the figures appearing against current year 2007-08 relate to the performance excluding that of RITS. Inview of this, the previous year figures are not comparable.

To make it comparable, the figures exclusive of RITS, for the previous accounting year ended 31st March, 2007, are as given below: Sales Rs.2,124,496 thousands (USD 47.18 mln.); Other Income Rs.43,923 thousands (USD 0.98 mln.); Total Expenses Rs.2,390,139 thousands (USD 53.08 mln); Interest Rs.131,193 thousands (USD 2.91 mln); Tax Rs.18,149 thousands (USD 0.41 mln.); Minority Interest Rs.166 thousands (USD 0.00 mln.); Equity in Earnings of Affiliates Rs.36 thousands (USD 0.00 mln.); Net Loss Rs.371,192 thousands (USD 8.24 mln).

**10. Related Party Transactions :**

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

**a. Key Management Personnel and Relatives [KMP]**

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

**b. Enterprises over which the above persons exercise significant influence and with which the Company has transactions during the year [Group]**

1. Rajapalayam Mills Limited
2. Madras Cements Limited
3. Ramco Industries Limited
4. The Ramaraju Surgical Cotton Mills Limited

## Ramco Systems Limited, Global Consolidated (Under AS-21)

The Company's transactions with the above Related Parties are given below :

### Current Year

Type of Transaction	Particulars	Group (Rs. in thousands)	Group (USD Million)
Loans availed	Transaction during the year	-	-
	Outstanding as on 31.03.08	200,000	5.06
Interest Expense	Transaction during the year	20,055	0.50
	Outstanding as on 31.03.08	-	-
Sale of goods & services	Transaction during the year	152,266	3.79
	Outstanding as on 31.03.08	4,797	0.12
Rent	Income	275	0.01
Sale of Fixed Assets	Transaction during the year	901,251	22.80
	Outstanding as on 31.03.08	-	-

### Previous Year

Loans availed	Transaction during the year	375,000	8.69
	Outstanding as on 31.03.07	200,000	4.63
Interest	Expenses	7,944	0.18
Sale of goods & services	Transaction during the year	78,596	1.75
	Outstanding as on 31.03.07	63,691	1.48

Notes : a) Details of corporate guarantees given by Group are given in Note No. 2.

b) The figures for the previous year 2006-07 under "Sale of goods & services" include transactions of Rs.10,695 thousands (USD 0.24 mln.) and balance outstanding of Rs.2,144 thousands (USD 0.05 mln.) relating to the erstwhile subsidiary, viz., Ramco Infotech Solutions Limited with the Group.

### 11. Segment Revenue

The company currently operates only in one segment, viz., Software Solutions & Services and hence the segment reporting as required by AS-17, issued by The Institute of Chartered Accountants of India does not apply.

### 12. Exceptional Income / (Expense) comprises of the following :

S. No.	Description	Rs. in thousands	USD Million
a	Profit on sale of Land, Building and other assets of the company at 64 Sardar Patel Road, Taramani, Chennai 600 113	685,825	17.06
b	Loss on divestment of Ramco Infotech Solutions Ltd.	(18,800)	(0.47)
c	Provision for liabilities under Contracts	(47,462)	(1.18)
d	Overseas withholding tax written off	(16,219)	(0.40)
	Total	603,344	15.01

### 13. Minority Interest

The share of Minority Interest in Ramco Systems Corporation, USA and in Ramco Systems Australia Pty Limited has been shown separately in the Balance Sheet.

14. For translating local currency of subsidiaries into Indian Rupees the exchange rate applied is as per serial number III of the accounting policies given above. The figures in the US Dollars given alongside the Indian Rupees are provided by way of additional information and are obtained by converting the assets and liabilities at the exchange rates in effect at the balance sheet date, except share capital and share premium which are converted at the exchange rate prevailing on the date of transaction and the revenues, costs and expenses at the average exchange rate prevailing during the reporting period. The resultant gains or losses are taken to the translation reserve.

15. Previous year's figures have been regrouped / recast wherever necessary to conform to the Current year's classification.

As per our Report Annexed  
For **CNGSN & Associates**  
Chartered Accountants

**P.R. RAMASUBRAMANEYA RAJHA**  
Chairman

**S.S. RAMACHANDRA RAJA**

**N.K. SHRIKANTAN RAJA**

**C.N. GANGADARAN**  
Partner

**P.R. VENKETRAMA RAJA**  
Vice Chairman, Managing Director & CEO

**M.M. VENKATACHALAM**

**V. JAGADISAN**

Place: Chennai  
Date : 23rd June, 2008

**SUBRAMANIAN NARAYAN**  
Company Secretary

**A.V. DHARMAKRISHNAN**  
Directors





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