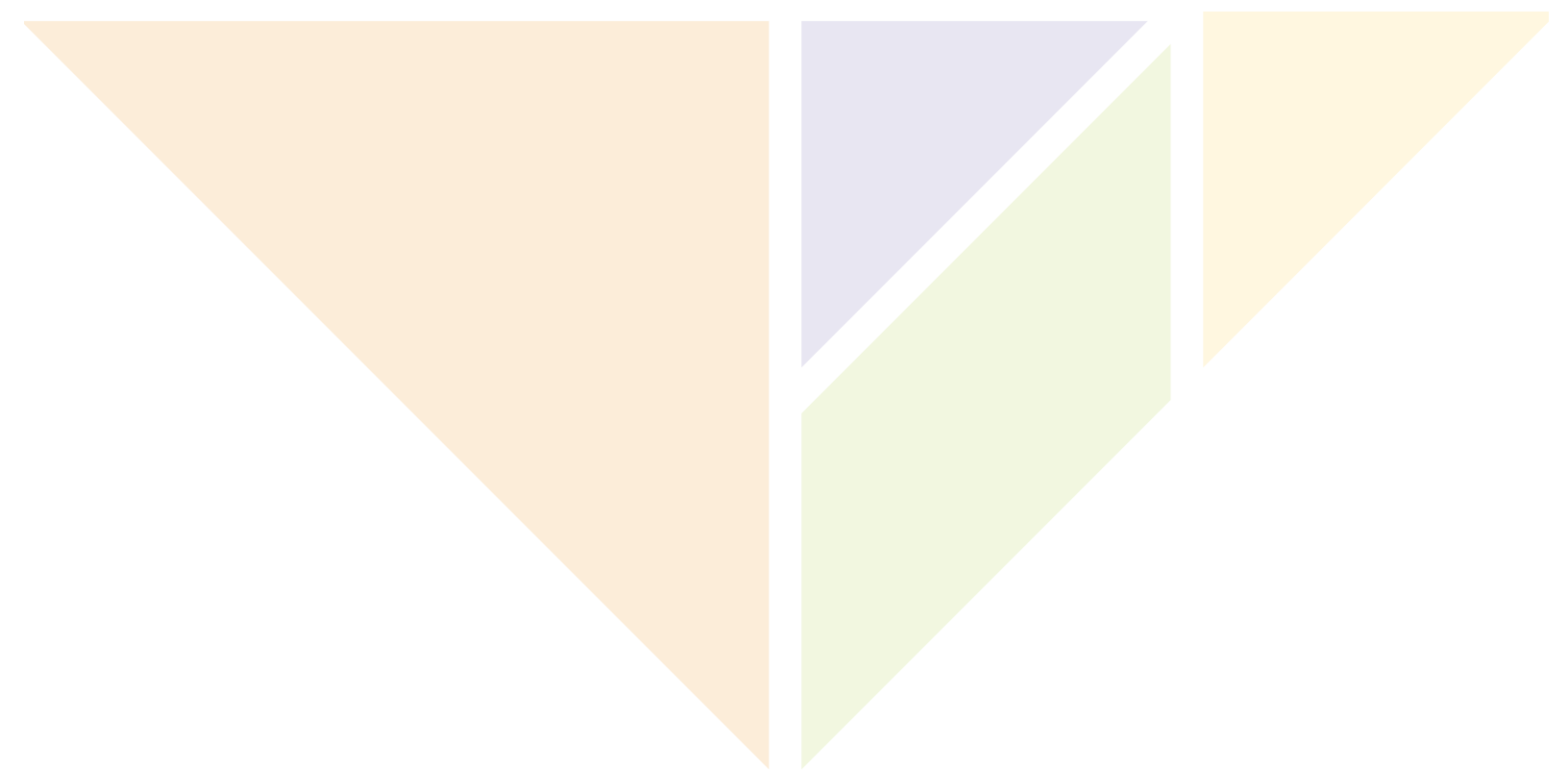




Where enterprise solutions meet business reality



ANNUAL REPORT  
2003



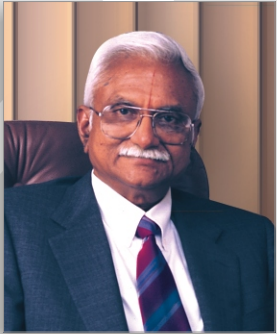
**Ramco Systems Limited, India**

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**Global Consolidated Financial  
Statements under AS - 21**



Dear Shareholders,

During the year, we made substantial investments in perfecting Ramco VirtualWorks – your company's unique capability to assemble enterprise class applications. This groundbreaking, model-based development and delivery platform enables rapid assembly of personalized applications and addresses the unique, best and next business practices of an enterprise.

Over the year, the company has been successfully implementing solutions using this platform for several prestigious customers. The company plans to extend the offerings to a whole host of industries/verticals during the coming year. With a greater market penetration in focus, the company has taken on board senior management professionals in USA & Europe.

During the year, we have consolidated and fine-tuned our solutions offering capability to enterprises. As an organization, we have made good progress in the Aviation, Manufacturing and Service segments.

Ramco Business Decisions (RBD) – a smart Corporate Performance Management Solution was launched during the year. This offering has been well received by prospects and analysts. We have already bagged orders for RBD from private and government organizations and in one such instance we will be providing Crime Analytics for a state government police network.

Our Human Resources Management Solutions continue to win strategic accounts in emerging markets including IT Enabled Services and people-intensive organizations. We have bagged key Public Sector and Government orders in India and in the Asia-Pac region.

Recently we have been distinguished for our capability to offer innovative ASP solutions. Our solutions have won the "Gold Award" in the category of "Most Innovative Software" presented at CeBIT 2003, Hannover, Germany. We have developed these solutions for Triamun AG in the field of healthcare management. This project has also been selected as one of the fifteen best software projects in the forthcoming Orbit Comdex, Basel, Switzerland.

We have also won the 'Best Solution Provider' award for implementing our solutions in Savage Arms at the International Conference & Exposition organized by American Productivity & Inventory Control Society (APICS) in Nashville, USA.

The Secure Converged Networking Solutions business has won prestigious deals and this business is moving up the value chain to provide 'Consultancy Services' and 'Complete Contact Center Solutions'.

We have achieved revenues of Rs.810.25 million in the fiscal year 2002-03. The global revenues of Ramco Systems Limited, including revenues from subsidiaries in USA, Switzerland, Singapore and Malaysia and branches in UK and Germany registered USD 32.32 million

While Ramco VirtualWorks is a breakthrough in the way solutions are conceived and the speed at which they are delivered to the market, your company's operations were greatly constrained as we were effecting large scale re-organizations to offer solutions based on this new platform.

Our internal transition to offer solutions based on the new technology platform involves a complete overhaul in the way we market and implement solutions. In spite of the encouraging market response to our new offerings, this transformation has impacted our revenues during the last fiscal.

Our prospect base has shown an impressive increase and we expect a healthy revenue growth in the next fiscal.

Warm regards,



PR Ramasubrahmaneya Rajha  
Chairman



PR Venketrama Raja  
Vice Chairman,  
Managing Director and CEO



## Corporate Themes

Our mission is to conceptualize and deliver enterprise solutions that enable organizations to close the gap between Business Reality and IT capability and in the process provide strategic advantage to business.

We are establishing a superior way of delivering enterprise solutions to provide significant value to customers. The focus is to nurture a critical mass of successful implementations for this approach in select vertical markets, thereby paving way for rapid growth.



### Personalized Assembly of Enterprise Solutions

We are focusing on Financial Services, Manufacturing, Government, Healthcare, Aviation, Utilities and Enterprise Asset Management. In each of these markets we are addressing specific solution spaces which are not served or under served due to inadequacies of the current generation enterprise solutions.

The superior solution delivery capability of Ramco VirtualWorks, addresses the following market spaces:

- Where application development projects are outsourced, we offer a new generation of capabilities that provide an early time-to-enjoy with lower effort, better quality and at a lower total cost of ownership.
- Where ERP solutions have not provided adequate results primarily because of changing needs or unique requirements not supported by products, we offer personalized assembly of enterprise solutions to meet the business objectives on an ongoing basis at lower total cost of ownership.
- In cases where multiple, disparate systems and organizational re-configurations are leading to flaws in business processes, we provide business process transformation solutions. These solutions solve immediate process improvement needs in stages to meet a longer-term transformation objective, at lower efforts and faster time frames.

We are in the process of delivering solutions to many customers on Ramco VirtualWorks. Our experience in delivering enterprise solutions coupled with the sustainable competitive advantage provided by the solution delivery platform is now attracting a high level of interest among the analyst community, the press and prospects / customers.



### **Providing better value in Outsourcing**

Outsourcing of application software development has become a mature industry. Organizations have gained in terms of costs, reduction in capital expenditure and have leveraged expertise not available in their organization. Processes and maturity levels have gone up. Outsourcing organizations have learned to deal with multiple partners, to reduce risk and also to assure themselves of quality.

The pressure for more output has increased, while budgets have decreased. The current capabilities of enterprise application outsourcing have reached maximum limits of scalability or improvement. Improved solutions are required to take outsourcing to the next level. Outsourcing solutions also typically run into rough weather when complex projects are involved.

Until now, most IT departments have focused much of their attention onto one particular cost variable in outsourcing- the 'rate per hour'. Although an important factor in a project's total cost, the total 'effort,' measured over the long-term of the project, can have a much greater impact on a business' total project cost.

We have been working over the years on reducing the 'Effort' part of this equation through Ramco VirtualWorks. Reducing effort is not just simply reducing costs, but it is also directly associated with increases in quality, time to benefit, and the overall project success rate. By reducing the effort a number of advantages stem in immediately. The biggest benefits are shorter time frames to enjoy the benefits of the application and higher on-time delivery of software. By lowering the complexity, the project becomes easier to manage especially when being executed remotely. By enhancing collaboration, using visual verification mechanisms and web based specification workbenches, the primary cause of project failure – 'wrong requirements' is largely eliminated.



### **Leveraging new Market Opportunities**

We are now exploring the emerging opportunities in South Africa. This geography has a high market potential for e-governance and IT-facilitated service delivery in Government and para-state bodies. It is also the hub for providing IT solutions in the African continent. Further, there is a significant World Bank investment in creating IT infrastructure. By virtue of our strong Intellectual Property content we command high respect and hope to get a good share of the IT business.

We intend focusing on Federal and Regional government organizations, para-state organizations in infrastructure segment, select manufacturing and service segments

We had a visible launch and were prominently featured by the national press in South Africa. We are the first IT company to have been 'launched' by a South African government agency.

## **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

### **AUDITORS**

Messrs. S. VISWANATHAN  
Chartered Accountants, Chennai

### **BANKERS**

State Bank of India

HDFC Bank Ltd.

Citibank N.A.

ICICI Bank Ltd.

UTI Bank Ltd.

### **REGISTERED OFFICE**

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

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

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

### **SUBSIDIARIES**

Ramco Systems Corporation, USA

Ramco Systems Limited, Switzerland

Ramco Systems Pte. Ltd, Singapore

Ramco Systems Sdn. Bhd., Malaysia

### **Registrar and Share Transfer Agent**

Messrs. Cameo Corporate Services Limited

Subramaniam Building, No. 1, Club House Road, Mount Road, Chennai - 600 002.

## **DIRECTORS' REPORT**

Your Directors have pleasure in presenting the Sixth Annual Report together with the Audited Accounts of the Company for the year ended 31<sup>st</sup> March 2003.

### **Financial Results**

	<b>For the Year ended 31<sup>st</sup> March, 2003</b>	<b>(In Rs. Million) For the Year ended 31<sup>st</sup> March, 2002</b>
Net Sales/Income from Operations	<b>810.25</b>	<b>938.37</b>
Other Income	<b>39.58</b>	<b>46.89</b>
Total Income	<b>849.83</b>	<b>985.26</b>
Expenditure		
- Cost of resale material	<b>365.15</b>	<b>372.24</b>
- Staff Cost	<b>331.74</b>	<b>350.84</b>
- Sales & Marketing expenses	<b>25.87</b>	<b>25.16</b>
- Administration & Other Expenses	<b>187.93</b>	<b>220.17</b>
Total Expenditure	<b>910.69</b>	<b>968.41</b>
Earnings before interest, Depreciation, Amortization & Tax	<b>(60.85)</b>	<b>16.85</b>
Interest	<b>68.92</b>	<b>52.89</b>
Depreciation	<b>104.57</b>	<b>51.58</b>
Amortization	<b>38.85</b>	<b>-</b>
Profit before tax	<b>(273.18)</b>	<b>(87.62)</b>
Provision for Taxation	<b>-</b>	<b>-</b>
Net Profit/(Loss)	<b>(273.18)</b>	<b>(87.62)</b>

### **BUSINESS OPERATIONS OVERVIEW**

During the last year, as an organization, we have strengthened our international sales and marketing operations. This move is expected to enhance our market presence and break new grounds. Significant investments made in refining the capabilities of Ramco Virtual Works have started paying dividends as testified by some of our key customers who are using the solutions assembled in this platform.

In tune with the demands of the market, we have transformed ourselves into a global provider of personalized enterprise solutions that close the gap between companies' IT capabilities and business objectives. What sets Ramco apart is the internal capability to assemble and deliver personalized applications using Ramco Virtual Works. These solutions comprehensively address an enterprise's unique, best and next business practices.

We have achieved revenues of Rs.810.25 million in the fiscal year 2002-03. The global revenues of Ramco Systems Limited, including revenues from subsidiaries in USA, Switzerland, Singapore and Malaysia and branches in UK and Germany registered USD 32.32 million.

### **BUSINESS UNITS**

During the last year, we consolidated our Enterprise Solutions business and further fine-tuned our capability to assemble personalized solutions to cater to the unique needs of enterprises. As an organization we have made good inroads in the Aviation, Manufacturing and Service segments.

Our Human Resources Management Solutions (HRMS) continued to win strategic accounts in emerging markets including IT Enabled Services and people-intensive organizations. We have bagged key Public sector / Governments orders in India and in the Asia-Pac region.

Our ability to offer innovative ASP software solutions has been recognized by leading bodies like the ASP consortium in Europe. Your company's solutions won the "Gold Award" in the category of "Most Innovative Software" from the ASP consortium at CeBIT 2003, Hannover, Germany. This was awarded for our solutions developed for Triamun AG, Switzerland in the field of healthcare management.

We also won the best solution provider award at the International Conference & Exposition organized by American Productivity & Inventory Control Society (APICS) in Nashville, USA.

Our solutions are currently running at over 1000 customer locations with more than 100,000 users across 70 industry segments.

Our Secure Converged Networking Solution business won prestigious deals in Telecom and Banking sectors. This business unit has moved up the value chain to provide consultancy services in chosen areas.

Our Enterprise Process Solutions business has moved beyond the domestic market and won orders in the Asia-Pac region. It has also expanded its offerings beyond the cement sector to chemical and power.

### **DOMESTIC OPERATIONS**

Our focus on the enterprise solutions market continued to grow in the sectors of Government, Banking, Financial Services and Manufacturing.



Ramco Business Decisions (RBD) – a smart Corporate Performance Management Solution was launched during the year. This solution has been well received by prospects and analysts. The company has already won orders for RBD from private and government organizations. We will be providing solutions to address Crime Analytics, which will act as the analytical layer on top of a state police network.

We have won a landmark order as part of a consortium from one of the leading IT savvy state governments for the development, supply and implementation of HRMS along with Learning Management and Self-service software.

Other prestigious customers who have bought our enterprise solutions include Public sector organizations, Service organizations, Utility companies and an institution managing a leading pilgrim center.

The Secure Converged Networking Solutions moved up the value chain to provide consultancy services. This unit also made vital inroads into the IT enabled Services market. Some of the wins by this unit include companies in Telecom, Petrochemicals and Banking among others.

## **OVERSEAS OPERATIONS**

Despite stringent controls in IT budgets, our US operations won important orders in Packaging, Medical Services, Telecom, Networking and Service organizations. Our presence in aviation sector gained momentum with several solution demonstrations made to airline companies. This also led to significant order wins from leading airlines.

Senior level Sales & Marketing professionals have been taken on board to spearhead geography initiatives. These professionals bring with them, a wealth of experience and business contacts, which is expected to rapidly enhance our market penetration and yield good returns.

Our European operations achieved key order wins with companies in Aviation, Retail distribution and Kitchen equipments. Our strategic alliance with Triamun in the Health Care Solution space has delivered ASP solutions for Physicians and Pharmacies. This project won the ASP Gold award in CeBIT Germany in 2003. It also got selected as one of the best fifteen software projects in the forthcoming Orbit Comdex, Basel, Switzerland.

In our ASEAN operations we won important customers in Housing Development, Process Industries, Electronics and Semiconductor industries.

We are exploring emerging opportunities in South Africa. This geography has good potential for e-governance and IT facilitated services in Government and para-state bodies. It is also the hub for providing IT solutions in the African continent. Further, there is a significant World Bank investment in creating IT infrastructure.

Our strong Intellectual Property content commands high respect and this can help us to get a good share of the IT business. We intend to focus on Federal and regional Government organisations, para-state organisations in infrastructure segment and select organisations in manufacturing and service segments.

## **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.

## **EMPLOYEE STOCK OPTION PLANS**

At the Annual General Meeting held on 28th August, 2000, the shareholders had approved the grant of options to employees convertible into equity shares aggregating to 160000 equity shares of Rs.10 each representing approximately 2% of the paid up share capital of the company.

Subsequently the company had granted 1,26,150 shares to the employees under the ESOP 2000 at a price of Rs.254 per share (Market price as on 12<sup>th</sup> April 2001) in April 2001 with a vesting period of 2-3 years. After the expiry of vesting period certain employees have now commenced exercise of their options. The company has allotted 11,750 equity shares. The details are as follows:

<b>S No.</b>	<b>Date of Allotment</b>	<b>No of Employees</b>	<b>No of Shares Exercised</b>	<b>Listing details allotted</b>
1	28-04-2003	10	3550	Listing Permission obtained from Madras Stock Exchange Ltd , The Stock Exchange, Mumbai and National Stock Exchange Ltd. Trading permission for the said shares is awaited from all the above three stock exchange(s).
2	30-05-2003	13	4425	Listing permission from Madras Stock Exchange obtained. Permission from other two Stock Exchanges is awaited.
3.	23-06-2003	9	3775	In principle approval from all the three stock exchanges awaited
	Total shares allotted	32	11750	

## Ramco Systems Limited, India

The details of options granted under this scheme are given below:

SI No.	Particulars	Remarks
1	Options Granted	1,26,150 equity shares
2	Pricing Formula	Rs.254 per share (market price as on in the date of grant i.e., 12th April, 2001)
3	Options Vested	1,23,800
4	Options exercised	11,750
5	The total number of shares arising as a result of exercise of options	11,750
6	Options lapsed	Nil
7	Money realised by exercise of options	Rs, 29,84,500
8	Employee wise details of options granted to- 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 the year.	Nil Nil
9	Diluted Earning per share (EPS) pursuant to the issue of the above options (Rs.).	(35.33)

### INCREASE IN PAID UP CAPITAL

Consequent to the exercise of 11,750 share options under ESOP 2000 the paid up capital of the Company as on date stands increased from Rs. 77,680,720/- to Rs. 77,798,220/-

### EMPLOYEE STOCK OPTION SCHEME 2003 (ESOS 2003)

At the Extra-ordinary General Meeting held on 9<sup>th</sup> April, 2003, the shareholders of the Company approved ESOS 2003 for the grant of 5,00,000 lacs options to employees convertible into equity shares aggregating to 5,00,000 equity shares of Rs.10 each. The scheme is under implementation.

### PROPOSED RIGHTS ISSUE

In order to meet the funds requirement of the company to support its growth phase, your Directors at their meeting held on 11th June, 2003 have decided to raise further equity capital to the extent of about Rs.75 crores during the current year by way of Rights Issue. The Rights Issue will be subject to the approvals of SEBI and other regulatory authorities as may be applicable in this regard.

In connection with this, a Committee of Directors called "The Rights Issue Committee" has been constituted to decide about the size and timing of the issue, basis of offer, premium, instrument, etc., and other modalities of such issue.

### RESEARCH AND DEVELOPMENT

In continuation of the R&D efforts already initiated, Ramco Systems has made further innovations in solution delivery methodologies and application of technologies. The Ramco Virtual Works being a unique platform for solution development and delivery is being further enhanced to address various aspects of software development, delivery and maintenance. The Company has invested in R&D to enhance the enterprise products and solutions offered to the customer. The new generation pre-built solutions have been assembled on Ramco Virtual Works and are called as Ramco Enterprise Series. To augment all these offerings and to address unique market needs Ramco Business Decisions, a smart Corporate Performance Solution has been developed from ground up.

#### Ramco Virtual Works

Our technology platform Ramco VirtualWorks has undergone a transformation and emerged as an integrated web based collaborative delivery platform. This platform provides a comprehensive methodology to address varying types of engagement models. In addition to enabling the development and deployment of component based enterprise scale solutions Ramco Virtual Works supports management of partnered solution delivery program. Information systems for partner management, project scoping, software development, planning and control, change management, solution exposure and implementation besides execution metrics have been included as part of this web based solution delivery framework.

#### Ramco Enterprise Series

Ramco Enterprise Series is a set of world-class enterprise pre-assembled solution offerings that span both horizontal business processes and vertical industry requirements. The series covers Process Manufacturing, Discrete Manufacturing, Asset Management, Human Resources Management, Aviation and Corporate Solutions.

Unlike the current generation of enterprise applications, Ramco Enterprise Series enables customers match their applications specifically to their unique industry and business processes.

With the inherent advantages of pre-assembled solutions from Ramco Virtual Works, the solution series also allow customers to change their applications "on-demand" in response to both proactive innovations and reactive market conditions for real competitive advantage.

**Ramco Business Decisions**

Ramco Business Decisions (RBD) has been developed as a smart and easy to use Corporate Performance Management solution which helps managers take timely and informed decisions. RBD can help to communicate strategic vision effectively, align tactical responses to corporate strategy and empower employees with better focus and clarity. The solution addresses the needs of enterprise analytics for vertical markets such as Service, Asset & Maintenance Intensive and Manufacturing industries.

**QUALITY**

Ramco Systems employs stringent quality standards. Two of the Development Centres of the Company are assessed at SEI CMM level 4. The Certification for ISO 9001-2000 standards is under process.

**FIXED DEPOSITS**

Your Company has not accepted any deposits during the year.

**RETIREMENT OF DIRECTOR**

Shri.M.M.Venkatachalam and Shri.V.Jagadisan, Directors retire by rotation and being eligible offer themselves for re-appointment.

**AUDITORS**

The retiring auditors Messrs S.Viswanathan, Chartered Accountants, Chennai have given the company a notice in writing of their intention not to seek reappointment. A special notice in terms of Section 190 of the Companies Act, 1956 has been received under Section 225 (I) from a Member proposing the appointment of Messrs. CNGSN & Associates, Chartered Accountants as Auditors of the Company in their place. The appointment will be subject to the approval of the shareholders at the ensuing Annual General Meeting.

**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 A 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. However any shareholder interested in obtaining such particulars may write to the Corporate Office of the Company.

**CORPORATE GOVERNANCE**

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, is annexed herewith and forms part of 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;

- a) That the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;
- b) 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 Loss of the Company for that period;
- c) 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;
- d) That the annual accounts were prepared for the financial year ended 31<sup>st</sup> March, 2003 on a going concern basis.

**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.

**ACKNOWLEDGEMENT**

Your Directors wish to thank the clients, vendors, investors, and bankers for their continued support of your Company's growth. Your Directors place on record their appreciation of the contribution made by all employees at all levels who have been responsible for the growth of your Company.

For and on behalf of the Board

Place: Chennai  
Date : 23rd June 2003

**P.R. RAMASUBRAHMANEYA RAJHA**  
Chairman

**ANNEXURE TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH 2003**

In terms of Section 217(1) (e) of the Companies Act (as amended) and the disclosure of particulars in the report of the Board of Directors Rules 1988, the following information is furnished for the year ended 31<sup>st</sup> March 2003.

**(A) CONSERVATION OF ENERGY**

The operations of your company are not energy intensive.

**(B) TECHNOLOGY ABSORPTION**

Efforts made in Technology absorption : Particulars given in Form B

**(C) FOREIGN EXCHANGE EARNINGS AND OUTGO**

- |   |   |  |
|---|---|--|
| i) Activities relating to export                                | : | Export of Software to Middle East, Phillipines, Thailand and Brunei.                                     |
| ii) Initiatives taken to increase exports                       | : | Marketing efforts are being made in the subsidiaries abroad to increase sales and corresponding exports. |
| iii) Development of new export market for products and services | : | Marketing efforts in countries like South Africa and China are being undertaken in the current year.     |

**(Rs. In Lakhs)**

- |   |   |      |
|---|---|------|
| <b>(D)</b> i) Total foreign exchange used | : | 3811 |
| ii) Total foreign exchange earned         | : | 2181 |

**FORM B**

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

**SPECIAL AREAS IN WHICH THE COMPANY CARRIES OUT R&D**

**Ramco Virtual Works**

Ramco VirtualWorks is an integrated web based collaborative delivery platform that enables Ramco Systems to effectively deliver enterprise solutions. The delivered solution will be characterized by its capability to address enterprise scale computing requirements. The dynamic, adaptive quality of our solutions imparts the unique ability to deal with many diverse computing requirements within the extended enterprise. Solutions built upon the Ramco VirtualWorks powerfully combine best-in-class delivery practices and a high performance technology framework.

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

**Ramco VirtualWorks offers the following benefits**

- Quick development and delivery of enterprise products and custom solutions.
- Increased value for customers and partners
- Effective management of the tripartite engagement (Customer, Partner and Ramco)
- Increased productivity, quality and speed of delivery
- Delivery of flexible applications designed with adaptability to business and technology changes

**RAMCO BUSINESS DECISIONS**

Ramco Business Decisions (RBD) has been developed as a smart and easy to use Corporate Performance Management solution which helps managers take timely and informed decisions. RBD can help to communicate strategic vision effectively, align tactical responses to corporate strategy and empower employees with better focus and clarity. The solution addresses the needs of enterprise analytics for vertical markets such as Service, Asset & Maintenance intensive and Manufacturing Industries.

RBD comprises of

- Personalised role-based Business Dashboard to take care of all of the Analytical requirements from a single screen.
- Performance management frameworks
  - Balanced Scorecard (BSC) framework to address strategic (Long Term) Performance Management.
  - Closed Loop Planning & Control (CLP) Framework to address Tactical (Medium Term) & Operational (Short Term) Performance Management.
- Business Intelligence (BI) component providing KPIs & multidimensional analysis.
- Component to graphically model Workflows (WF) and configure Alerts.
- ETL component (Ramco Business Integrator-RBI)
- Planning component to address Business Analytics using Forecasting techniques and rule based What-If-Analysis.

### Future Plan of Action

The company continues to undertake research and development activities with the following objectives:

1. To improve the solution delivery program to provide strong and dynamic business application products/solutions that enhance customer, partner and company value.
2. To improve and enhance the capability to deliver within cost and with superior quality.
3. To improve and enhance the current portfolio of application products.
4. To use best-in-class technologies to provide solutions that enable business innovation.
5. To build a content repository of business applications that will enhance value in consulting engagements.

<b>Expenditure on R&amp;D</b>		(Rs.in lakhs)
A) Capital		154.34
B) Recurring		2523.54
C) Total		2677.88
D) Total R&D expenditure as a percentage of total turnover		33.0%

## REPORT ON CORPORATE GOVERNANCE

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

Ramco Systems Limited (RSL) is committed to maintaining high standards of Corporate Governance, and protection of customers, shareholders interests and the company endeavours to maintain transparency at all levels. The following is a report on the status and progress on major aspects of corporate governance.

### BOARD OF DIRECTORS

The composition of the Company's Board of Directors is in conformity with the code of Corporate Governance. The structure of the Board is as under:

#### Composition and category of Directors

SL NO	NAME OF THE DIRECTOR	CATEGORY
1	Shri.P.R.Ramasubrahmaneya Rajha	Non Executive Director
2	Shri.P.R.Venketrama Raja	Executive Director
3	Shri.S.S.Ramachandra Raja	Non Executive Director
4	Shri.N.K.Shrikantan Raja	Non Executive Director
5	Shri.M.M.Venkatachalam	Non Executive Independent Director
6	Shri.V.Jagadisan	Non Executive Independent Director

The Managing Director manages the day to day affairs of the Company assisted by a Corporate Executive Council consisting of top executives of the Company. The Board met six times during the last financial year on 30th April, 24<sup>th</sup> June, 29<sup>th</sup> July, 28th October 2002, 29<sup>th</sup> January 2003 and 7<sup>th</sup> March 2003. Details of attendance of each Director at the Board Meetings held during the year are as follows:

#### Attendance of each director at the BoD Meetings and the last AGM

Sl. No	Designation	Name of the Director	No of Board Meetings (Attendance)	Last AGM Attendance
1	Chairman	Shri.P.R.Ramasubrahmaneya Rajha	5	No
2	Vice Chairman & Managing Director	Shri.P.R.Venketrama Raja	5	Yes
3	Director	Shri.S.S.Ramachandra Raja	5	Yes
4	Director	Shri.N.K.Shrikantan Raja	5	Yes
5	Director	Shri.M.M.Venkatachalam	5	Yes
6	Director	Shri.V.Jagadisan	6	Yes

### BOARD PROCEDURE:

A detailed agenda folder is sent to each Director in advance of the Board and Committee Meetings. The board of directors meets at regular intervals. Among other things the Board considers the following matters.

- Strategy and business plans
- Annual Operating and expenditure budgets

## Ramco Systems Limited, India

- Compliance with statutory requirements
- Adoption of Qtrly/Half Yearly/Annual results

### BOARD COMMITTEES:

In accordance with the code of Corporate Governance, the Board has set up the following Committees.

#### AUDIT COMMITTEE

a) Brief Description in terms of reference:

The Audit Committee consists of three Non Executive Directors with Shri.M.M.Venkatachalam (as Chairman) Shri.V.Jagadisan and Shri.S.S.Ramachandra Raja as Directors of 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 the following:

- Internal Audit reports.
- Auditor's Report on the financial statements.
- The strength and weakness of the internal controls and recommendations relating thereto.
- Compliance with accounting standards

#### Names of Members and Chair person, Meetings and attendance

During the year the committee met 4 times viz., 24<sup>th</sup> June, 25<sup>th</sup> July, 25<sup>th</sup> October 2002 and 28<sup>th</sup> January, 2003. The attendance of directors at the committee meeting is as follows:

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

#### REMUNERATION COMMITTEE

The company has one Executive Director Shri.P.R.Venketrama Raja who is the Managing Director and was appointed in the Board Meeting held on 23<sup>rd</sup> March 2000. His appointment and remuneration (please refer item 9 of notes to accounts) was approved by the shareholders at their Extraordinary General Meeting held on 12<sup>th</sup> June 2000. Since the company does not have any other executive directors, the Remuneration Committee has not been constituted. As and when the company proposes to appoint any other executive Directors on the Board, arrangements will be made to constitute the remuneration committee in line with the guidelines on Corporate Governance. The Company does not pay any remuneration to the independent directors apart from sitting fees.

#### SHAREHOLDERS COMMITTEE OF THE BOARD

The Shareholders Committee of the Board looks into the redressal of grievances of shareholders relating to transfer of shares, non receipt of certificates, change of address, dematerialisation of shares etc. 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, and such other issues relating to shares. During the year the committee has maintained nil grievances from the shareholders.

#### Members of the Committee

Shri.P.R.Ramasubrahmaneya Rajha	-	Chairman
Shri.P.R.Venketrama Raja	-	Director
Shri.N.K.Shrikantan Raja	-	Director
Smt.Chitra Sreenivas	-	Secretary of the Committee

#### Name and designation of Compliance Officer:

Your Company has appointed Mrs.Chitra Sreenivas, Company Secretary as the Compliance Officer as per Clause 47 of the Listing Agreement entered with the Stock Exchanges.

#### Number of Shareholders complaints received and redressed during the year.

SI No	Particulars	Received	Redressed	Pending as on 31.3.03
1	Non receipt of share certificates	Nil	Nil	Nil
2	Change of Address request	10	10	Nil
3	Issue of Duplicate Share Certificates	Nil	Nil	Nil
4	Request for Stop Transfer	Nil	Nil	Nil
5	Pending Share Transfers	Nil	Nil	Nil

## COMPENSATION COMMITTEE

The compensation committee of the company comprises of Shri.P.R.Ramasubrahmaneya Rajha (as Chairman), Shri.S.S.Ramachandra Raja, and Shri.N.K.Shrikantan Raja as Directors of the Compensation Committee.

The Compensation Committee met on 30<sup>th</sup> April 2002 and 29<sup>th</sup> October, 2002 and reviewed the status of the options vested to the employees under ESOP 2000 Scheme. The unit and composite exercise period for the second lot of share commenced from 12<sup>th</sup> April 2003 and continues upto 8<sup>th</sup> October 2003. As on date, 32 employees have exercised their options to the tune of 11,750 equity shares.

Keeping in view the need to attract fresh talent and retain the existing employees, the Compensation Committee in its meeting held on 27<sup>th</sup> February 2003 reviewed the further requirements of the options to be made available to the existing / future employees of the Company and its subsidiaries and resolved to recommend to the Board of Directors of the Company to seek approval of the shareholders for further issue of 5,00,000 options under the "Employees Stock Option Scheme (ESOS) 2003". Pursuant to this, the Board of Directors of the Company met on 7<sup>th</sup> March 2003 and approved the Employees Stock Option Scheme (ESOS) 2003 for approval by the shareholders. Accordingly, the shareholders of the company in the Extraordinary General Meeting held on 9<sup>th</sup> April 2003 approved the issue of 5,00,000 share options under The Employees Stock Option Scheme (ESOS) 2003. The Compensation Committee is in the process of finalising the terms and conditions of the scheme.

## GENERAL BODY MEETINGS

Details of location, time and date of last three Annual General Meetings.

DATE	MEETING	LOCATION	TIME
09.08.00	A G M	P A C R Centenary Memorial Community Hall, PAC Ramasamy Raja Salai, Rajapalaiyam 626 108	09.30 A.M
01.08.01	A G M	-do-	03.00 P.M.
09.09.02	A G M	47 PSK Nagar, Rajapalaiyam-626 108	10.00 A.M.

## POSTAL BALLOT

No Postal Ballot was conducted in any of the General Body Meetings held so far by the Company.

## CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING

The Company has framed a Code of Conduct for Prevention of Insider Trading based on SEBI (Insider Trading) Regulations, 1992. This code is applicable to all Directors / Officers / Designated Employees. The code regulates dealing in shares by persons having access to unpublished price sensitive information.

## DISCLOSURES

Disclosures on materially significant related party transactions i.e., transactions of the Company of material nature, 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 : **Nil**

Details of non compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years : **Nil**

## MEANS OF COMMUNICATION:

The Board of Directors of the company takes on record the Unaudited Financial Results in the prescribed form within one month of the close of the 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, (English) and Dinamani/Makkal Kural (Tamil). The results are also promptly forwarded to the stock exchanges where the company's shares are listed.

The Quarterly results, Half-Yearly results, Annual Results, Shareholding Pattern as well as copies of the Press Release are displayed on the Companies web site at [www.ramco.com](http://www.ramco.com). 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 web site periodically to include information on new developments and business opportunities of the Company. The company also posts the quarterly/half year results and shareholding pattern on SEBI's website under Electronic Data Information Filing and Retrieval (EDIFAR) system.

Press briefings are held after important occasions viz., announcement of results, new tie up and such other occasions etc. Shareholders are being provided with timely information on all company related matters. For effective and better communication to the Shareholders, the company has appointed Good Relation Communications as Company's Advertising Agency for issue of Press Release, Results, etc.

The Management Discussions and Analysis giving an overview of the industry, Company's business and its financials etc., is provided separately as a part of this Annual Report.

## Ramco Systems Limited, India

### GENERAL SHAREHOLDER INFORMATION

1	Number of Annual General Meeting	Sixth
2	Date	11th August 2003
3	Day	Monday
4	Time	2.30 p.m.
5	Venue	P A C R Centenary Memorial Community Hall, PAC Ramasamy Raja Salai, Rajapalaiyam 626 108
6	Book Closure Date	11th August 2003

### Financial Calendar (Tentative – Subject to change)

A	I Quarter Results for June 2003	Between 15 <sup>th</sup> July & 31 <sup>st</sup> July 2003
B	II Quarter Results for September, 2003	Between 15 <sup>th</sup> October & 31 <sup>st</sup> October 2003
C	III Quarter Results for December, 2003	Between 15 <sup>th</sup> January & 31 <sup>st</sup> January 2004
D	Financial Results for the year ending 31 <sup>st</sup> March 2004	Between 15 <sup>th</sup> June & 30 <sup>th</sup> June 2004
E	Annual General Meeting for the year ending 31 <sup>st</sup> March 2004	August/September 2004
F	Dividend Payment Date	Nil

### Listing of equity shares on the stock exchanges at:-

A	The Madras Stock Exchange Ltd, 11 Second Line Beach, Chennai – 600 001
B	The Stock Exchange, Phiroze Jheejeebhoy Towers, Dalal Street, Mumbai – 400 001
C	The National Stock Exchange of India Limited, Exchange Plaza, Bandra-Kurla Complex, Bandra (E), Mumbai – 400 051

### Depositories

A	National Securities Depository Limited, Trade World, 4th Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013
B	Central Depository Services (India) Limited, 28 <sup>th</sup> Floor, Phiroze Jheejeebhoy Towers, Dalal Street, Mumbai – 400 023

Listing fee for the financial year 2003-2004 has been paid to the stock exchanges where the Company's shares are listed. There has been no penalty imposed on the Company by Stock Exchanges or SEBI or any other statutory authorities on any matter relating to capital markets during the year.

### Stock Code

#### Name of the Stock Exchange

Madras Stock Exchange Ltd  
National Stock Exchange of India Ltd  
The Stock Exchange, Mumbai  
ISIN No

#### Code

RSST  
RAMCOSYS  
RAMSYDM  
INE 246B 01019

### Finance:

The company has been assigned the following credit Ratings by ICRA in respect of its debt programme.

Programme	Credit Rating	Rating Degree	Amount
Commercial Papers	A1+	Highest Safety	Rs. 10 crores
Short Term Loan	A1+(SO)	Highest Safety	Rs. 25 crores

Details of share price movements in National Stock Exchange (in Rupees)

S No	Month	Volume	High (Rs.)	Low (Rs.)
1	April 2002	241492	251.00	202.20
2	May	111192	227.10	167.20
3	June	57496	94.00	156.15
4	July	136938	172.00	130.00
5	August	79962	152.00	126.50
6	September	94151	174.90	137.00
7	October	59226	167.95	120.05
8	November	796421	255.00	116.00
9	December	6698098	434.15	226.00
10	January 2003	14477347	613.70	362.00
11	February	9791682	574.70	457.15
12	March	10377204	557.40	442.00

### Registrar and Share Transfer Agents

The Company's shares both physical and Electronic (Demat Form) are handled by M/s Cameo Corporate Services Ltd, Subramaniam Building, 1, Club House Road, Chennai : 600 002, Phone: 044 - 28460390 : Fax 044 – 28460129. All the members are requested to correspond with them for any queries.



### Share Transfer System

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 transfers are pending for more than the period stipulated in the listing agreement. Shares requested for dematerialisation are confirmed within 10 days. The Company has, as per SEBI guidelines offered the facility of transfer-cum-demat. Under the said system, after the share transfer is effected, an option letter is sent to the transferee indicating the details of the shares transferred and requesting him/her in case he/she wishes to demat the shares, to approach a Depository Participant with the option letter. Based on the option letter, the Depository Participant generates demat request and sends the same to the company along with the option letter issued by the Company. On receipt of the same, the company dematerialises the shares. In case the transferee does not wish to dematerialise the shares, he need not exercise the option and the company will despatch the share certificates within 30 days from the date of option letter. During the year the committee has met 10 times and approved the transfer of 6217 equity shares and transmission of 6528 equity shares during the period from 1<sup>st</sup> April 2002 to 31<sup>st</sup> March 2003. There is no specific complaint outstanding till date.

### Shareholding Pattern as on 31<sup>st</sup> MARCH 2003

Description	Total Shares	%
Promoters	4657869	60.23
Mutual Fund & UTI (Growth Sector Fund)	32833	0.43
Financial Institutions	50	0.00
FII's	11500	0.15
Insurance Companies	343951	4.45
NRIs/OCBs	16553	0.20
Banks	27050	0.36
Bodies Corporate	451360	5.85
Indian Public	2192106	28.40
<b>Total</b>	<b>7733272</b>	<b>100.00</b>

### Dematerialisation of Shares and Liquidity

As on 31<sup>st</sup> March 2003, 5744316 shares representing 74.28% of the Company's total number of shares have been dematerialised. The company has entered into agreements with both National Securities Depository Limited and Central Depository Services (India) Ltd to facilitate the shareholders to demat their equity shares with any one of the depositories.

### Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, conversion date and likely impact on Equity

The Company has not issued  
Any ADR/GDR convertible Warrants

### Plant Location

#### R&D Centre

: 64 Sardar Patel Road, Taramani,  
Chennai – 600 113

#### Address for Correspondence & Shareholders queries

: Mrs.Chitra Sreenivas  
Company Secretary  
64 Sardar Patel Road, X Floor, Taramani,  
Chennai – 600 113  
Phone: 044 - 22354510, Telefax: 044 - 22355078  
Email : chitras@rsi.ramco.com

### 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 on 31<sup>st</sup> March, 2003 as stipulated in clause 49, of the Listing Agreement of the said company with the stock exchange (s).

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 state that no investor grievance(s) is/are pending for a period exceeding one month against the Company as per the records maintained by the Shareholders Committee.

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 **Messrs. S.VISWANATHAN**  
Chartered Accountants

Place : Chennai  
Dated : 23rd June 2003

**C.N.GANGADARAN**  
Partner

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Overview**

During the last year, companies have been demanding higher value on their IT investments. Senior IT managers have been under severe pressure to increase returns and reduce costs. Information security has become an area of prime concern as firms depend more on their web-based systems to share information with their organization and increasingly rely on remote or wireless access. Under these circumstances we have done reasonably well and are geared to leverage future opportunities.

We have made significant investments in honing the capabilities of Ramco VirtualWorks - the next generation enterprise application assembly & delivery platform. The platform has been successful in assembling and delivering solutions to key customers.

### **Opportunities and order wins**

With a high rate of penetration among the large enterprises, global IT players are refocusing their attention on all tiers of the enterprises to offer flexible solutions meeting the fast changing needs of the enterprises. We have been pro-active to meet this requirement right from the beginning.

Ramco Systems is now positioning itself as a global provider of personalized enterprise solutions that close the gap between companies' IT capabilities and business objectives. What now sets Ramco apart is the internal capability to assemble applications using Ramco VirtualWorks that enables the assembly of personalized applications to address an enterprise's unique, best and next business practices.

The Government, Banking, Financial Services and Insurance sectors offer us many exciting opportunities with our new capabilities of Ramco Virtual Works.

Your company has won a significant order from one of the state governments for the development, supply and implementation of HRMS solution along with Learning Management and self-service software to be used by large number of users and also provide Ramco Business Decisions to address Crime Analytics to act as the analytical layer on top of a statewide online police network

We have also won an order from institutions managing leading pilgrimage centers to develop an integrated system, with front-office solutions and back-office automation for various departments.

We will be doing network integration for a multi-million dollar project for providing Mass Rail Transit System connecting various locations in New and Old Delhi.

Some of the other important customer accounts acquired during the year include companies in Housing Development, Process Industries, Electronic Instruments, Public research Institutions, Packaging companies, Semiconductor manufacturing and Airlines among others.

### **VirtualWorks to catapult Ramco to a New Orbit**

Ramco Systems is now a global provider of personalized enterprise solutions that close the gap between companies' IT capabilities and business objectives. Ramco VirtualWorks has given us a lead with the internal capability to assemble software solutions that address the fundamental business realities.

We are launching the next generation of enterprise applications on Ramco VirtualWorks. Enterprise solutions spanning Manufacturing, Human Resources, Asset Management and Aviation are also being assembled on VirtualWorks. These would be rolled out to the global market during this calendar year.

During the year, we have achieved order-of-magnitude improvements on the VirtualWorks platform itself. It has become more robust, agile and has proven its capability in delivering complex enterprise applications at several prestigious and global customer locations.

### **International Marketing & Sales team**

Senior level Sales & Marketing professionals have been taken on board to spearhead geography initiatives. These professionals bring with them, a wealth of experience and business contacts, which is expected to rapidly enhance our market penetration and yield good returns.

Michael Taylor joined as the CEO of our North American operations. With over 18 years experience in the Enterprise Applications Market, Michael Taylor brings a breadth and depth of knowledge in all areas of operations including the design, development, implementation, delivery, marketing and sales of innovative enterprise solutions.

Eren Kengaldi joined as the President of our European operations. Kengaldi has over 17 years experience in the Enterprise Applications market and brings with him a wide experience and knowledge of enterprise solution implementations in the German speaking countries in Europe.

### **New Initiatives in South Africa**

We are now exploring the emerging opportunities in South Africa. This geography has a lot of market potential for e-governance and IT-facilitated service delivery in Government and para-state bodies. It is also the hub for providing IT solutions in the African continent. Further there is a significant World Bank investment in creating IT infrastructure.

Ramco, by virtue of its strong Intellectual Property content commands high respect and hopes to get a good share of the IT business. The company intends to focus on Federal and Regional government organizations; para-state organizations in infrastructure segment; select manufacturing and service segments.

We have had a visible launch, and have been featured in the national press prominently. We are also the first IT company to have been 'launched' by a Government body.

### **Global announcements**

During the year, we had many tradeshow to announce the global availability of next generation solutions from Ramco. Web casts were made along with leading analysts like Gartner and AMR in premier websites such as [www.cio.com](http://www.cio.com) and [www.msi.com](http://www.msi.com). We also participated in key events like National Manufacturing Week and Aviation Week's MRO exhibition.

We had organized presentations on our solution capabilities to leading analysts and the media in USA and this gave us good insight to the demanding western markets. Many of the leading analysts who had participated in such meetings also gave positive feed back on the significant lead that we have with the capabilities of Ramco VirtualWorks.

We also had a user meet in USA, which provided an opportunity to understand customer issues for further improvement. Many customers have come on record that Ramco has provided highly satisfying solutions to their ongoing business issues.

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*The "Letter to Shareholders" and "Corporate Themes" provided in this report do 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.*

**AUDITORS' REPORT**

**TO THE MEMBERS OF RAMCO SYSTEMS LIMITED**

1. We have audited the attached Balance Sheet of Ramco Systems Limited as at 31<sup>st</sup> March, 2003, the Profit and Loss Account for the year ended on that date annexed thereto and the Cash Flow Statement for the year ended on that date annexed there to, all of which we have signed under reference to this report and the above mentioned accounts are in agreement with the books of account. 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 of 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 the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. In our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet, Profit and Loss Account and the Cash Flow Statement, together with the Notes and the Statement of Significant Accounting Policies attached thereto, give in the prescribed manner, the information required by "The Companies Act, 1956" of India ("the Act") and also give respectively, a true and fair view in conformity with the accounting principles generally accepted in India of the state of the Company's affairs as at 31<sup>st</sup> March, 2003, its Loss for the year ended on that date and its cash flow for the year ended on that date.
4. We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit. In our opinion, proper books of account as required by law have been kept so far as appears from our examination of those books. In our opinion, these accounts have been prepared materially in compliance with the Accounting Standards issued by the Institute of Chartered Accountants of India, referred to in Section 211(3C) of the Act, to the extent applicable.
5. Based on the representation made by all Directors of the company and the information and explanations as made available, the Directors of the company do not prima facie have any disqualification as referred to under Section 274(1)(g) of the Act.
6. The company has provided a sum of Rs.810,250/- towards cess on turnover payable under Section 441A of the Act. However, the company has not paid the said amount to the Central Government, as the notification pertaining to the payment is pending issue by the Government.
7. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988, issued by the Government of India and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we report that :
  - 7.1 The Company has maintained proper records to show full particulars including quantitative details and situation of fixed assets. As represented by the management, fixed assets of the Company have been physically verified by the management during the year in accordance with a phased programme and no material discrepancies between the book records and the physical inventory had been noticed.
  - 7.2 The fixed assets of the company have not been revalued during the year.
  - 7.3 The stocks of raw materials and finished goods of the company at all its locations have been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
  - 7.4 In our opinion, the procedure of physical verification followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
  - 7.5 The discrepancies between physical stock and book stocks, which have been properly dealt with in the books of account, were not material.
  - 7.6 In our opinion, the valuation of stocks of raw material and finished goods has been fair and proper in accordance with the normally accepted accounting principles followed in India and is on the same basis as in the preceding year.
  - 7.7 The company has taken loans from companies, firms or other parties listed in the register maintained under Section 301 and 370(1-B) of the Act. However, the terms and conditions are not prejudicial in the interest of the company.
  - 7.8 The company has not granted any loans to companies listed in the register maintained under Section 301 or 370 (1-B) of the Act.
  - 7.9 The parties to whom loans or advances in the nature of loans have been given by the company are repaying principal amounts as stipulated and are also regular in payment of interest, where applicable.

- 7.10 In our opinion and according to the information and explanations given to us, the Company has an adequate internal control procedure commensurate with the size of the company and the nature of its business for purchase of raw materials, plant and machinery, equipment and similar assets and for the sale of goods.
- 7.11 The company has not purchased goods and materials and sold goods and materials or rendered services aggregating Rs.50,000/- or more in value from / to any of the parties listed in the register maintained under Section 301 of the Act.
- 7.12 We are informed that there are no unserviceable or damaged stores and raw materials for which provision is necessary.
- 7.13 The company has not accepted any deposits from the Public under Section 58A of the Act and the Rules framed thereunder.
- 7.14 In our opinion and to the best of our information, the Company has no by product or scrap, which has any significant realisable value.
- 7.15 The company has an internal audit system commensurate with the size of the company and the nature of its business.
- 7.16 The Central Government has not prescribed the maintenance of cost records by the company under Section 209(1)(d) of the Act.
- 7.17 The company during the year has been regular in depositing the Provident Fund and Employees State Insurance dues with the appropriate authorities.
- 7.18 There are no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty and excise duty which were outstanding for a period exceeding six months from the day they became payable.
- 7.19 During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices followed in India, we have not come across any personal expenses which have been charged to Profit and Loss Account, nor have we been informed of such case by the management other than those payable under contractual obligations or in accordance with generally accepted business practices.
- 7.20 The company is not a sick industrial company within the meaning of clause (o) of Section 3(1) of the Sick Industrial Companies (Special Provisions) Act, 1985 of India.
- 7.21 In respect of services rendered :
- a) The company has a reasonable system of recording receipts, issues and consumption of materials and stores commensurate with the size of the company and the nature of its business. Though allocation of materials consumed is not made to the relative jobs, in our opinion, control is exercised on total materials consumed on jobs.
  - b) In our opinion, the company has a reasonable system of allocation of man-hours utilised to the relative jobs, commensurate with its size and nature of its business.
  - c) In our opinion, there is a reasonable system of authorisation at proper levels and an adequate system of internal controls for allocation of stores and labour commensurate with the size of the company and nature of its business.
- 7.22 In respect of trading activities of the company :
- a) The company has a process of determining damaged goods and where the value of such goods is significant, adequate provision has been made for the loss.

For **Messrs. S.VISWANATHAN**  
Chartered Accountants

**C.N.GANGADARAN**  
Partner

Place : Chennai  
Dated : 23rd June 2003

**BALANCE SHEET AS AT 31ST MARCH, 2003**

	Schedule	As at 31.03.2003 Rs.	As at 31.03.2002 Rs.
<b>I. SOURCES OF FUNDS</b>			
<b>1. Share Holders' Funds</b>			
a) Share Capital	I	77,680,720	77,680,720
b) Reserves & Surplus	II	2,407,784,020	2,428,069,977
		<b>2,485,464,740</b>	<b>2,505,750,697</b>
<b>2. Loan Funds</b>			
a) Secured	III	356,280,248	355,720,745
b) Unsecured	IV	620,550,000	60,000,000
		<b>976,830,248</b>	<b>415,720,745</b>
<b>TOTAL</b>		<b>3,462,294,988</b>	<b>2,921,471,442</b>
<b>II. APPLICATION OF FUNDS</b>			
<b>1. Fixed Assets</b>	V		
Gross Block		1,333,735,947	1,313,809,260
Less : Depreciation		378,837,463	305,226,311
Net Block		<b>954,898,484</b>	<b>1,008,582,949</b>
<b>2. Investments</b>	VI	<b>794,409,257</b>	<b>754,906,697</b>
<b>3. Current Assets, Loans &amp; Advances</b>			
a) Inventories	VII	43,698,270	37,793,662
b) Sundry Debtors	VIII	852,600,158	629,589,366
c) Cash & Bank Balances	IX	99,442,568	135,805,797
d) Loans & Advances	X	200,115,059	186,080,418
e) Other Current Assets	XI	14,174,640	2,677,222
		<b>1,210,030,695</b>	<b>991,946,465</b>
<b>Less: Current Liabilities and Provisions</b>			
a) Current Liabilities	XII	311,645,989	192,104,554
b) Provisions	XIII	927,166	927,166
		<b>312,573,155</b>	<b>193,031,720</b>
<b>Net Current Assets</b>		<b>897,457,540</b>	<b>798,914,745</b>
<b>4. Misc Expenditure</b> (to the extent not written off / adjusted)	XIV	<b>460,109,507</b>	<b>276,831,730</b>
<b>5. Profit &amp; Loss Account</b>	XV	<b>355,420,200</b>	<b>82,235,321</b>
<b>TOTAL</b>		<b>3,462,294,988</b>	<b>2,921,471,442</b>
Significant Accounting Policies and Notes to accounts	XXII		
Schedules, Accounting Policies and Notes form an integral part of the accounts.			

As per our Report Annexed  
For **Messrs. S. Viswanathan**  
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**

Place : Chennai  
Date : 23rd June 2003

**CHITRA SREENIVAS**  
Company Secretary

**V. JAGADISAN**  
Directors

# **PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2003**

	<b>Schedule</b>	<b>Year ended 31.03.2003 Rs.</b>	<b>Year ended 31.03.2002 Rs.</b>
<b>INCOME</b>			
Sales (Refer Note No.9)	<b>XVI</b>	<b>810,249,587</b>	938,369,605
Other Income	<b>XVII</b>	<b>39,585,259</b>	46,894,736
		<b>849,834,846</b>	985,264,341
<b>EXPENDITURE</b>			
Cost of Resale Material		<b>365,145,576</b>	372,239,092
Employee Compensation & Benefits	<b>XVIII</b>	<b>331,741,014</b>	350,840,438
Sales & Marketing Expenses	<b>XIX</b>	<b>25,869,999</b>	25,159,675
Administrative & Other Expenses	<b>XX</b>	<b>187,929,369</b>	220,171,141
		<b>910,685,958</b>	968,410,346
<b>Profit / (Loss) before Interest, Depreciation, Amortisation &amp; Tax</b>		<b>(60,851,112)</b>	16,853,995
Interest & Finance Charges	<b>XXI</b>		
- For R & D Activities		<b>11,396,000</b>	-
- For others		<b>57,521,411</b>	52,897,215
<b>Profit / (Loss) before Depreciation, Amortisation &amp; Tax</b>		<b>(129,768,523)</b>	(36,043,220)
Depreciation - on Technology Platform		<b>48,535,000</b>	-
on other fixed assets		<b>56,032,276</b>	51,580,689
<b>Profit / (Loss) before Amortisation &amp; Tax</b>		<b>(234,335,799)</b>	(87,623,909)
Amortisation of Product Research and Development Expenditure		<b>38,849,080</b>	-
<b>Profit / (Loss) before Tax</b>		<b>(273,184,879)</b>	(87,623,909)
Provision for Taxation			
Current Taxation		-	-
Deferred Taxation		-	-
<b>Profit / (Loss) after Tax</b>		<b>(273,184,879)</b>	(87,623,909)
<b>Profit &amp; Loss Appropriation Account for the year ended 31st March 2003</b>			
Transferred from Profit & Loss Account		<b>(273,184,879)</b>	(87,623,909)
Add : Balance brought forward		<b>(82,235,321)</b>	14,738,211
Add : Prior Period Adjustment Account		-	(14,349,623)
Balance in Profit & Loss Account		<b>(355,420,200)</b>	(87,235,321)
Significant Accounting Policies and Notes to accounts	<b>XXII</b>		
Schedules, Accounting Policies and Notes form an integral part of the accounts.			

As per our Report Annexed  
For **Messrs. S. Viswanathan**  
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**

Place : Chennai  
Date : 23rd June 2003

**CHITRA SREENIVAS**  
Company Secretary

**V. JAGADISAN**  
Directors

**SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH 2003**

	<b>As at 31.03.2003 Rs.</b>	As at 31.03.2002 Rs.
<b>Schedule I</b>		
<b>Share Capital</b>		
<b>Authorised :</b>		
1,50,00,000 equity Shares of Rs.10/- each	<b>150,000,000</b>	150,000,000
<b>Issued Share Capital</b>		
80,81,272 equity shares of Rs.10/- each	<b>80,812,720</b>	80,812,720
<b>Subscribed Share Capital</b>		
80,81,272 equity shares of Rs.10/- each	<b>80,812,720</b>	80,812,720
<b>Paid up Capital</b>		
77,33,272 Equity shares of Rs.10/- each fully paid up	<b>77,332,720</b>	
Add : Forfeited Shares	<b>348,000</b>	<b>77,680,720</b>

**Of the above**

43,33,153 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.

23,76,719 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.

**Schedule II**

**Reserves & Surplus**

	<b>As at 31.03.2003 Rs.</b>	As at 31.03.2002 Rs.
Capital Reserve (Refer Note No.2)	-	20,285,957
Share Premium	<b>2,407,784,020</b>	2,407,784,020
	<b>2,407,784,020</b>	2,428,069,977

**Schedule III**

**Secured Loans**

a) Bank Borrowings	<b>269,691,250</b>	203,915,970
b) Term Loan from		
Housing Development Finance Corporation Ltd.	<b>15,712,046</b>	22,126,419
Sundaram Home Finance Ltd.	<b>3,307,673</b>	27,950,812
Banks / FIs	<b>66,500,000</b>	100,000,000
c) Hire Purchase Loans	<b>1,069,279</b>	1,727,544
(For security details, refer Note No.4)	<b>356,280,248</b>	355,720,745



**As at  
31.03.2003  
Rs.**

As at  
31.03.2002  
Rs.

**Schedule IV  
Unsecured Loans**

From Banks - Short Term Loan	477,550,000	60,000,000
From Others	143,000,000	-
	<u>620,550,000</u>	<u>60,000,000</u>

**SCHEDULE V- FIXED ASSETS**

(Rs)

Asset Description	Gross Block				Depreciation Block				Net Block	
	As at 01.04.2002	Additions	Withdrawals	As at 31.03.2003	upto 01.04.2002	For the year	Withdrawals	upto 31.03.2003	As at 01.04.2002	As at 31.03.2003
Land	117,819,601	-	-	117,819,601	-	-	-	-	117,819,601	117,819,601
Building	164,188,100	1,444,053	-	165,632,153	29,211,222	5,487,902	-	34,699,124	134,976,878	130,933,029
Plant & Machinery										
- EDP	258,406,522	19,109,452	31,360,224	246,155,750	187,719,249	24,239,308	30,555,074	181,403,483	70,687,273	64,752,267
- Software	48,934,078	24,111,288	-	73,045,366	21,732,707	12,327,599	-	34,060,306	27,201,371	38,985,060
- Others	31,864,935	-	-	31,864,935	10,710,356	1,524,249	-	12,234,605	21,154,579	19,630,330
Furniture										
- Furniture	95,058,295	517,769	865,717	94,710,347	27,429,835	5,803,276	86,389	33,146,722	67,628,460	61,563,625
- Office Equipments	16,140,193	1,422,397	-	17,562,590	4,518,643	755,406	-	5,274,049	11,621,550	12,288,541
Electrical Items	90,017,504	6,723,060	681,305	96,059,259	22,761,434	5,348,537	93,078	28,016,893	67,256,070	68,042,366
Vehicles	6,030,032	627,048	1,121,134	5,535,946	1,142,865	545,999	221,583	1,467,281	4887,167	4,068,665
Technology Platform	485,350,000	-	-	485,350,000	-	48,535,000	-	48,535,000	485,350,000	436,815,000
<b>Total</b>	1,313,809,260	53,955,067	34,028,380	1,333,735,947	305,226,311	104,567,276	30,956,124	378,837,463	1,008,582,949	954,898,484
Previous Year	639,378,214	678,688,190	4,257,144	1,313,809,260	255,289,515	51,580,689	1,643,893	308,226,311	384,088,699	1,008,582,949

Note : Gross Block includes assets acquired under Hire purchase Rs. 2,768,000/- (Previous Year Rs. 2,768,000/-)

**Schedule VI  
Investments**

Rs

Rs

I. Investments in Subsidiaries ( Trade - Unquoted):		
121,135,800 Shares in Ramco Systems Corpn., USA of face value of USD 0.10 each	429,401,894	429,401,894
9,600 Shares in Ramco Systems Ltd., Switzerland of face value of CHF 1,000 each	288,671,649	288,671,649
725,000 Shares in Ramco Systems Pte. Ltd., Singapore of face value of SGD 1 each	18,616,100	18,616,100
1,280,000 Shares in Ramco Systems SDN. BHD., Malaysia of face value of RM 1 each	18,217,054	18,217,054
2. Investments in others (Trade - Unquoted)		
253 shares in Triamun AG, of face value of CHF 1 each	39,502,560	-
	<u>794,409,257</u>	<u>754,906,697</u>

**Schedule VII  
Inventories**

Resale Hardware & Software Materials (Valued at Cost or Net realisable value whichever is lower and as certified by management)	<u>43,698,270</u>	<u>37,793,662</u>
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# Ramco Systems Limited, India

	As at 31.03.2003 Rs.	As at 31.03.2002 Rs.
<b>Schedule VIII</b>		
<b>Sundry Debtors</b>		
(Unsecured, Considered Good)		
a) Debts Outstanding for period exceeding six months		
From Subsidiaries	501,448,488	304,978,649
Others	83,006,067	73,545,867
b) Other debts		
From Subsidiaries	95,415,414	121,982,162
Others	172,730,189	129,082,688
	<u>852,600,158</u>	<u>629,589,366</u>
<b>Schedule IX</b>		
<b>Cash and Bank Balances</b>		
Cash on hand	297,134	766,122
Balances with Scheduled Banks in		
a) Current Accounts	26,999,537	66,549,372
b) Deposit Accounts	72,145,897	68,490,303
	<u>99,145,434</u>	<u>135,039,675</u>
	<u>99,442,568</u>	<u>135,805,797</u>
<b>Schedule X</b>		
<b>Loans and Advances</b>		
(Unsecured, Considered Good)		
Advance recoverable in Cash or in kind or value to be received		
From Subsidiaries	124,536,954	79,107,517
Others	36,476,408	71,767,531
Tax deducted at Source	28,354,545	24,379,241
Deposits with Government Departments and Others	10,747,152	10,826,129
(Unsecured, Considered doubtful)		
Advance recoverable in Cash or in kind or value to be received		
From Others	567,211	-
Less: Provision for doubtful advances.	(567,211)	-
	<u>200,115,059</u>	<u>186,080,418</u>
<b>Schedule XI</b>		
<b>Other Current Assets</b>		
Prepaid expenses	13,968,209	2,648,700
Interest Accrued	206,431	28,522
	<u>14,174,640</u>	<u>2,677,222</u>
<b>Schedule XII</b>		
<b>Current Liabilities</b>		
For Purchases	148,555,487	100,913,575
For Expenses		
To subsidiaries	84,836,117	35,050,085
Others	78,254,385	56,140,894
	<u>311,645,989</u>	<u>192,104,554</u>
<b>Schedule XIII</b>		
<b>Provisions</b>		
Provision for Taxation	927,166	927,166
	<u>927,166</u>	<u>927,166</u>
<b>Schedule XIV</b>		
<b>Miscellaneous Expenditure</b>		
Product Research and Development Expenditure to the extent not amortised (Refer Note No.1)	437,712,234	264,299,618
Deferred Revenue Expenses	22,397,273	12,532,112
	<u>460,109,507</u>	<u>276,831,730</u>
<b>Schedule XV</b>		
<b>Profit &amp; Loss Account</b>		
Balance brought forward from P&L Appropriation Account	355,420,200	87,235,321
Less: Balance in General Reserve adjusted	-	(5,000,000)
	<u>355,420,200</u>	<u>82,235,321</u>

# **SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2003**

	For the year ended 31.03.2003 Rs.	For the Year ended 31.03.2002 Rs.
<b>SCHEDULE XVI</b>		
<b>Sales</b>		
Software Sales	150,433,118	175,171,729
Service & Maintenance charges	182,293,129	298,019,249
Value Added Resale Software & Hardware Materials	425,405,990	423,115,506
Royalty	52,117,350	42,063,121
	<b>810,249,587</b>	<b>938,369,605</b>
<b>Schedule XVII</b>		
<b>Other Income</b>		
Interest Received (TDS Rs.32,071/-) (Previous year Rs.26,78,675/-)	10,106,970	22,337,130
Profit on sale of assets	106,648	495,527
Foreign Exchange Fluctuation	20,049,285	24,062,079
Rent Income	9,322,356	-
	<b>39,585,259</b>	<b>46,894,736</b>
<b>Schedule XVIII</b>		
<b>Employee Compensation &amp; Benefits</b>		
Salaries, Bonus etc.,	271,727,636	304,712,395
Gratuity & Superannuation Fund Contributions	21,135,682	7,936,453
Provident Fund Contributions	15,972,584	18,533,585
Staff Welfare	22,905,112	19,658,005
	<b>331,741,014</b>	<b>350,840,438</b>
<b>Schedule XIX</b>		
<b>Sales &amp; Marketing Expenses</b>		
Advertisement & Sales Promotion	24,688,277	23,012,038
Handling, Packing & Forwarding	1,181,722	2,147,637
	<b>25,869,999</b>	<b>25,159,675</b>
<b>Schedule XX</b>		
<b>Administrative &amp; Other Expenses</b>		
Consultancy Charges	28,208,176	22,832,080
Bank Charges	5,481,908	5,257,302
Insurance	1,441,639	1,725,827
Loss on sale of fixed assets	762,154	484,283
Communication Expenses	14,768,626	19,470,188
Power & Fuel	11,543,146	11,048,139
Printing & Stationery	2,847,710	3,555,662
Rates & Taxes	3,782,225	3,443,302
Rent	41,363,306	50,944,959
Repairs - Buildings	165,188	235,545
Repairs - Plant & Machinery	5,278,955	5,347,926
Repairs - Others	3,800,365	4,767,591
Travel & Conveyance	46,702,883	64,178,473
Bad and Doubtful debts	5,120,443	-
Provision for Doubtful advances	567,211	-
Miscellaneous Expenses	16,095,434	26,879,864
	<b>187,929,369</b>	<b>220,171,141</b>
<b>Schedule XXI</b>		
<b>Interest &amp; Finance Charges</b>		
Interest on loans taken for R & D Activities	11,396,000	-
Interest for others		
Fixed Loans	2,460,990	5,052,576
Hire Purchase & Finance Charges	2,426,941	1,186,639
Others	52,633,480	46,658,000
	<b>57,521,411</b>	<b>52,897,215</b>
	<b>68,917,411</b>	<b>52,897,215</b>

## **SCHEDULE XXII**

### **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) Licence Fees**

Licence Fee revenue is recognised on delivery of the software.

###### **ii) Implementation Fees**

Implementation Contracts are either milestones based or time and material based.

In case of milestone contracts, revenue is recognised upon achievement of the milestones as per the terms of the contract.

In case of time and material contracts, revenue is recognised based on billable time spent in the project, priced at the contractual rate.

###### **iii) Annual Maintenance Contract**

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

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

Revenue from sales is recognised upon despatch of goods to customers.

###### **C. E-Commerce**

Revenue from the fixed price / fixed time frame contracts is recognised upon the achievement of specified milestones identified in the related contracts in accordance with the percentage of completion method.

###### **D. Other Income**

Interest on bank deposits is recognised on accrual basis.

##### **III. Fixed Assets and Depreciation**

Fixed Assets are capitalised at historical cost and includes freight, installation cost, finance cost, taxes and duties 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/- or less are depreciated in full in the year of purchase.

Assets acquired on Hire Purchase are capitalised at the gross value and interest thereon charged to Profit & Loss Account.

In respect of Assets leased prior to 01.04.2001, the lease rentals paid during the year are charged to Profit & Loss Account. In respect of assets leased on or after 01.04.2001, the accounting treatment prescribed by Accounting Standard 19 on "Leases" is followed.

Cost incurred in the development of new framework technology, which would enable the company to provide solutions - both standard and customised – in an efficient manner, is treated as a fixed asset once the same is available for use and depending upon the estimated useful life of framework technology, depreciation is charged.

##### **IV. Investments**

Long term investments are stated at cost.

##### **V. Inventories**

Inventories are valued at lower of cost and net realisable 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 Account. Exchange difference in respect of foreign currency liabilities incurred for acquiring fixed assets 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 unresponded transactions. Net gain / loss on foreign currency translation is recognised in the Profit & Loss Account.

## **VIII. Retirement Benefits**

### **Gratuity**

In accordance with the Indian law, the company provides for gratuity, a defined benefit retirement plan ("The Gratuity Plan"), covering all employees. These employees are covered under the Group Gratuity Scheme of the LIC. The Gratuity, is charged to Profit & Loss Account on the basis of year's premium, computed by Life Insurance Corporation of India.

### **Superannuation**

Apart from being covered under the Gratuity Plan described above, the senior officers of the Company are participants in a defined contribution benefit plan maintained by the Life Insurance Corporation of India. The plan is termed as superannuation plan 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 salary. These contributions are made to the 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 ascertained by actuarial valuation is provided in the books of account.

## **IX. Research & Development**

Research & Development Costs are capitalised and amortized over a period of four years following the year in which the product is available for use.

## **X. Earnings per share**

Profit after tax is adjusted for prior period adjustments and divided by the number of equity shares outstanding as on the Balance Sheet date.

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## **NOTES ON ACCOUNTS**

### **1. Research & Development**

During the current year, an amount of Rs.2,523.54 lacs (including interest of Rs. 113.96 lacs on loans taken for R & D Activities) (Previous year Rs. 2,687.71 lacs) was incurred for Product Research and Development. Out of this, an amount of Rs. 2,325.48 lacs has been capitalised and grouped in the Balance Sheet under "Miscellaneous Expenditure - Product Research & Development Expenditure".

A separate Profit and Loss Account, Balance Sheet and Schedules in respect of the Research and Development Activities is enclosed.

Out of an amount of Rs.11,271.14 lacs capitalised upto the year 2001-02 (Previous Year Rs. 8,583.42 lacs upto 2000-01) in respect of the Product Research & Development Expenditure, an amount of Rs.4,365.99 lacs has been amortized upto 31st March 2003 (Previous Year Rs. 3,774.64 lacs upto 31st March 2002) and an amount of Rs. 4,853.50 lacs has been capitalised as "Technology Platform" under fixed assets.

## Ramco Systems Limited, India

Depreciation charged to Profit & Loss Account includes Rs. 485.35 lacs (Previous Year Rs. Nil) towards depreciation on "Technology Platform" and Rs. 335.44 lacs (Previous year Rs. 337.13 lacs) on other assets used for Research and Development.

### 2. Capital Reserve

The reduction in the balance of capital reserve as on 31st March 2003 is due to the debit of an amount of Rs.202.86 lacs (Previous Year Rs. 3,274.50 lacs) being Product Research & Development Expenditure amortised during the current year. As the capital reserve represented the value of the net asset transferred to the Company through the Demerger Scheme from Ramco Industries Ltd., the depletion in the value of unamortised Product Research & Development Expenditure (which also formed a portion of the assets transferred to the Company through the said scheme) through the amortisation stated above has therefore been debited to the Capital Reserve Account.

### 3. Sundry Debtors

Sundry Debtors include dues from Overseas subsidiaries as given below:

Subsidiary	Outstanding as on 31.03.2003	Maximum amount due during the year
Ramco Systems Corporation, USA	Rs.3,269.70 lacs (Previous year Rs.2,773.99 lacs)	Rs.3,269.70 lacs (Previous year Rs.4,184.15 lacs)
Ramco Systems Limited, Switzerland	Rs.2,210.90 lacs (Previous year Rs.1,278.78 lacs)	Rs.2,210.90 lacs (Previous year Rs.1,379.32 lacs)
Ramco Systems Sdn. Bhd., Malaysia	Rs.93.70 lacs (Previous year Rs.34.93 lacs)	Rs.93.70 lacs (Previous year Rs. 34.93 lacs)
Ramco Systems Pte. Ltd., Singapore	Rs.394.34 lacs (Previous year Rs.182.34 lacs)	Rs.394.34 lacs (Previous year Rs.243.59 lacs)

### 4. Secured Loans

Borrowings from the banks for working capital amounting to Rs.1,838.28 lacs 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. 858.64 lacs 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.

Term Loans from Housing Development Finance Corporation Limited and Sundaram Home Finance Limited represent a Line of Credit to the Company towards provision of housing loans to the employees which is secured by an equitable mortgage by way of deposit of title deeds of the properties acquired by the employees and includes an amount of Rs.12.27 lacs which represents amount due to be repaid in respect of two employees who have repaid the loan to the Company.

Borrowings from HDFC Limited (under Banks / FIs) amounting to Rs. 665 lacs (Previous Year Rs. Nil) are secured by an exclusive charge on the Land at Santhome, Chennai.

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

### 5. Current Liabilities

There are no outstandings exceeding a sum of Rs.1 lakh to Small Scale industrial Undertakings, for more than 30 days.

### 6. Taxation

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.

7. The Company's shares are listed on Madras Stock Exchange Limited, The Stock Exchange, Mumbai and National Stock Exchange of India Limited. The Listing Fees for the financial year 2002-2003 has been paid.

8. The Company has branches in United Kingdom and Germany. The United Kingdom branch has made a turnover of Rs. 439.01 lacs for the year ended 31<sup>st</sup> March 2003 (Previous year Rs.1,006.42 lacs) and the Germany branch has made a turnover of Rs. Nil for the year ended 31<sup>st</sup> March 2003 (Previous year Rs.24.58 lacs).

9. Amounts recovered from Subsidiaries towards expenses incurred on account of on-site employees to the extent of Rs.431.08 lacs have been netted off from expenses as against the previous practice of including such amounts under net sales / income from operations. (Previous year Rs.617.93 lacs).

## 10. Managerial Remuneration

Computation of Profits as per Sec. 349 of the Companies Act, 1956 for remuneration to Vice Chairman and Managing Director for the year ended 31.03.2003.

	Rs.	Rs.
Loss as per P&L Account		(27,31,84,879)
Add : Directors Sitting Fees	2,27,500	
Vice Chairman & Managing Director's Remuneration	12,74,400	
Loss on Sale of Assets as per P&L Account	7,62,154	
Profit on Sale of Assets as per Sec 350	3,21,399	
		25,85,453
		<u>(27,05,99,426)</u>
Less : Profit on Sale of Assets as per P&L Account	1,06,648	
Loss on Sale of Assets as per Sec.350	4,28,870	
		5,35,518
Loss arrived for the purpose of Managerial Remuneration		<u>(27,11,34,944)</u>

3% of the above – Rs. Nil

The Company's Vice-Chairman & Managing Director 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 maximum limit admissible from any one of the Companies of which he is the Managing Director. He has been paid a remuneration of Rs. 12,74,400/- for the year (Previous Year Rs.13,82,400/-) from the Company as per the terms of appointment by way of monthly remuneration. This remuneration has been adjusted in the overall maximum remuneration of Rs.76,05,495/- (Previous Year Rs.52,89,959/-) payable by Ramco Industries Limited at 3% of its net profits computed in accordance with the provisions of the said Act.

## 11. Contingent Liabilities

	<b>As at 31.03.2003</b>	<b>(Rs. in lacs) As at 31.03.2002</b>
(a) Estimated amount of contracts remaining to be executed on capital account	<b>153.27</b>	49.92
(b) Bank Guarantees	<b>537.64</b>	605.53
(c) Letters of Credit	<b>76.64</b>	581.19
(d) Octroi Liability	<b>26.52</b>	18.59
(e) Income Tax Liability (Disputed – Pending before the First Appellate Authority)	<b>924.92</b>	Nil
(f) The Company has extended Corporate Guarantee in favour of ICICI Bank Ltd., for an amount of USD 5.0 million (Previous year USD 5.0 million) to facilitate avilment of loan by its subsidiary, viz., Ramco Systems Corporation, USA.		
(g) The Company has extended Corporate Guarantee in favour of UTI Bank Ltd., for an amount of USD 2.5 million (Previous year USD 2.5 million) to facilitate avilment of loan by its subsidiary, viz., Ramco Systems Limited, Switzerland. The balance outstanding in the loan as on 31 <sup>st</sup> March 2003 is USD 1.26 million.		
(h) The Company's Land and Building located at 64, Sardar Patel Road, Taramani, Chennai - 600 113 has been provided as collateral security on a pari passu first charge basis to ICICI Bank Ltd., and UTI Bank Ltd., for the credit facilities provided by these banks to the Company's subsidiaries as mentioned in Note (f) and (g) above.		

## 12. Fees paid to Statutory Auditors (Included in consultancy charges)

	<b>For the year ended 31.03.2003</b>	<b>(Rs. in lacs) For the year ended 31.03.2002</b>
(a) Statutory Audit	<b>4.86</b>	2.10
(b) Tax Audit	<b>0.90</b>	0.90

**13. Additional information as required by Schedule VI of the Companies Act, 1956**

		<b>(Rs. in lacs)</b>
		For the year ended 31.03.2003
		For the year ended 31.03.2002
A)	<b>Sales:</b>	<b>Net Value</b>
	a) Ramco e.Applications and other Software & Services	Net Value
		4,994.03
	b) Enterprise Networking Solutions	4,389.67
B)	<b>CIF Value of Imports -</b>	
	Raw Materials, Spare Parts & Capital Goods	3,197.73
		1,464.01
C)	<b>Expenditure in Foreign Currency on account of Travelling and other matters</b>	612.96
		719.44
D)	<b>Number of Non-resident shareholders</b>	27
		28

		<b>For the year ended 31.03.2003</b>	<b>For the year ended 31.03.2002</b>
		Value	%
		Value	%
E)	<b>Value of consumption of imported and indigenous raw materials and spare parts</b>		
	<b>RAW MATERIALS</b>		
	Imported	2,888.79	79.11%
	Indigenous	762.66	20.89%
F)	<b>Earnings in Foreign Exchange on export of goods (F.O.B. basis)</b>	2,181.09	3,611.41

**14. Earnings per share (EPS):**

Profit / (Loss) after tax and Prior period adjustments (Rs.)	(A)	<b>(27,31,84,879)</b>	(10,19,73,532)
Total Equity Shares Outstanding	(B)	<b>77,33,272</b>	77,33,272
EPS - Basic & diluted (Rs.) (per share of Rs.10/- each)	(A/B)	<b>(35.33)</b>	(13.19)

**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. 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.

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

Shri.P.R.Ramasubrahmaneya Rajha  
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") :

Rajapalaiyam Mills Ltd.  
Madras Cements Ltd.  
Ramco Industries Ltd.  
The Ramaraju Surgical Cotton Mills Ltd.



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

<b>Current Year</b>		<b>(In Rs.)</b>		
<b>Type of transaction</b>		<b>Subsidiaries</b>	<b>Group</b>	<b>KMP</b>
Export of software & Services	Transaction during the year	14,61,07,505	—	—
	Outstanding as on 31.03.03	31,38,17,221	—	—
Sale of goods & services	Transaction during the year	—	72,69,970	—
	Outstanding as on 31.03.03	—	1,53,451	—
Royalty	Transaction during the year	5,21,17,350	—	—
	Outstanding as on 31.03.03	28,30,46,681	—	—
Purchase of Assets	Transaction during the year	—	—	—
	Outstanding as on 31.03.03	—	—	—
Sale of Assets	Transaction during the year	—	—	—
	Outstanding as on 31.03.03	—	—	—
Cost of services availed	Transaction during the year	62,91,544	—	—
	Outstanding as on 31.03.03	4,53,33,557	—	—
Loan availed	Transaction during the year	—	11,30,00,000	—
	Outstanding as on 31.03.03	—	9,30,00,000	—
Loans given	Transaction during the year	4,09,44,912	—	—
	Outstanding as on 31.03.03 (including interest due)	12,45,36,954	14,05,322	—
Investments	Transaction during the year	3,95,02,560	—	—
	Outstanding as on 31.03.03	3,95,02,560	—	—
Interest	Expenses	—	82,70,986	—
	Income	51,41,003	—	—
<b>Previous Year</b>		<b>(In Rs.)</b>		
<b>Type of transaction</b>		<b>Subsidiaries</b>	<b>Group</b>	<b>KMP</b>
Export of software & Services	Transaction during the year	17,98,22,576	—	—
	Outstanding as on 31.03.02	18,16,40,015	—	—
Sale of goods & services	Transaction during the year	—	2,39,05,837	—
	Outstanding as on 31.03.02	—	28,23,177	—
Royalty	Transaction during the year	4,20,63,121	—	—
	Outstanding as on 31.03.02	24,46,21,264	—	—
Purchase of Assets	Transaction during the year	—	1,27,405	—
	Outstanding as on 31.03.02	—	1,15,658	—
Sale of Assets	Transaction during the year	—	6,78,035	—
	Outstanding as on 31.03.02	—	—	—
Cost of services availed	Transaction during the year	1,34,48,412	—	—
	Outstanding as on 31.03.02	3,50,50,085	—	—
Loan availed	Transaction during the year	—	5,00,00,000	—
	Outstanding as on 31.03.02	—	—	—
Loans given	Transaction during the year	18,35,57,156	14,05,322	—
	Outstanding as on 31.03.02 (including interest due)	7,91,07,517	14,05,322	—
Interest	Expenses	—	2,92,808	17,432
	Income	63,39,021	—	—

Details of remuneration paid to Shri.P.R.Venketrama Raja are furnished in Note No.10 above.

Details of corporate guarantees given to the subsidiaries are furnished in Note No.11 above.

**16. Segmental Revenue:**

In accordance with Accounting Standard 17, issued by the Institute of Chartered Accountants of India, the company has determined its primary operating segments as:

Product Software and Related Services: Engaged in the development, licensing, implementation and maintenance of software solutions.

Other software services: Engaged in providing professional services and implementing projects; and

Network Solutions: Engaged in the development and sale of network and communication hardware, security software and other related services.

These operating segments were identified from the structure of the Company's internal organization. The company's secondary reporting segment is the geographies from which the revenues accrue and they have been identified as:

India and Middle East region, consisting of India, the Middle East and Africa.

Asean, consisting of Malaysia, Singapore, Thailand, Philippines and other countries in the region.

Europe, consisting of United Kingdom, Switzerland, Germany and Benelux countries.

America, mainly consisting of North and South America and rest of the world.

The revenues and results of each of the primary segments and the revenues from the geographies are given below:

**Segment Revenue – Primary Segments (Rs. In Lacs)**

Sl. No.	Particulars	For the Year ended 31.03.2003	For the Year ended 31.03.2002
1	Segment Revenue		
a	Product Software and Related Services	1,841.81	2,501.48
b.	Other Software Services	1,596.93	2,492.55
c.	Network Solutions	4,663.76	4,389.67
	Total Revenue	8,102.50	9,383.70
	Less: Inter Segment Revenue	—	—
	<b>Net Sales / Income from Operations</b>	<b>8,102.50</b>	<b>9,383.70</b>
2	Segment Profit / (Loss) before tax and interest		
a.	Product Software and Related Services	(88.31)	527.61
b.	Other Software Services	(111.32)	618.54
c.	Network Solutions	267.18	189.57
	<b>Total</b>	<b>67.55</b>	<b>1,335.72</b>
	Less: Interest	502.78	528.97
	Less: Other unallocable expenditure net of unallocable income	2,296.62	1,682.99
3	<b>Profit / (Loss) before Tax</b>	<b>(2,731.85)</b>	<b>(876.24)</b>

**Segment Revenue – Secondary Segments (Current Year) (Rs. In lacs)**

Particulars	For the Year Ended 31.03.2003				
	India & Middle East	Asean	Europe	America	Total
<b>Segment Revenue</b>					
a. Product Software and Related Services	1,021.69	248.10	201.00	371.02	1,841.81
b. Other Software Services	442.81	284.41	770.93	98.78	1,596.93
c. Network Solutions	4,663.76	—	—	—	4,663.76
<b>Total Revenue</b>	<b>6,128.26</b>	<b>532.51</b>	<b>971.93</b>	<b>469.80</b>	<b>8,102.50</b>
Less: Inter Segment Revenue	—	—	—	—	—
<b>Net Sales / Income from Operations</b>	<b>6,128.26</b>	<b>532.51</b>	<b>971.93</b>	<b>469.80</b>	<b>8,102.50</b>

**Segment Revenue – Secondary Segments (Previous Year)**
**(Rs. In lacs)**

Particulars	For the Year Ended 31.03.2002				
	India & Middle East	Asean	Europe	America	Total
<b>Segment Revenue</b>					
a. Product Software and Related Services	1,348.52	172.74	531.65	448.57	2,501.48
b. Other Software Services	395.70	289.39	1,359.86	447.60	2,492.55
c. Network Solutions	4,389.67	—	—	—	4,389.67
<b>Total Revenue</b>	<b>6,133.89</b>	<b>462.13</b>	<b>1,891.51</b>	<b>896.17</b>	<b>9,383.70</b>
Less: Inter Segment Revenue	—	—	—	—	—
<b>Net Sales / Income from Operations</b>	<b>6,133.89</b>	<b>462.13</b>	<b>1,891.51</b>	<b>896.17</b>	<b>9,383.70</b>

The company believes that it is not practical to provide details of segmental assets (except those identified as related to Research and Development activities and to units located at the Software Technology Park) are used interchangeably among segments. Significant liabilities contracted are based on the company's requirements on the whole and are not identifiable to any of the reportable segment and as such have not been disclosed separately.

- 17.** The figures have been rounded off to the nearest rupee and previous year's figures have been regrouped / recast wherever necessary to make them comparable with that of the current year.

As per our Report Annexed  
For **Messrs. S. Viswanathan**  
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**

Place : Chennai  
Date : 23rd June, 2003

**CHITRA SREENIVAS**  
Company Secretary

**V. JAGADISAN**  
Directors

**RESEARCH AND DEVELOPMENT ACTIVITIES (REFER SL.NO.1 OF NOTES ON ACCOUNTS)  
BALANCE SHEET AS AT 31ST MARCH 2003**

	<b>Schedule</b>	<b>As at 31.03.2003 Rs.</b>	<b>As at 31.03.2002 Rs.</b>
<b>I SOURCES OF FUNDS</b>			
<b>1. Loan Funds</b>			
a) Secured		-	-
b) Unsecured		<b>247,900,000</b>	-
		<b>247,900,000</b>	-
<b>2. Head Office Contra Account</b>		<b>1,120,978,732</b>	1,121,377,155
<b>TOTAL</b>		<b>1,368,878,732</b>	1,121,377,155
<b>II. APPLICATION OF FUNDS:</b>			
<b>1. Fixed Assets</b>	<b>1</b>		
Gross Block		<b>1,005,908,496</b>	990,474,535
Less : Depreciation		<b>327,105,103</b>	245,026,189
<b>Net Block</b>		<b>678,803,393</b>	745,448,346
<b>2. Product Research &amp; Development Expenditure</b> (to the extent not written off / adjusted)		<b>437,712,233</b>	264,299,618
<b>3. Profit &amp; Loss Account</b>		<b>252,363,106</b>	111,629,191
<b>TOTAL</b>		<b>1,368,878,732</b>	1,121,377,155

As per our Report Annexed  
For **Messrs. S. Viswanathan**  
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**

Place : Chennai  
Date : 23rd June 2003

**CHITRA SREENIVAS**  
Company Secretary

**V. JAGADISAN**  
Directors

# RESEARCH AND DEVELOPMENT ACTIVITIES (REFER SL.NO.1 OF NOTES ON ACCOUNTS)

## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2003

	Schedule	For the year ended 31.03.2003 Rs.	For the year ended 31.03.2002 Rs.
<b>INCOME</b>			
Sales		-	-
		-	-
<b>EXPENDITURE</b>			
Employee Compensation & Benefits	2	3,226,000	-
Administrative & Other Expenses	3	5,183,921	-
		<b>8,409,921</b>	-
<b>Profit / (Loss) before Interest, Depreciation, Amortisation &amp; Tax</b>		(8,409,921)	-
Interest & Finance Charges	4	11,396,000	-
<b>Profit / (Loss) before Depreciation , Amortisation &amp; Tax</b>		<b>(19,805,921)</b>	-
Depreciation - on Technology Platform		48,535,000	-
- on other fixed assets		33,543,914	33,712,890
<b>Profit / (Loss) before Amortisation &amp; Tax</b>		<b>(101,884,835)</b>	(33,712,890)
Amortisation of Product Research and Development Expenditure		38,849,080	-
<b>Profit / (Loss) before Tax</b>		<b>(140,733,915)</b>	(33,712,890)
Provision for Taxation		-	-
<b>Profit / (Loss) after Tax</b>		<b>(140,733,915)</b>	(33,712,890)
<b>PROFIT &amp; LOSS APPROPRIATION ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2003</b>			
Transferred from Profit & Loss Account		(140,733,915)	(33,712,890)
Balance brought forward from previous year		(111,629,191)	(296,215,896)
Prior Period adjustments		-	218,299,595
Balance in Profit & Loss Account		<b>(252,363,106)</b>	<b>(111,629,191)</b>

As per our Report Annexed  
For **Messrs. S. Viswanathan**  
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**

Place : Chennai  
Date : 23rd June, 2003

**CHITRA SREENIVAS**  
Company Secretary

**V. JAGADISAN**  
Directors

**Schedule 1**

**Fixed Asset Schedule for R&D**

Rs.

Asset Description	Gross Block				Depreciation Block				Net Block	
	As at 01.04.2002	Additions	With-drawals	As at 31.03.2003	Upto 01.04.2002	For the year	With-drawals	Upto 31.03.2003	As at 01.04.2002	As at 31.03.2003
Building	121,513,175			121,513,175	22,207,456	4,058,540		26,265,996	99,305,719	95,247,179
Plant & Machinery										
EDP	210,876,791	13,263,990		224,140,781	155,376,969	17,276,164		172,653,133	55,499,822	51,487,648
Software	35,042,554	2,169,971		37,212,525	17,623,422	3,923,587		21,547,009	17,419,132	15,665,516
Others	3,531,073			3,531,073	2,130,311	189,498		2,319,809	1,400,762	1,211,264
Furniture										
Furniture	53,678,226			53,678,226	19,166,477	3,349,033		22,515,510	34,511,749	31,162,716
Office Equipment	7,146			7,146	3,448	339		3,787	3,698	3,359
Electrical Items	80,475,570			80,475,570	28,518,106	4,746,753		33,264,859	51,957,464	47,210,711
Technology Platform	485,350,000			485,350,000	-	48,535,000		48,535,000	485,350,000	436,815,000
	990,474,535	15,433,961		1,005,908,496	245,026,189	82,078,914	-	327,105,103	745,448,346	678,803,393

**Schedules to Profit & Loss Account for R & D**

**For the year ended  
31.03.2003  
Rs.**

For the year ended  
31.03.2002  
Rs.

**Schedule 2**

**Employee Compensation & Benefits**

Salaries, Bonus, contributions etc.,  
Staff welfare

**201,433,943**  
**3,226,000**

207,506,287  
3,784,714

**Less:** Product Research and Development Expenditure Capitalised

**(201,433,943)**  
**3,226,000**

(211,291,001)  
-

**Schedule 3**

**Administrative and other expenses:**

Rs.

Rs.

Communication Expenses

**4,624,069**

1,841,650

Power & Fuel

**13,079,238**

10,709,233

Rent

**11,051,970**

20,819,735

Repairs - Plant & Machinery

**12,292**

-

Repairs - Others

**12,947**

200

Travel & Conveyance

**231,207**

4,915,577

Consultancy

-

8,349,976

Software purchased

**6,982,500**

-

Training expenses

-

6,993,711

Miscellaneous Expenses

**303,406**

3,850,136

**Less:** Product Research and Development Expenditure Capitalised

**(31,113,708)**  
**5,183,921**

(57,480,218)  
-

**Schedule 4**

**Interest**

Interest

**11,396,000**

-

**Less:** Product Research and Development Expenditure Capitalised

-  
**11,396,000**

-  
-

# **CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2003**

	Rs.	Year ended 31.03.2003 Rs.	Rs.	Year ended 31.03.2002 Rs.
<b>A. Cash Flow From Operating Activities</b>				
Net Profit / (Loss) before tax		(273,184,879)		(87,623,909)
Add : Interest		68,917,411		52,897,215
		(204,267,468)		(34,726,694)
Add : Depreciation and Amortisation		143,416,356		51,580,689
		(60,851,112)		16,853,995
Less : Interest Received	10,106,970		22,337,130	
Profit on sale of assets, Net	(655,506)		11,244	
Miscellaneous Income	29,371,641	38,823,105	24,062,079	46,410,453
<b>Operating Profit before Working Capital Changes</b>		(99,674,217)		(29,556,458)
Less : Increase / Decrease in Current assets:				
Trade and Other receivables	237,045,433		(101,853,709)	
Inventories	5,904,608		(38,964,128)	
Other current assets [other than Cash and Bank]	11,497,418	254,447,459	(4,278,103)	(145,095,940)
		(354,121,676)		115,539,482
Add : Increase/Decrease in Current Liabilities :				
Trade Payables & Taxes	119,541,435		(69,401,523)	
Bank Borrowings	65,775,280	185,316,715	153,915,970	84,514,447
<b>Cash generated from operations</b>		(168,804,961)		200,053,929
Interest payments		68,917,411		52,897,215
<b>Net Cash (used in) / from operating activities</b>		(237,722,372)		147,156,714
<b>B. Cash Flow from Investing Activities:</b>				
Purchase of Fixed assets - For R & D Activities	(15,433,961)		(31,148,186)	
Purchase of Fixed assets - For others	(38,521,106)		(156,637,070)	
Investment in Companies	(39,502,560)		-	
Miscellaneous Expenditure - For R & D Activities	(232,547,653)		(268,771,219)	
Miscellaneous Expenditure - For others	(9,865,161)	(335,870,441)	(5,257,283)	(461,813,758)
Less : Sale of fixed assets	3,072,256		2,613,251	
Interest received	10,106,970		22,337,130	
Miscellaneous Income	29,371,641		24,062,079	
Profit on sale of assets, Net	(655,506)	41,895,361	11,244	49,023,704
<b>Net cash (used in) / from Investing Activities</b>		(293,975,080)		(412,790,055)
<b>C. Cash Flow from Financing Activities</b>				
Proceeds from secured borrowings	154,014,857		1,246,733	
Proceeds from unsecured borrowings - For R&D Activities	247,900,000		-	
Proceeds from unsecured borrowings - For others	312,650,000	714,564,857	50,000,000	51,246,733
Less : Repayment of finance Liabilities	219,230,634		5,532,218	
Repayment of unsecured borrowings	-	219,230,634	101,490,852	107,023,070
<b>Net Cash from financing activities</b>		495,334,223		(55,776,337)
<b>Net Increase / (Decrease) in cash and Cash equivalents</b>		(36,363,229)		(321,409,678)
<b>Cash and Cash equivalents as on 01.04.2002</b>	135,805,797		457,215,475	
<b>Cash and Cash equivalents as on 31.03.2003</b>	99,442,568	(36,363,229)	135,805,797	(321,409,678)

As per our Report Annexed  
For **Messrs. S. Viswanathan**  
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**

Place : Chennai  
Date : 23rd June, 2003

**CHITRA SREENIVAS**  
Company Secretary

**V. JAGADISAN**  
Directors

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

**I REGISTRATION DETAILS**

Registration No : 

3	7	5	5	0	1	9	9	7
---	---	---	---	---	---	---	---	---

 State Code 

1	8
---	---

  
(Refer Code List)

Balance Sheet Date 

3	1	0	3	2	0	0	3
---	---	---	---	---	---	---	---

  
Date Month Year

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

Public Issue 

				N	I	L
--	--	--	--	---	---	---

 Rights Issue 

				N	I	L
--	--	--	--	---	---	---

Bonus Issue 

				N	I	L
--	--	--	--	---	---	---

 Private Placement 

				N	I	L
--	--	--	--	---	---	---

Others 

				N	I	L
--	--	--	--	---	---	---

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

Total Liabilities 

	3	4	6	2	2	9	5
--	---	---	---	---	---	---	---

 Total Assets 

	3	4	6	2	2	9	5
--	---	---	---	---	---	---	---

**Sources of Funds**

Paid-up Capital 

			7	7	6	8	1
--	--	--	---	---	---	---	---

 Reserves & Surplus 

	2	4	0	7	7	8	4
--	---	---	---	---	---	---	---

Secured Loans 

		3	5	6	2	8	0
--	--	---	---	---	---	---	---

 Unsecured Loans 

		6	2	0	5	5	0
--	--	---	---	---	---	---	---

**Application of Funds**

Net Fixed Assets 

		9	5	4	8	9	9
--	--	---	---	---	---	---	---

 Investments 

		7	9	4	4	0	9
--	--	---	---	---	---	---	---

Net Current Assets 

		8	9	7	4	5	7
--	--	---	---	---	---	---	---

 Miscellaneous Expenditure 

		4	6	0	1	1	0
--	--	---	---	---	---	---	---

Profit and Loss Account 

		3	5	5	4	2	0
--	--	---	---	---	---	---	---

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

Turnover and Other income 

		8	4	9	8	3	5
--	--	---	---	---	---	---	---

 Total Expenditure 

		1	1	2	3	0	2	0
--	--	---	---	---	---	---	---	---

Loss before Tax 

		2	7	3	1	8	5
--	--	---	---	---	---	---	---

 Loss after Tax 

		2	7	3	1	8	5
--	--	---	---	---	---	---	---

Earnings / (Loss) 

		(	3	5	.	3	3	)
--	--	---	---	---	---	---	---	---

 Dividend Rate % 

	-
--	---

Per Share in Rs.

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

(as per monetary terms)

Item Code No. (ITC Code) 

		8	5	2	4	5	1
--	--	---	---	---	---	---	---

Product Description 

C	O	M	P	U	T	E	R
S	O	F	T	W	A	R	E

As per our Report Annexed  
For **Messrs. S. Viswanathan**  
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**

Place : Chennai  
Date : 23rd June, 2003

**CHITRA SREENIVAS**  
Company Secretary

**V. JAGADISAN**  
Directors



# 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
2 Financial Year end of the Subsidiary Company	March 31, 2003	March 31, 2003	March 31, 2003	March 31, 2003
3 No of shares held in the Subsidiary Company as on the above date	121,135,800 Equity Shares of USD 0.10 each	9,600 Equity Shares of CHF 1,000 each	1,280,000 Equity Shares of RM 1/-each	725,000 Equity Shares of SGD 1/- each
4 Percentage of holding (Equity)	97%	100%	100%	100%
5 Percentage of holding ( Preference)	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				
a Dealt with Accounts of the Company for the year ended 31 March 2003	Nil	Nil	Nil	Nil
b Not dealt with Accounts of the Company for the year ended 31 March 2003	USD (1,228,157)	CHF (3,853,821)	RM (2,318,190)	SGD (1,741,705)
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				
a Dealt with Accounts of the Company for the year ended 31 March 2003	Nil	Nil	RM 512,000	Nil
b Not dealt with Accounts of the Company for the year ended 31 March 2003	USD (9,353,840)	CHF (361,635)	RM 1,357,572	SGD 776,905
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 2003	NA	NA	NA	NA
9 Material changes between the end of the Financial Year of the Subsidiary Company and the Company's Financial year ended 31 March 2003	NA	NA	NA	NA
a Fixed Assets				
b Investments				
c Money lent				
d Money borrowed other than those for meeting Current Liabilities				

As per our Report Annexed  
For **Messrs. S. Viswanathan**  
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**

Place : Chennai  
Date : 23rd June, 2003

**CHITRA SREENIVAS**  
Company Secretary

**V. JAGADISAN**  
Directors



**RAMCO SYSTEMS CORPORATION, USA**

(Subsidiary of Ramco Systems Limited, India)

**BOARD OF DIRECTORS**

Shri. P.R. RAMASUBRAHMANEYA RAJHA  
Shri P.R. VENKETRAMA RAJA  
Shri. S.R. SRIRAMA RAJA  
Smt. NALINA RAMALAKSHMI  
Shri. K. RAMACHANDRAN

**OFFICES**

**REGISTERED OFFICE**

18510, Decatur Road,  
Monte Sereno  
CA 95030

**CORPORATE OFFICE**

3150, Brunswick Pike  
Crossroads Corporate Center  
Lawrenceville  
NJ 08648

**BRANCH OFFICE**

Lisle, Illinois  
Santa Clara, California

**AUDITORS**

Messrs. S. VISWANATHAN

**BANKERS**

FLEET BANK

## Ramco Systems Corporation, USA

### DIRECTORS' REPORT TO THE MEMBERS

Your directors are pleased to present their report on the Company, its performance and the Audited Financial Statements for the year ended 31st March, 2003.

### FINANCIAL RESULTS

Particulars	March 31, 2003	March 31, 2003	March 31, 2002	(In Millions) March 31, 2002
	(In USD)	(In Rs.)	(in USD)	(in Rs.)
<b>Revenues</b>	<b>11.26</b>	<b>543.63</b>	10.84	518.26
<b>Expenditure</b>				
Staff cost	<b>6.97</b>	<b>336.72</b>	8.99	429.56
Other Direct costs	<b>2.34</b>	<b>112.88</b>	2.97	142.04
Sales & Marketing Expenses	<b>0.46</b>	<b>21.97</b>	0.21	9.90
Administration & other expenses	<b>3.50</b>	<b>168.91</b>	2.41	115.30
Earnings before Interest, Depreciation & Tax	<b>(2.01)</b>	<b>(96.85)</b>	(3.74)	(178.54)
Interest	<b>0.47</b>	<b>22.64</b>	0.61	29.13
Depreciation	<b>0.04</b>	<b>1.91</b>	0.10	4.95
Profit/(Loss) before Tax	<b>(2.52)</b>	<b>(121.40)</b>	(4.45)	(212.62)
Tax Payments	-	-	-	-
Net Profit/(Loss)	<b>(2.52)</b>	<b>(121.40)</b>	(4.45)	(212.62)

### OPERATIONS

Revenues of your Company registered USD 11.26 million as against USD 10.84 million in the previous year. Net losses stand at USD 2.52 million as against USD 4.45 million in the previous year. The global economic slowdown together with the September 11th, attacks had an impact on the Company's operations. Despite the prevailing trends the Company managed to win some significant orders during the year.

### DIVIDENDS

In view of the losses no dividend is being recommended.

### DIRECTORS

There has been no change in the composition of the Board. Local laws do not require retirement by rotation.

### AUDITORS

Messrs. S. Viswanathan, Chartered Accountants have expressed their intention not to seek re-appointment. It is proposed to appoint Messrs. CNGSN & Associates, Chartered Accountants, Chennai as Auditors of the company in their place.

### PARTICULARS OF EMPLOYEES

Information as per Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 forms part of this report.

### FIXED DEPOSITS

Your Company has not accepted any deposits from the public.

### DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Section 217(2A) of the Companies Act, 1956 the directors confirm that in the preparation of the Annual Accounts for the year ending 31<sup>st</sup> March, 2003 that:

- the applicable accounting standards have been followed along with proper explanation relating to material departures, if any.
- the selected accounting policies were applied consistently and judgements and estimates were made to ensure that they are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2003 and the Loss of the Company for the year ended 31<sup>st</sup> March, 2003.
- proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act have been taken for safeguarding the assets of the Company and to prevent and detect fraud and other irregularities.
- the annual accounts are prepared on a going concern basis.

### ACKNOWLEDGEMENT

The Directors wish to place on record their sincere appreciation to all the Company's employees, clients, vendors, investors and bankers.

For and on behalf of the Board

Place : Chennai  
Date : 23rd June 2003

**P.R. VENKETRAMA RAJA**  
Director

**ANNEXURE TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH 2003.**

In terms of Section 217(1)(e) of the Companies Act, 1956 and the disclosure of particulars in the report of the Board of Directors Rules, 1988, the following information is furnished for the year ended 31st March, 2003.

**(A) CONSERVATION OF ENERGY**

(a) Energy conservation measures taken	:	Strict control was exercised over consumption of energy at all sections
(b) Additional investment and proposals if any, being implemented for reduction of consumption of energy	:	—
(c) Impact of measures at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of goods	:	—
(d) Total energy consumption per unit of production of goods	:	—

**(B) TECHNOLOGY ABSORPTION**

Efforts made in Technology Absorption : Particulars given in Form B

**(C) FOREIGN EXCHANGE EARNINGS AND OUTGO**

The company is engaged in the software services and consulting business in the US market only and as such the company is not engaged in any export activity.

		<b>(Rs. In Lakhs)</b>
1) Total foreign exchange used	:	<b>696.88</b>
2) Total foreign exchange earned	:	<b>NIL</b>

**FORM B****FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO THE TECHNOLOGY ABSORPTION RESEARCH AND DEVELOPMENT (R&D)****1. Special areas in which R&D is carried out by the Company**

This company is supported by its holding company viz., Ramco Systems Ltd., India in Research & Development activities and hence there is no Technology Absorption.

<b>2. Benefits derived as a result of the above R&amp;D</b>	:	-
<b>3. Future plan of action</b>	:	-
<b>4. Expenditure on R&amp;D</b>	:	-

**AUDITORS' REPORT****TO THE MEMBERS OF RAMCO SYSTEMS CORPORATION, USA**

- We have examined the attached Balance Sheet of Ramco Systems Corporation, USA as at 31<sup>st</sup> March 2003 and also the Profit and Loss Account for the year ended on that date annexed thereto, both of which we have signed under reference to this report and the above mentioned accounts are in agreement with the books of account.
- These financial statements are the responsibility of the Ramco Systems Corporation'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 an identified financial reporting framework and are free of material misstatements. 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 statements. We believe that our audit provides a reasonable basis for our opinion.
- In our opinion and to the best of our information and according to the explanations given to us, the accounts give a true and fair view,
  - in the case of the Balance Sheet, of the state of affairs of the company as at 31<sup>st</sup> March, 2003 and
  - in the case of Profit and Loss Account, of the Loss for the year ended 31<sup>st</sup> March 2003.
- In our opinion, clauses of Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Government of India in terms of Section 227(4A) of the Companies Act, 1956, are not applicable.

For **Messrs.S. VISWANATHAN**  
Chartered Accountants

Place : Chennai  
Dated : 23rd June 2003

**C.N. GANGADARAN**  
Partner

# Ramco Systems Corporation, USA

## BALANCE SHEET AS AT 31ST MARCH, 2003

	Sch	As at 31.03.2003 USD	As at 31.03.2003 Rs.	As at 31.03.2002 USD	As at 31.03.2002 Rs.
<b>I. SOURCES OF FUNDS</b>					
<b>1. Share Holder's Funds</b>					
Share Capital	I	12,502,080	443,173,433	12,502,080	443,173,433
<b>2. Reserves &amp; Surplus</b>	II	-	77,557,397	-	60,640,100
<b>3. Loan Funds</b>					
a) Secured	III	6,250,000	296,062,500	6,254,967	305,617,703
b) Unsecured	IV	1,637,980	77,591,094	1,569,471	76,684,370
		<u>7,887,980</u>	<u>373,653,594</u>	<u>7,824,438</u>	<u>382,302,073</u>
<b>TOTAL</b>		<u>20,390,060</u>	<u>894,384,424</u>	<u>20,326,518</u>	<u>886,115,606</u>
<b>II. APPLICATION OF FUNDS</b>					
<b>1. Fixed Assets</b>	V				
Gross Block		1,067,911	46,827,291	1,067,321	46,798,806
Less: Depreciation		<u>978,731</u>	<u>43,379,451</u>	<u>934,654</u>	<u>41,469,632</u>
Net Block		<u>89,180</u>	<u>3,447,840</u>	<u>132,667</u>	<u>5,329,174</u>
<b>2. Current Assets, Loans &amp; Advances</b>					
a) Sundry Debtors	VI	4,116,844	195,014,884	5,856,238	286,135,806
b) Cash & Bank Balance	VII	850,502	40,288,281	241,228	11,786,393
c) Loans and Advances	VIII	1,216,323	57,617,161	638,266	31,185,668
d) Other Current Assets	IX	<u>800</u>	<u>37,896</u>	<u>25,953</u>	<u>1,268,064</u>
		<u>6,184,469</u>	<u>292,958,222</u>	<u>6,761,685</u>	<u>330,375,931</u>
<b>Less: Current Liabilities and Provisions</b>					
a) Current Liabilities	X	<u>9,362,496</u>	<u>443,501,473</u>	<u>8,779,195</u>	<u>428,951,448</u>
<b>Net Current Assets</b>		<u>(3,178,027)</u>	<u>(150,543,251)</u>	<u>(2,017,510)</u>	<u>(98,575,517)</u>
<b>3. Profit &amp; Loss Account</b>	XI	<u>23,478,907</u>	<u>1,041,479,835</u>	<u>22,211,361</u>	<u>979,361,949</u>
<b>TOTAL</b>		<u>20,390,060</u>	<u>894,384,424</u>	<u>20,326,518</u>	<u>886,115,606</u>
Significant Accounting Policies and Notes to accounts	XVIII				
Schedules, Accounting Policies and Notes form an integral part of the accounts.					

As per our report annexed  
**For Messrs. S. VISWANATHAN**  
Chartered Accountants

**C.N. GANGADARAN**  
Partner

Place : Chennai  
Date : 23rd June 2003

For and on behalf of the Board

**P.R. VENKETRAMA RAJA**  
Director

**K. RAMACHANDRAN**  
Director

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2003**

	Sch	Year ended 31.03.2003 USD	Year ended 31.03.2003 Rs.	Year ended 31.03.2002 USD	Year ended 31.03.2002 Rs.
<b>INCOME</b>					
Sales	XII	11,240,910	542,711,121	10,830,056	517,543,460
Other Income	XIII	19,065	920,468	15,064	719,909
		<u>11,259,975</u>	<u>543,631,589</u>	<u>10,845,120</u>	<u>518,263,369</u>
<b>EXPENDITURE</b>					
Cost of Sales		2,337,993	112,878,297	2,972,289	142,038,936
Employee Compensation & Benefits	XIV	6,974,395	336,723,818	8,989,072	429,567,120
Sales & Marketing Expenses	XV	455,125	21,973,426	207,112	9,897,395
Administrative & Other Expenses	XVI	3,498,560	168,910,540	2,412,850	115,304,583
		<u>13,266,073</u>	<u>640,486,081</u>	<u>14,581,323</u>	<u>696,808,034</u>
<b>Profit / (Loss) before Interest, Depreciation &amp; Tax</b>		<b>(2,006,098)</b>	<b>(96,854,492)</b>	<b>(3,736,203)</b>	<b>(178,544,665)</b>
Interest & Finance Charges	XVII	468,941	22,640,438	609,594	29,131,079
<b>Profit / (Loss) before Depreciation &amp; Tax</b>		<b>(2,475,039)</b>	<b>(119,494,930)</b>	<b>(4,345,797)</b>	<b>(207,675,744)</b>
Depreciation		44,077	1,909,819	104,179	4,948,157
<b>Profit / (Loss) before Tax</b>		<b>(2,519,116)</b>	<b>(121,404,749)</b>	<b>(4,449,976)</b>	<b>(212,623,901)</b>
Tax		-	-	-	-
<b>Profit / (Loss) for the year</b>		<b>(2,519,116)</b>	<b>(121,404,749)</b>	<b>(4,449,976)</b>	<b>(212,623,901)</b>
<b>Profit &amp; Loss Appropriation Account for the year ended 31st March 2003</b>					
Transferred from Profit & Loss Account		(2,519,116)	(121,404,749)	(4,449,976)	(212,623,901)
Add: Balance brought forward		(22,211,361)	(979,361,949)	(17,761,385)	(766,738,048)
Add: Prior period adjustments		1,251,570	59,286,863	-	-
<b>Retained Profit / (Loss) carried to Balance Sheet</b>		<b>(23,478,907)</b>	<b>(1,041,479,835)</b>	<b>(22,211,361)</b>	<b>(979,361,949)</b>
Significant Accounting Policies and Notes to accounts	XVIII				
Schedules, Accounting Policies and Notes form an integral part of the accounts.					

As per our report annexed  
**For Messrs. S. VISWANATHAN**  
Chartered Accountants

**C.N. GANGADARAN**  
Partner

Place : Chennai  
Date : 23rd June 2003

For and on behalf of the Board

**P.R. VENKETRAMA RAJA**  
Director

**K. RAMACHANDRAN**  
Director

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2003

**Schedule I**

**Share Capital**

**Authorised:**

(2,000,000,000 equity shares of USD 0.10 each)

**Issued Share Capital**

(125,020,800 equity shares of USD 0.10 each )

**Subscribed and Paid-up Share Capital**

(125,020,800 equity shares of USD 0.10 each)

**Schedule II**

**Reserves & Surplus**

Translation Reserve account (Refer Note No 2)

**Schedule III**

**Secured Loans**

Bank Borrowings

**Schedule IV**

**Unsecured Loans**

- 1) From Related Companies
- 2) Short term loans and advances

**Schedule V**

**Fixed Assets**

Description	Gross Block						Depreciation				Net Block			
	Balance as at 1.4.2002 USD	Balance as at 1.4.2002 Rs.	Additions during the year USD	Additions during the year Rs.	Balance as at 31.3.2003 USD	Balance as at 31.3.2003 Rs.	For the year USD	For the year Rs.	Balance as at 31.3.2003 USD	Balance as at 31.3.2003 Rs.	As at 31.03.2003 USD	As at 31.03.2003 Rs.	As at 1.4.2002 USD	As at 1.4.2002 Rs.
Plant & Machinery	162,229	7,082,322	-	-	162,229	7,082,322	9,853	288,645	158,469	6,925,200	3,760	157,122	13,613	445,767
Hardware & Software	857,527	37,626,554	590	28,485	858,117	37,655,039	34,224	1,621,174	772,697	34,364,321	85,420	3,290,718	119,054	4,883,407
Furniture, fittings & office equipment	47,565	2,089,930	-	-	47,565	2,089,930	-	-	47,565	2,089,930	-	-	-	-
<b>Total</b>	1,067,321	46,798,806	590	28,485	1,067,911	46,827,291	44,077	1,909,819	978,731	43,379,451	89,180	3,447,840	132,667	5,329,174
Previous year	1,057,305	46,320,164	10,016	478,642	1,067,321	46,798,806	104,179	4,948,157	934,654	41,469,632	132,667	5,329,174	226,830	9,798,689

As at 31.03.2003 USD

As at 31.03.2003 Rs.

As at 31.03.2002 USD

As at 31.03.2002 Rs.

200,000,000

7,089,595,215

200,000,000

7,089,595,215

12,502,080

443,173,433

12,502,080

443,173,433

12,502,080

443,173,433

12,502,080

443,173,433

12,502,080

443,173,433

12,502,080

443,173,433

-

77,557,397

-

60,640,100

-

77,557,397

-

60,640,100

6,250,000

296,062,500

6,254,967

305,617,703

6,250,000

296,062,500

6,254,967

305,617,703

1,493,980

70,769,814

1,444,471

70,576,870

144,000

6,821,280

125,000

6,107,500

1,637,980

77,591,094

1,569,471

76,684,370



	As at 31.03.2003 USD	As at 31.03.2003 Rs.	As at 31.03.2002 USD	As at 31.03.2002 Rs.
<b>Schedule VI</b>				
<b>Sundry Debtors (Unsecured)</b>				
a) Debts outstanding for a period exceeding six months				
(i) Debts considered good	2,723,424	129,008,600	3,979,851	194,455,538
(ii) Debts considered doubtful	1,315,704	63,565,829	75,303	3,679,305
	<u>4,039,128</u>	<u>192,574,429</u>	<u>4,055,154</u>	<u>198,134,843</u>
b) Other debts - considered good	1,393,420	66,006,284	1,876,387	91,680,268
Total	5,432,548	258,580,713	5,931,541	289,815,111
Less : Provision for Bad & Doubtful Debts	1,315,704	63,565,829	75,303	3,679,305
	<u>4,116,844</u>	<u>195,014,884</u>	<u>5,856,238</u>	<u>286,135,806</u>
<b>Schedule VII</b>				
<b>Cash and Bank Balances</b>				
Cash on hand	500	23,685	500	24,430
Balances with other Banks in Current Account				
Fleet Bank, USA	397,113	18,811,239	238,626	11,659,271
Balances with other Banks in Deposit Account				
Fleet Bank, USA	452,889	21,453,357	2,102	102,692
	<u>850,502</u>	<u>40,288,281</u>	<u>241,228</u>	<u>11,786,393</u>
<b>Schedule VIII</b>				
<b>Loans and Advances</b>				
a) Advances recoverable in Cash or in kind or for value to be received				
From Related Companies	992,954	47,036,212	320,304	15,650,033
From Others	114,673	5,432,038	153,453	7,497,717
b) Deposits with Government Department and others	108,696	5,148,911	164,509	8,037,918
	<u>1,216,323</u>	<u>57,617,161</u>	<u>638,266</u>	<u>31,185,668</u>
<b>Schedule IX</b>				
<b>Other Current Assets</b>				
Prepaid Expenses	800	37,896	25,953	1,268,064
	<u>800</u>	<u>37,896</u>	<u>25,953</u>	<u>1,268,064</u>
<b>Schedule X</b>				
<b>Current Liabilities</b>				
a) Sundry creditors for Expenses	2,281,171	108,059,118	1,714,058	83,748,832
b) Payables to Related Companies	7,081,325	335,442,355	7,065,137	345,202,616
	<u>9,362,496</u>	<u>443,501,473</u>	<u>8,779,195</u>	<u>428,951,448</u>
<b>Schedule XI</b>				
<b>Profit &amp; Loss Account</b>				
Loss brought forward from Profit and Loss Account	23,478,907	1,041,479,835	22,211,361	979,361,949
	<u>23,478,907</u>	<u>1,041,479,835</u>	<u>22,211,361</u>	<u>979,361,949</u>

# Ramco Systems Corporation, USA

## SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2003

	Year ended 31.03.2003 USD	Year ended 31.03.2003 Rs.	Year ended 31.03.2002 USD	Year ended 31.03.2002 Rs
<b>Schedule XII</b>				
<b>Sales</b>				
Licence fee	534,000	25,781,520	597,200	28,538,814
Service & Maintenance charges	10,350,063	499,701,059	9,998,096	477,785,996
Value Added Resale Software & Hardware Materials	33,802	1,631,944	52,943	2,530,000
Others	323,045	15,596,598	181,817	8,688,650
	<u>11,240,910</u>	<u>542,711,121</u>	<u>10,830,056</u>	<u>517,543,460</u>
<b>Schedule XIII</b>				
<b>Other Income</b>				
Interest Income	8,555	413,026	622	29,742
Others	10,510	507,442	14,442	690,167
	<u>19,065</u>	<u>920,468</u>	<u>15,064</u>	<u>719,909</u>
<b>Schedule XIV</b>				
<b>Employee Compensation and Benefits</b>				
Salaries, Bonus etc	6,080,020	293,543,366	7,716,465	368,752,111
Statutory Contributions	462,942	22,350,857	605,722	28,946,085
Staff Welfare	431,433	20,829,595	666,885	31,868,924
	<u>6,974,395</u>	<u>336,723,818</u>	<u>8,989,072</u>	<u>429,567,120</u>
<b>Schedule XV</b>				
<b>Sales &amp; Marketing Expenses</b>				
Advertisement	5,197	250,914	4,656	222,491
Selling and Marketing	449,928	21,722,512	202,456	9,674,904
	<u>455,125</u>	<u>21,973,426</u>	<u>207,112</u>	<u>9,897,395</u>
<b>Schedule XVI</b>				
<b>Administrative and other expenses</b>				
Consultancy	445,916	21,528,835	206,121	9,850,052
Bank Charges	2,837	136,993	3,589	171,525
Insurance	172,331	8,320,158	131,568	6,287,308
Communication Expenses	292,086	14,101,929	331,755	15,853,827
Power & Fuel	10,721	517,624	11,030	527,094
Rent	620,333	29,949,678	686,678	32,814,752
Printing & Stationery	34,385	1,660,122	54,559	2,607,231
Repairs & Maintenance	21,618	1,043,710	34,109	1,629,997
Provision for Bad & Doubtful Debts	1,240,400	59,886,525	-	-
Travel & Conveyance	472,960	22,834,491	373,411	17,844,460
Miscellaneous expenses	184,588	8,911,904	266,294	12,725,599
Foreign Currency Fluctuation Account	385	18,571	313,736	14,992,738
	<u>3,498,560</u>	<u>168,910,540</u>	<u>2,412,850</u>	<u>115,304,583</u>
<b>Schedule XVII</b>				
<b>Interest &amp; Finance Charges</b>				
Finance Charges	5,390	260,216	62,323	2,978,265
Loan Interest	463,551	22,380,222	547,271	26,152,814
	<u>468,941</u>	<u>22,640,438</u>	<u>609,594</u>	<u>29,131,079</u>

## Schedule XVIII

### SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS

#### Significant Accounting Policies

- Accounts are maintained on accrual basis. The transactions are in local currency (US Dollars-USD) and are translated for reporting in Indian Currency as provided in item 2 below.
- Translation to Indian Rupees:**  
For the purpose of the accounts, all income and expense items are translated at the moving average rate of exchange applicable for the year. All 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 prevailing at the date of investment by the holding company. The exchange difference arising out of the translation is debited or credited to Translation Reserve account and is being classified under Reserves and Surplus account.

### 3. Revenue Recognition

#### A) Software and Related Services

##### i) Licence Fees

Licence Fee revenue is recognised on delivery of the software.

##### ii) Implementation Fees

Implementation Contracts are either milestones based or time and material based.

- a) In case of milestone contract, revenue is recognised upon achievement of the milestones as per the terms of the contract.
- b) In case of time and material contracts, revenue is recognised based on billable time spent in the project, priced at the contractual rate.

##### iii) Services

Revenue from fixed price contracts is recognised on milestones achieved as per the terms of the specific contract

##### iv) Annual Maintenance Contract

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

#### B) Value Added Resale Hardware & Software

Revenue from sales is recognised upon despatch of goods to customers.

#### C) E-Commerce

Revenue from the fixed price / fixed time frame contracts is recognised upon the achievement of specified milestones identified in the related contracts in accordance with the percentage of completion method.

### 4. Fixed Assets & Depreciation:

Fixed assets are stated net of depreciation. Depreciation is provided on Straight Line Method.

Depreciation rates are applied after considering the applicable laws of the State and management estimation of the useful life of the asset. However, the rates of depreciation provided are higher than the rates specified under Schedule XIV to the Companies Act, 1956.

The estimated useful life of the assets are

Hardware & Software	5 years
Furniture, Fittings and Office Equipment	7 years

### 5. Holding Company Transactions:

The Company has significant transactions with its parent company for financial support. The same is unsecured and interest is charged at reasonable rates. However there is no fixed terms of repayment.

The company has significant transactions with its holding company, which are trade related. However the same is unsecured, interest free and has no fixed terms of payment.

## NOTES TO ACCOUNTS

1. The Company is a majority owned subsidiary of Ramco Systems Limited, India. The accounts are prepared and audited to attach with the accounts of Ramco Systems Limited, the holding company so as to comply with the provisions of the Companies Act, 1956.
2. For translating local currency (USD) into Indian Rupees the exchange rate applied is as per paragraph 2 of the accounting policies given above.
3. The accounts pertain to the year April 1,2002 to March 31,2003.
4. **Secured Loans** : Borrowings from banks amounting to Rs.2,368.50 lacs (USD 5 million) [Previous year Rs. 2,443 lacs (USD 5 million)] are collaterally secured by a pari-passu first charge on Land & Buildings located at 64, Sardar Patel Road, Chennai – 600113, belonging to Ramco Systems Limited, India and further by a corporate guarantee from Ramco Systems Limited, India. Borrowings from banks amounting to Rs. 592.12 lacs (USD 1.25 million) [Previous year Rs. 613 lacs (USD 1.25 million)] are secured by cash deposits of Ramco Systems Limited, India.
5. **Current Liabilities** : The Company does not have any dues to any small scale industrial undertaking
6. Consultancy includes fees paid to Statutory Auditors towards Statutory Audit fee Rs. 4.83 lacs (Previous year Rs. 4.78 lacs)
7. **Contingent Liability** – NIL
8. **Taxation** : No provision has been made for current year as the company has reported losses.
9. **Additional information as required by Schedule VI of the Companies Act, 1956.**

(Rs. In lacs)

	2002-03	2001-02
a) Sales : Ramco e.Application and other Software & Services	5427.11	5175.43
b) Expenditure in Foreign Currency on account of Transfer Pricing, Royalty, Debit Notes & Interest	696.88	959.83

10. The figures have been rounded off to the nearest rupee / USD and Previous year's figures have been regrouped / recast wherever necessary to make them comparable with that of the current year.

As per our report annexed

**For Messrs. S. VISWANATHAN**

Chartered Accountants

**C.N. GANGADARAN**

Partner

Place : Chennai

Date : 23rd June 2003

For and on behalf of the Board

**P.R. VENKETRAMA RAJA**

Director

**K. RAMACHANDRAN**

Director



**RAMCO SYSTEMS LIMITED**

**BASEL, SWITZERLAND**

(Wholly Owned Subsidiary of Ramco Systems Limited, India)

**BOARD OF DIRECTORS**

Shri. P.R. VENKETRAMA RAJA

DR. STEPHEN ESCHMANN

MR. ERWIN BRUNNER

**OFFICE**

Lange Gasse 90, Postfach

CH - 4020 Basel, Switzerland

**AUDITORS**

Messrs. ERNST & YOUNG

Messrs. S. VISWANATHAN

**BANKERS**

UBS AG, Basel, Switzerland

## Ramco Systems Limited, Switzerland

### DIRECTORS' REPORT TO THE MEMBERS

The Directors present the Annual Report of Ramco Systems Limited, Basel, Switzerland for the year ended 31<sup>st</sup> March, 2003.

### FINANCIAL RESULTS

Particulars	(In Millions)			
	March 31, 2003 (in CHF)	March 31, 2003 (in Rs.)	March 31, 2002 (in CHF)	March 31, 2002 (in Rs.)
<b>Revenues</b>	<b>6.78</b>	<b>220.06</b>	10.05	274.25
<b>Expenditure</b>				
Staff cost	<b>4.85</b>	<b>157.33</b>	4.78	130.27
Other Direct costs	<b>1.94</b>	<b>63.13</b>	1.46	39.79
Sales & Marketing Expenses	<b>0.99</b>	<b>32.05</b>	0.89	24.26
Administration & other expenses	<b>1.56</b>	<b>50.77</b>	1.43	39.06
Earnings before Interest, Depreciation & Amortization	<b>(2.56)</b>	<b>(83.22)</b>	1.50	40.87
Interest	<b>0.16</b>	<b>5.29</b>	0.11	2.96
Depreciation	<b>0.06</b>	<b>1.78</b>	0.07	2.07
Amortization	<b>1.07</b>	<b>37.19</b>	0.71	20.80
Net Profit/(Loss)	<b>(3.85)</b>	<b>(127.48)</b>	0.61	15.04

### OPERATIONS

The revenue for the year 2002-2003 stood at CHF 6.78 million as against CHF 10.05 million in the previous year.

### DIVIDENDS

In view of the losses no dividend is being recommended.

### DIRECTORS OF THE COMPANY

The Directors in office at the date of this report are :

1. Shri. P. R. Venketrama Raja
2. Dr. Stephen Eschmann
3. Mr. Erwin Brunner

### AUDITORS

Messrs. ERNST & YOUNG the Company's Auditor under the Swiss law of reporting are eligible for re-appointment.

### PARTICULARS OF EMPLOYEES

Information as per Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 forms part of this report.

### FIXED DEPOSITS

Your Company has not accepted any deposits from the public.

### DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Section 217(2A) of the Companies Act, 1956 the directors confirm that in the preparation of the Annual Accounts for the year ending 31<sup>st</sup> March, 2003, that:

- a) the applicable accounting standards have been followed along with proper explanation relating to material departures, if any.
- b) the selected accounting policies were applied consistently and judgements and estimates were made to ensure that they are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2003 and the Loss of the Company for the year ended 31<sup>st</sup> March, 2003.
- c) proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the act have been taken for safeguarding the assets of the Company and to prevent and detect fraud and other irregularities.
- d) the annual accounts are prepared on a going concern basis.

### ACKNOWLEDGEMENT

The Directors wish to place on record their sincere appreciation to all the Company's employees, clients, vendors, investors and bankers.

For and on behalf of the Board

Place : Chennai  
Date : 23rd June 2003

**P.R. VENKETRAMA RAJA**  
Director

## ANNEXURE TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2003

In terms of Section 217(1)(e) of the Companies Act, 1956 and the disclosure of particulars in the report of the Board of Directors Rules, 1988, the following information is furnished for the year ended 31st March, 2003.

### (A) CONSERVATION OF ENERGY

- |  |   |   |
|--|---|---|
| (a) Energy conservation measures taken   | : | Strict control was exercised over consumption of energy at all sections |
| (b) Additional investment and proposals if any, being implemented for reduction of consumption of energy                               | : | —   |
| (c) Impact of measures at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of goods | : | —   |
| (d) Total energy consumption per unit of production of goods   | : | —   |

### (B) TECHNOLOGY ABSORPTION

Efforts made in Technology absorption : Particulars given in Form B

### (C) FOREIGN EXCHANGE EARNINGS AND OUTGO

The company is engaged in the software services and consulting business in the Swiss market only and as such the company is not engaged in any export activity.

(Rs. In Lacs)

- |                                  |   |        |
|----------------------------------|---|--------|
| 1) Total foreign exchange used   | : | 650.37 |
| 2) Total foreign exchange earned | : | NIL    |

## FORM B

### FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO THE TECHNOLOGY ABSORPTION RESEARCH AND DEVELOPMENT (R&D)

#### 1. Special areas in which R&D is carried out by the Company

The company continues to invest in software localisation cost as part of Research & Development programme.

#### 2. Benefits derived as a result of the above R&D

The Company is keeping abreast with the latest development so that it can compete with the competitors. All the existing customers are happy with the use of the product.

#### 3. Future plan of action

- a) Web enabled application
- b) Target existing customers of Ramco Systems
- c) Strategic alliances with consulting companies

#### 4. Expenditure on R&D : NIL

## AUDITORS' REPORT

### TO THE MEMBERS OF RAMCO SYSTEMS LIMITED, SWITZERLAND

1. We have examined the attached Balance Sheet of Ramco Systems Limited, Switzerland as at 31<sup>st</sup> March 2003 and also the Profit and Loss Account for the year ended on that date annexed thereto, both of which we have signed under reference to this report and the above mentioned accounts are in agreement with the books of account. Also we have placed reliance on the report of the independent auditors, Messrs. Ernst & Young for expressing an opinion.
2. These financial statements are the responsibility of the 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 an identified financial reporting framework and are free of material misstatements. 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 statements. We believe that our audit provides a reasonable basis for our opinion.
3. In our opinion and to the best of our information and according to the explanations given to us and relying on other Auditor's report, the accounts give a true and fair view,
  - a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2003 and
  - b) in the case of Profit and Loss Account, of the loss for the year ended 31<sup>st</sup> March, 2003.
4. In our opinion, clauses of Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Government of India in terms of Section 227(4A) of the Companies Act, 1956, are not applicable.

For **Messrs. S. VISWANATHAN**  
Chartered Accountants

Place : Chennai  
Dated : 23rd June 2003

**C.N. GANGADARAN**  
Partner

# Ramco Systems Limited, Switzerland

## BALANCE SHEET AS AT 31ST MARCH 2003

	Sch	As at 31.03.2003 CHF	As at 31.03.2003 Rs.	As at 31.03.2002 CHF	As at 31.03.2002 Rs.
<b>I. SOURCES OF FUNDS</b>					
<b>1. Share Holder's Funds</b>					
Share Capital	I	9,600,000	288,671,649	9,600,000	288,671,649
<b>2. Secured Loans</b>	II	1,791,834	62,140,805	4,454,388	129,889,960
<b>3. Unsecured Loans</b>	III	398,986	13,836,821	415,000	12,101,400
<b>TOTAL</b>		<u>11,790,820</u>	<u>364,649,275</u>	<u>14,469,388</u>	<u>430,663,009</u>
<b>II. APPLICATION OF FUNDS</b>					
<b>1. Fixed Assets</b>	IV				
Gross Block		821,716	21,905,014	810,100	21,540,654
Less: Depreciation		<u>726,216</u>	<u>19,729,160</u>	<u>670,000</u>	<u>17,948,510</u>
Net Block		<u>95,500</u>	<u>2,175,854</u>	<u>140,100</u>	<u>3,592,144</u>
<b>2. Investments</b>	V	50,000	1,734,000	1,178,000	34,350,480
<b>3. Current Assets, Loans &amp; Advances</b>					
a) Sundry Debtors	VI	2,057,350	71,348,898	3,352,545	97,760,207
b) Cash & Bank Balance	VII	422,320	14,646,046	514,188	14,993,729
c) Loans and advances	VIII	33,452	1,160,130	62,016	1,808,374
d) Other Current Assets	IX	317,381	11,006,773	172,273	5,023,481
		<u>2,830,503</u>	<u>98,161,847</u>	<u>4,101,022</u>	<u>119,585,791</u>
<b>Less: Current Liabilities and Provisions</b>					
a) Current Liabilities	X	7,797,435	270,415,080	4,780,665	139,404,203
		<u>7,797,435</u>	<u>270,415,080</u>	<u>4,780,665</u>	<u>139,404,203</u>
<b>Net Current Assets</b>		<u>(4,966,932)</u>	<u>(172,253,233)</u>	<u>(679,643)</u>	<u>(19,818,412)</u>
<b>4. Miscellaneous Expenses</b> (to the extent not written off)	XI	2,542,500	88,173,900	3,615,000	105,413,400
<b>5. Profit &amp; Loss Account</b>	XII	14,069,752	444,818,754	10,215,931	307,125,397
<b>TOTAL</b>		<u>11,790,820</u>	<u>364,649,275</u>	<u>14,469,388</u>	<u>430,663,009</u>

Significant Accounting Policies and  
Notes to accounts

XIX

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

As per our report annexed  
**For Messrs. S. VISWANATHAN**  
Chartered Accountants

For and on behalf of the Board

**C.N. GANGADARAN**  
Partner

**P.R. VENKETRAMA RAJA**  
Director

Place : Chennai  
Date : 23rd June 2003

**DR. STEPHEN ESCHMANN**  
Director



**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2003**

	Sch	Year Ended 31.03.2003 CHF	Year Ended 31.03.2003 Rs.	Year Ended 31.03.2002 CHF	Year Ended 31.03.2002 Rs.
<b>INCOME</b>					
Sales	XIII	6,229,649	202,334,014	10,025,295	273,491,054
Other Income	XIV	545,916	17,730,910	27,773	757,638
		<u>6,775,565</u>	<u>220,064,924</u>	<u>10,053,068</u>	<u>274,248,692</u>
<b>EXPENDITURE</b>					
Cost of Sales		1,943,600	63,126,618	1,458,554	39,789,483
Employee Compensation & Benefits	XV	4,844,129	157,333,439	4,775,095	130,265,076
Sales & Marketing Expenses	XVI	986,705	32,047,374	889,440	24,264,010
Administrative & Other Expenses	XVII	1,563,302	50,774,757	1,431,662	39,055,885
		<u>9,337,736</u>	<u>303,282,188</u>	<u>8,554,751</u>	<u>233,374,454</u>
<b>Profit / (Loss) before Interest, Depreciation, Amortization &amp; Tax</b>		(2,562,171)	(83,217,264)	1,498,317	40,874,238
Interest & Finance charges	XVIII	162,934	5,291,952	108,493	2,959,704
<b>Profit / (Loss) before Depreciation, Amortization &amp; Tax</b>		(2,725,105)	(88,509,216)	1,389,824	37,914,534
Depreciation		56,216	1,780,650	70,943	2,068,679
<b>Profit / (Loss) before Amortization &amp; Tax</b>		(2,781,321)	(90,289,866)	1,318,881	35,845,855
Amortization		1,072,500	37,194,300	713,400	20,802,744
<b>Profit / (Loss) for the year before Tax</b>		(3,853,821)	(127,484,166)	605,481	15,043,111
<b>Tax</b>		-	-	-	-
<b>Profit / (Loss) for the year after Tax</b>		(3,853,821)	(127,484,166)	605,481	15,043,111
Accumulated Profit / (Loss) brought forward		(10,215,931)	(291,137,439)	(10,821,412)	(306,180,550)
<b>Retained Profit / (Loss) carried to Balance Sheet</b>		<u>(14,069,752)</u>	<u>(418,621,605)</u>	<u>(10,215,931)</u>	<u>(291,137,439)</u>
Significant Accounting Policies and Notes to accounts	XIX				
Schedules, Accounting Policies and Notes form an integral part of the accounts.					

As per our report annexed  
**For Messrs. S. VISWANATHAN**  
Chartered Accountants

**C.N. GANGADARAN**  
Partner

Place : Chennai  
Date : 23rd June 2003

For and on behalf of the Board

**P.R. VENKETRAMA RAJA**  
Director

**DR. STEPHEN ESCHMANN**  
Director

**SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2003**

**Schedule I  
Share Capital**

**Authorised:**

9600 Shares of CHF 1000 each

**Issued, Subscribed and Paid-up Share Capital**

9600 Shares of CHF 1000 each

**Schedule II  
Secured Loans**

Borrowings from UTI Bank  
Borrowings from UBS Bank

**Schedule III  
Unsecured Loans**

From Related Companies

As at 31.03.2003 CHF	As at 31.03.2003 Rs.	As at 31.03.2002 CHF	As at 31.03.2002 Rs.
<b>9,600,000</b>	<b>288,671,649</b>	9,600,000	288,671,649
<b>9,600,000</b>	<b>288,671,649</b>	9,600,000	288,671,649
<b>9,600,000</b>	<b>288,671,649</b>	9,600,000	288,671,649
<b>1,787,398</b> <b>4,436</b>	<b>61,986,971</b> <b>153,834</b>	4,193,750 260,638	122,289,750 7,600,210
<b>1,791,834</b>	<b>62,140,805</b>	4,454,388	129,889,960
<b>398,986</b>	<b>13,836,821</b>	415,000	12,101,400
<b>398,986</b>	<b>13,836,821</b>	415,000	12,101,400

**Schedule IV  
Fixed Assets**

Description	Gross Block				Depreciation				Net Block			
	Opening Balance 1.4.2002 CHF	Opening Balance 1.4.2002 Rs.	Additions during the year CHF	Additions during the year Rs.	Balance as at 31.3.2003 CHF	Balance as at 31.3.2003 Rs.	For the year CHF	For the year Rs.	Balance as at 31.3.2003 CHF	Balance as at 31.3.2003 Rs.	As at 31.3.2003 CHF	As at 31.3.2003 Rs.
Furniture	321,934	8,593,126	-	-	321,934	8,593,126	10,900	209,089	318,434	8,492,930	3,500	100,196
Office Equipments	2,755	72,165	2,860	89,710	5,615	161,875	860	29,825	3,115	90,312	2,500	71,563
EDP Hardware	349,454	9,267,946	-	-	349,454	9,267,946	29,500	1,023,060	285,454	7,840,592	64,000	1,427,354
EDP Software	110,457	2,911,775	8,756	274,650	119,213	3,186,425	6,456	223,896	102,213	2,762,686	17,000	423,739
Vehicles	25,500	695,642	-	-	25,500	695,642	8,500	294,780	17,000	542,640	8,500	153,002
<b>Total</b>	810,100	21,540,654	11,616	364,360	821,716	21,905,014	56,216	1,780,650	726,216	19,729,160	95,500	2,175,854
Previous Year	687,856	18,205,844	122,244	3,324,810	810,100	21,540,654	70,943	2,068,679	670,000	17,948,510	140,100	3,592,144
											88,800	2,326,012

**SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH 2003**

	As at 31.03.2003 CHF	As at 31.03.2003 Rs.	As at 31.03.2002 CHF	As at 31.03.2002 Rs.
<b>Schedule V</b>				
<b>Investments</b>				
253 shares in Triamun AG, Switzerland (175 shares of face value of CHF 1000 each at a premium of CHF 5000 per share and 78 shares of face value of CHF 1000 each at par)	-	-	1,128,000	32,892,480
5000 shares in Triamun Ramco Healthcare Systems, Switzerland of face value of CHF 10 each at par	50,000	1,734,000	50,000	1,458,000
	<u>50,000</u>	<u>1,734,000</u>	<u>1,178,000</u>	<u>34,350,480</u>
<b>Schedule VI</b>				
<b>Sundry Debtors (Unsecured)</b>				
a) Debts outstanding for a period exceeding six months				
(i) Debts considered good	207,905	7,210,149	569,744	16,613,723
(ii) Debts considered doubtful	200,000	6,936,000	50,000	1,458,000
	<u>407,905</u>	<u>14,146,149</u>	<u>619,744</u>	<u>18,071,723</u>
b) Other Debts Considered good	1,849,445	64,138,749	2,782,801	81,146,484
	<u>2,257,350</u>	<u>78,284,898</u>	<u>3,402,545</u>	<u>99,218,207</u>
Less : Provision for Bad & Doubtful Debts	(200,000)	(6,936,000)	(50,000)	(1,458,000)
	<u>2,057,350</u>	<u>71,348,898</u>	<u>3,352,545</u>	<u>97,760,207</u>
<b>Schedule VII</b>				
<b>Cash and Bank Balances</b>				
Cash on hand	2,112	73,235	4,048	118,051
Balances with Other Banks in Current Account				
UBS AG, Switzerland	307,508	10,664,391	9,290	270,890
Credit Suisse, Switzerland	106,037	3,677,361	815	23,772
ABN Amro Bank, Switzerland	6,663	231,059	8,210	239,414
Balances with Other Banks in Deposit Account				
UBS AG, Switzerland	-	-	385,825	11,250,642
Credit Suisse, Switzerland	-	-	106,000	3,090,960
	<u>422,320</u>	<u>14,646,046</u>	<u>514,188</u>	<u>14,993,729</u>
<b>Schedule VIII</b>				
<b>Loans and Advances (Unsecured, Considered good)</b>				
Advances recoverable in cash or in kind or for value to be received	22,812	791,135	14,135	412,171
Deposits with Government Departments and others	10,640	368,995	47,881	1,396,203
	<u>33,452</u>	<u>1,160,130</u>	<u>62,016</u>	<u>1,808,374</u>
<b>Schedule IX</b>				
<b>Other Current Assets</b>				
Prepaid Expenses	317,381	11,006,773	172,273	5,023,481
	<u>317,381</u>	<u>11,006,773</u>	<u>172,273</u>	<u>5,023,481</u>
<b>Schedule X</b>				
<b>Current Liabilities</b>				
a) Sundry Creditors				
for Purchases	687,867	23,855,274	134,122	3,911,005
for Expenses	152,081	5,274,178	320,544	9,347,054
b) Due to Related Companies	6,367,161	220,813,134	3,781,678	110,273,742
c) Accrued Expenses	590,326	20,472,494	544,321	15,872,402
	<u>7,797,435</u>	<u>270,415,080</u>	<u>4,780,665</u>	<u>139,404,203</u>
<b>Schedule XI</b>				
<b>Miscellaneous Expenses (to the extent not written off)</b>				
Product Development Expenditure	2,530,000	87,740,400	3,595,000	104,830,200
Foundation cost	12,500	433,500	20,000	583,200
	<u>2,542,500</u>	<u>88,173,900</u>	<u>3,615,000</u>	<u>105,413,400</u>

## Ramco Systems Limited, Switzerland

	As at 31.03.2003 CHF	As at 31.03.2003 Rs.	As at 31.03.2002 CHF	As at 31.03.2002 Rs.
<b>Schedule XII</b>				
<b>Profit &amp; Loss Account</b>				
Accumulated Losses b/f from P&L Account	14,069,752	418,621,605	10,215,931	291,137,439
Translation Reserve Account (Refer Note No 2)	-	26,197,149	-	15,987,958
	<u>14,069,752</u>	<u>444,818,754</u>	<u>10,215,931</u>	<u>307,125,397</u>

### SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2003

	Year Ended 31.03.2003 CHF	Year Ended 31.03.2003 Rs.	Year Ended 31.03.2002 CHF	Year Ended 31.03.2002 Rs.
<b>Schedule XIII</b>				
<b>Sales</b>				
Licence fee	257,080	8,349,740	280,291	7,646,377
Service & Maintenance Charges	5,715,232	185,626,176	9,538,853	260,220,855
Others	257,337	8,358,098	206,151	5,623,822
	<u>6,229,649</u>	<u>202,334,014</u>	<u>10,025,295</u>	<u>273,491,054</u>
<b>Schedule XIV</b>				
<b>Other Income</b>				
Interest	2,757	89,557	27,773	757,638
Foreign Exchange Fluctuation	543,159	17,641,353	-	-
	<u>545,916</u>	<u>17,730,910</u>	<u>27,773</u>	<u>757,638</u>
<b>Schedule XV</b>				
<b>Employee Compensation and Benefits</b>				
Salaries, Bonus etc	1,963,026	63,757,503	1,851,502	50,509,157
Statutory Contributions	210,902	6,849,930	169,925	4,635,582
Employee Benefits	2,670,201	86,726,006	2,753,668	75,120,337
	<u>4,844,129</u>	<u>157,333,439</u>	<u>4,775,095</u>	<u>130,265,076</u>
<b>Schedule XVI</b>				
<b>Sales &amp; Marketing Expenses</b>				
Advertisement	119,090	3,867,946	106,388	2,902,262
Marketing expenses	867,615	28,179,428	783,052	21,361,748
	<u>986,705</u>	<u>32,047,374</u>	<u>889,440</u>	<u>24,264,010</u>
<b>Schedule XVII</b>				
<b>Administrative and other expenses</b>				
Insurance	40,188	1,305,276	24,937	680,273
Electricity	12,936	420,146	10,371	282,922
Postage	6,924	224,871	5,654	154,229
Communication	139,288	4,523,977	126,496	3,450,832
Consultancy	323,541	10,508,343	127,591	3,480,703
Board Members Fees	24,299	789,209	20,339	554,853
Printing & Stationery	22,265	723,141	26,927	734,569
Travel & Conveyance	119,450	3,879,639	76,963	2,099,550
Repairs & Maintenance	47,950	1,557,374	49,918	1,361,768
Rent & Leasing cost	644,693	20,939,103	813,641	22,196,212
Other Expenses	8,445	274,279	14,162	386,339
Exchange fluctuation	-	-	98,250	2,680,274
Bad Debts written off	151,364	4,916,175	36,413	993,361
Rates & Taxes	21,959	713,224	-	-
	<u>1,563,302</u>	<u>50,774,757</u>	<u>1,431,662</u>	<u>39,055,885</u>
<b>Schedule XVIII</b>				
<b>Interest &amp; Finance Charges</b>				
Bank Interest	162,934	5,291,952	108,493	2,959,704
	<u>162,934</u>	<u>5,291,952</u>	<u>108,493</u>	<u>2,959,704</u>

## SCHEDULE XIX

### SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS

#### Significant Accounting Policies

1. Accounts are maintained on accrual basis. The transactions are in local currency (Swiss Francs-CHF) and are translated for reporting in Indian Currency as provided in item 2 below.
2. **Translation to Indian Rupees:**  
For the purpose of the accounts, all income and expense items are translated at the moving average rate of exchange applicable for the year. All 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 prevailing at the date of investment by the holding company. The exchange difference arising out of the year end translation is debited or credited to Translation Reserve account and classified under Reserves and Surplus Account.
3. **Revenue Recognition**
  - A) **Software and Related Services**
    - i) **Licence Fees**  
Licence Fee revenue is recognised on delivery of the software.
    - ii) **Implementation Fees**  
Implementation Contracts are either milestones based or time and material based.
      - a) In case of milestone contract, revenue is recognised upon achievement of the milestones as per the terms of the contract.
      - b) In case of time and material contracts, revenue is recognised based on billable time spent in the project, priced at the contractual rate.
    - iii) **Services**  
Revenue from fixed price contracts is recognised on milestones achieved as per the terms of the specific contract
    - iv) **Annual Maintenance Contract**  
Revenue from Maintenance services is recognised on a pro-rata basis over the period of the contract.
  - B) **Value Added Resale Hardware & Software**  
Revenue from sales is recognised upon despatch of goods to customers.
  - C) **E-Commerce**  
Revenue from the fixed price / fixed time frame contracts is recognised upon the achievement of specified milestones identified in the related contracts in accordance with the percentage of completion method.
4. **Fixed Assets & Depreciation:**  
Fixed assets are stated net of depreciation. Depreciation is provided on Straight Line Method.  
Depreciation rates are applied after considering the applicable laws of the State and management estimation of the useful life of the asset. However, the rates of depreciation provided are higher than the rates specified under Schedule XIV to the Companies Act, 1956.  
The estimated useful life of the asset are as follows

EDP - Hardware	5 years
EDP - Software	5 years
Furniture	8 years
Vehicles	3 years
Office Equipments	8 years
5. **Holding Company Transaction:**  
The Company has transactions with its parent company for financial support. The same is unsecured and interest is charged at reasonable rates. However there is no fixed terms of repayment.  
The Company has significant transactions with its holding company which are trade related. However the same is unsecured and interest free.
6. **Software Development Cost:**  
Software Development costs have been capitalised and amortized over its useful life

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#### NOTES TO ACCOUNTS

1. The Company is a wholly owned subsidiary of Ramco Systems Limited, India. The accounts are prepared and audited to attach with the accounts of Ramco Systems Limited, the holding company to comply with the provisions of the Companies Act, 1956.
2. For translating local currency (Swiss Francs-CHF) into Indian Rupees the exchange rate applied is as per paragraph 2 of the accounting policies given above. For the current year, Translation Reserve is grouped along with Profit & Loss account on the asset side, being exchange loss on conversion.
3. The accounts pertain to the year April 1,2002 to March 31,2003.
4. **Secured Loans :** Borrowings from banks amounting to Rs.619.87 lacs (CHF 1.78 million) [Previous year Rs. 1,222.90 lacs (CHF 4.19 million)] are collaterally secured by a pari-passu first charge on Land & Buildings located at 64, Sardar Patel Road, Taramani, Chennai –600 113, belonging to Ramco Systems Limited, India and further by a corporate guarantee from Ramco Systems Limited, India. Borrowings from banks amounting to Rs.1.54 lacs (CHF 0.004 million) [Previous year Rs. 76.00 lacs (CHF 0.26 million)] are secured by cash deposits of Ramco Systems Limited, Switzerland.

## Ramco Systems Limited, Switzerland

### 5. Current Liabilities:

The Company does not have any dues to any small scale industrial undertaking.

### 6. Research & Development:

Upto 2001-02 the total amount capitalised and amortized in respect of Product Development Expenditure were Rs.1,147.24 lacs and Rs. 205.28 lacs respectively. During the current year 2002-03, an amount of Rs.369.34 lacs has been amortized on the above account.

7. Consultancy includes fees paid to Statutory Auditors towards Statutory Audit fee Rs. 7.15 lacs (Previous year Rs. 6 lacs)

8. **Contingent Liability** : Bank Guarantees given during the year Rs.62.12 Lacs (CHF 0.18 million). Previous year NIL

9. **Retirement benefits** : There exists a Federal Obligatory Pension Fund to which the employee contributes 50% and the employer contributes 50%.

10. **Taxation**: The company has not provided for taxation, as it has carry forward losses of earlier years.

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

#### Rs. In Lacs

	2002-03	2001-02
a) Sales : Ramco e.Application and other Software & Services	2,023.34	2,734.91
b) Expenditure in Foreign Currency on account of Transfer Pricing, Royalty, Debit Notes & Interest.	650.37	860.56

12. The figures have been rounded off to the nearest rupee/CHF and previous year's figures have been regrouped / recast wherever necessary to make them comparable with that of the current year.

As per our report annexed

For and on behalf of the Board

**For Messrs. S. VISWANATHAN**

Chartered Accountants

**C.N. GANGADARAN**

Partner

**P.R. VENKETRAMA RAJA**

Director

Place : Chennai

Date : 23rd June 2003

**DR. STEPHEN ESCHMANN**

Director

**RAMCO SYSTEMS PTE. LTD.**

(Incorporated in the Republic of Singapore)

(Wholly Owned Subsidiary of Ramco Systems Limited, India)

**BOARD OF DIRECTORS**

Shri. P.R. VENKETRAMA RAJA

Shri. IYENGAR VIJAYKUMAR GOPALAN

Shri. K. RAMACHANDRAN

**SECRETARY**

Kong Yuh Ling Doreen

**REGISTERED OFFICE**

78, Shenton Way # 26-02A, Singapore 079 120

**HEAD OFFICE**

10, Eunos Road 8, #08 - 05, Singapore Post Centre  
Singapore 408 600

**AUDITORS**

Messrs. ROHAN.MAH & PARTNERS

Messrs. S. VISWANATHAN

**BANKERS**

ABN Amro Bank

**DIRECTORS' REPORT**

Your directors are pleased to present their report on the Company, its performance and the Audited Financial Statements for the year ended 31st March, 2003.

**FINANCIAL RESULTS**

<b>PARTICULARS</b>			<b>(In Millions)</b>	
	<b>MARCH 31, 2003</b>	<b>MARCH 31, 2003</b>	<b>MARCH 31, 2002</b>	<b>MARCH 31, 2002</b>
	<b>(in S\$)</b>	<b>(in Rs.)</b>	<b>(in S\$)</b>	<b>(in Rs.)</b>
<b>Revenues</b>	<b>3.77</b>	<b>102.64</b>	6.13	160.95
<b>Expenditure</b>				
Staff cost	<b>1.94</b>	<b>52.77</b>	1.78	46.84
Other Direct costs	<b>2.28</b>	<b>62.19</b>	3.09	81.00
Sales & Marketing Expenses	<b>0.03</b>	<b>0.77</b>	0.05	1.29
Administration & other expenses	<b>1.03</b>	<b>27.95</b>	0.67	17.58
Earnings before Depreciation, Amortization & Tax	<b>(1.51)</b>	<b>(41.04)</b>	0.54	14.24
Depreciation	<b>0.07</b>	<b>1.85</b>	0.05	1.51
Amortization	<b>0.12</b>	<b>3.26</b>	-	-
Profit/(Loss) before Tax	<b>(1.70)</b>	<b>(46.15)</b>	0.49	12.73
Tax	<b>0.04</b>	<b>1.14</b>	0.15	3.85
Net Profit/(Loss)	<b>(1.74)</b>	<b>(47.29)</b>	0.34	8.88

**DIRECTORS OF THE COMPANY**

The Directors in Office at the date of this report are:

Shri. P. R. Venketrama Raja (S/o Shri. P. R. Ramasubrahmaneya Rajha)

Shri. Iyengar Vijaykumar Gopalan

Shri. Kalyanasundaram Ramachandran

**PRINCIPAL ACTIVITIES**

The principal activities of the Company are to carry on the business pertaining to or connected with and involving information technology and software.

There have been no significant changes in the nature of these activities during the financial year.

**ACQUISITION OR DISPOSAL OF SUBSIDIARIES**

There were no acquisitions or disposals of subsidiaries during the financial year.

**RESERVES OR PROVISIONS**

There were no material transfers to or from reserves or provisions during the financial year.

**ISSUE OF SHARES OR DEBENTURES**

No shares or debentures have been issued during the financial year.

**ARRANGEMENTS FOR DIRECTORS TO ACQUIRE SHARES OR DEBENTURES**

Neither at the end nor at any time during the financial year was the company a party to any arrangement whose object is to enable the directors of the company to acquire benefits through the acquisition of shares in or debentures of the company or any other body corporate.

**DIRECTORS' INTEREST IN SHARES OR DEBENTURES**

The Directors holding office at the end of the financial year and their interests in the shares of the company and related corporation as recorded in the register kept by the company for the purposes of Section 164 of the Companies Act, Cap.50 were as follows:

Name of Directors	Shareholdings registered in the name of Directors		Shareholdings in which Directors are deemed to have an interest	
	At 01.04.02	At 31.03.03	At 01.04.02	At 31.03.03
In Holding Corporation-Ramco Systems Limited			(No. of. Shares)	
P.R. Venketrama Raja				
S/o P.R. Ramasubrahmaneya Rajha	239350	<b>239350</b>	7220	<b>81653</b>

**DIVIDENDS**

The Directors do not recommend payment of a dividend for the financial year under review. No dividend has been paid since the end of the previous financial year.

**BAD AND DOUBTFUL DEBTS**

Before the profit and loss account and the balance sheet of the Company were made out, the directors took reasonable steps to ascertain that proper action has been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that all known bad debts had been written off and that, where necessary, adequate provisions had been made for doubtful debts.

At the date of this report, the Directors are not aware of any circumstances which would render any amounts written off or provided for bad and doubtful debts inadequate to any substantial extent.



## **CURRENT ASSETS**

Before the profit and loss account and the balance sheet of the Company were made out, the directors took reasonable steps to ascertain that any current assets which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values or have been adequately provided for.

At the date of this report, the Directors are not aware of any circumstances which would render the values attributable to current assets in the financial statements of the Company misleading.

## **CHARGES AND CONTINGENT LIABILITIES**

At the date of this report:

- a) there does not exist any charge on the assets of the Company which has arisen since the end of the financial year which secures the liability of any other person, and
- b) there does not exist any contingent liability of the Company which has arisen since the end of the financial year except as disclosed in the note 7 to the financial statements.

## **CONTINGENT OR OTHER LIABILITIES ENFORCEABLE AFTER YEAR END**

No contingent or other liability of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Company to meet its obligations as and when they fall due except as disclosed in the note 7 to the financial statements.

## **OTHER CIRCUMSTANCES**

As at the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Company which would render any amount stated in the financial statements of the Company misleading.

## **UNUSUAL ITEMS**

In the opinion of the Directors, the results of the operations of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

## **SUBSEQUENT EVENTS**

In the opinion of the Directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which would affect substantially the results of the operations of the Company for the financial year in which this report is made.

## **DIRECTORS' BENEFITS**

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit which is required to be disclosed under Section 201 (8) of the Companies Act, Cap.50 by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

## **SHARE OPTIONS GRANTED**

No options were granted during the financial year to take up unissued shares of the Company.

## **SHARE OPTIONS EXERCISED**

During the financial year, no shares were issued by virtue of the exercise of options granted.

## **UNISSUED SHARES UNDER OPTION**

There were no unissued shares under option at the end of the financial year.

## **AUDITORS**

The Auditors, Messrs. Rohan.Mah & Partners, the Company's Auditors under the Singapore law of reporting are eligible for re-appointment.

## **PARTICULARS OF EMPLOYEES**

Information as per Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 forms part of this report.

## **FIXED DEPOSITS**

Your Company has not accepted any deposits from the public.

## **DIRECTORS' RESPONSIBILITY STATEMENT**

In terms of Section 217(2A) of the Companies Act, 1956 the directors confirm that in the preparation of the Annual Accounts for the year ended 31st March, 2003, that:

- a) the applicable accounting standards have been followed along with proper explanation relating to material departures, if any
- b) the selected accounting policies were applied consistently and judgements and estimates were made to ensure that they are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2003 and the Loss of the Company for the year ended 31st March, 2003.
- c) proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the act have been taken for safeguarding the assets of the Company and to prevent and detect fraud and other irregularities.
- d) the annual accounts are prepared on a going concern basis.

**ACKNOWLEDGEMENT**

The Directors wish to place on record their sincere appreciation to all the Company's employees, clients, vendors, investors and bankers.

For and on behalf of the Board

Place : Chennai  
Date : 23rd June 2003

**P.R. VENKETRAMA RAJA**  
Director

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**ANNEXURE TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH 2003**

In terms of Section 217(1)(e) of the Companies Act, 1956 and the disclosure of particulars in the report of the Board of Directors Rules, 1988, the following information is furnished for the year ended 31ST MARCH 2003.

**(A) CONSERVATION OF ENERGY**

- |  |   |   |
|--|---|---|
| (a) Energy conservation measures taken   | : | Strict control was exercised over consumption of energy at all sections |
| (b) Additional investment and proposals if any, being implemented for reduction of consumption of energy                               | : | —   |
| (c) Impact of measures at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of goods | : | —   |
| (d) Total energy consumption per unit of production of goods   | : | —   |

**(B) TECHNOLOGY ABSORPTION**

Efforts made in Technology absorption : Particulars given in Form B

**(C) FOREIGN EXCHANGE EARNINGS AND OUTGO**

The company is engaged in the software services and consulting business in the Singapore market only and as such the company is not engaged in any export activity.

		(Rs. In Lakhs)
1) Total foreign exchange used	:	481.29
2) Total foreign exchange earned	:	NIL

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**FORM B**

**FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO THE TECHNOLOGY ABSORPTION RESEARCH AND DEVELOPMENT (R&D)**

**1. Special areas in which R&D is carried out by the Company**

The company continues to invest in software localisation cost as part of Research & Development programme.

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

The Company is keeping abreast with the latest development so that it can compete with the competitors. All the existing customers are happy with the use of the product.

**3. Future plan of action**

- Web enabled application
- Target existing customers of Ramco Systems
- Strategic alliances with consulting companies

**4 Expenditure on R&D : NIL**

## **AUDITORS' REPORT**

### **TO THE MEMBERS OF RAMCO SYSTEMS PTE. LIMITED, SINGAPORE**

1. We have examined the attached Balance Sheet of Ramco Systems Pte. Ltd., Singapore as at 31<sup>st</sup> March 2003 and also the Profit and Loss Account for the year ended on that date annexed thereto, both of which we have signed under reference to this report and the above mentioned accounts are in agreement with the books of account. Also we have placed reliance on the report of the independent auditors, Messrs. Rohan.Mah & Partners for expressing an opinion.
2. These financial statements are the responsibility of the Ramco Systems Pte. Ltd., 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 an identified financial reporting framework and are free of material misstatements. 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 statements. We believe that our audit provides a reasonable basis for our opinion.
3. In our opinion and to the best of our information and according to the explanations given to us and relying on other Auditor's report, the accounts give a true and fair view,
  - a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2003 and
  - b) in the case of Profit and Loss Account, of the loss for the year ended 31<sup>st</sup> March, 2003.
4. In our opinion, clauses of Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Government of India in terms of Section 227(4A) of the Companies Act, 1956, are not applicable.

For **Messrs. S. VISWANATHAN**

Chartered Accountants

Place : Chennai  
Dated : 23rd June 2003

**C.N. GANGADARAN**

Partner

# Ramco Systems Pte. Ltd., Singapore

## BALANCE SHEET AS AT 31ST MARCH, 2003

	Sch	As at 31.03.2003 S\$	As at 31.03.2003 Rs.	As at 31.03.2002 S\$	As at 31.03.2002 Rs.
<b>I. SOURCES OF FUNDS</b>					
<b>1. Share Holder's Funds</b>					
a) Share Capital	I	725,000	18,616,100	725,000	18,616,100
b) Reserves and Surplus	II	-	1,559,729	596,653	16,421,478
<b>TOTAL</b>		<b>725,000</b>	<b>20,175,829</b>	<b>1,321,653</b>	<b>35,037,578</b>
<b>II. APPLICATION OF FUNDS</b>					
<b>1. Fixed Assets</b>	III				
Gross Block		258,957	6,868,702	168,230	4,398,433
Less: Depreciation		172,809	4,565,763	103,944	2,718,805
Net Block		<b>86,148</b>	<b>2,302,939</b>	<b>64,286</b>	<b>1,679,628</b>
<b>2. Current Assets, Loans &amp; Advances</b>					
a) Sundry Debtors	IV	1,741,417	46,704,790	1,586,400	42,087,188
b) Cash & Bank Balance	V	70,512	1,891,129	728,906	19,337,880
c) Loans and advances	VI	585,206	15,695,244	194,067	5,148,589
d) Other Current Assets	VII	89,362	2,396,695	-	-
		<b>2,486,497</b>	<b>66,687,858</b>	<b>2,509,373</b>	<b>66,573,657</b>
<b>Less : Current Liabilities and Provisions</b>					
a) Current Liabilities	VIII	2,991,697	80,237,358	1,255,353	33,304,517
b) Provisions	IX	1,000	26,820	119,667	3,174,751
		<b>2,992,697</b>	<b>80,264,178</b>	<b>1,375,020</b>	<b>36,479,268</b>
<b>Net Current Assets</b>		<b>(506,200)</b>	<b>(13,576,320)</b>	<b>1,134,353</b>	<b>30,094,389</b>
<b>3. Miscellaneous Expenses</b> (to the extent not written off)		-	-	123,014	3,263,561
<b>4. Profit &amp; Loss Account</b>	X	1,145,052	31,449,210	-	-
<b>TOTAL</b>		<b>725,000</b>	<b>20,175,829</b>	<b>1,321,653</b>	<b>35,037,578</b>
Significant Accounting Policies and Notes to accounts	XV				
Schedules, Accounting Policies and Notes form an integral part of the accounts.					

As per our report annexed  
**For Messrs. S. VISWANATHAN**  
Chartered Accountants

For and on behalf of the Board

**C.N. GANGADARAN**  
Partner

**P.R. VENKETRAMA RAJA**  
Director

Place : Chennai  
Date : 23rd June 2003

**K. RAMACHANDRAN**  
Director

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2003**

	Sch	Year ended 31.03.2003 S\$	Year ended 31.03.2003 Rs.	Year ended 31.03.2002 S\$	Year ended 31.03.2002 Rs.
<b>INCOME</b>					
Sales	XI	3,761,242	102,409,209	6,123,653	160,787,519
Other Income		8,361	227,649	6,280	164,882
		<u>3,769,603</u>	<u>102,636,858</u>	<u>6,129,933</u>	<u>160,952,401</u>
<b>EXPENDITURE</b>					
Cost of Sales		2,284,001	62,187,663	3,085,046	81,003,465
Employee Compensation & Benefits	XII	1,938,108	52,769,831	1,783,738	46,835,255
Sales & Marketing Expenses	XIII	28,425	773,943	49,228	1,292,559
Administrative & Other Expenses	XIV	1,026,386	27,945,939	669,602	17,577,300
		<u>5,276,920</u>	<u>143,677,376</u>	<u>5,587,614</u>	<u>146,708,579</u>
<b>Profit / (Loss) before Depreciation, Amortization &amp; Tax</b>		<b>(1,507,317)</b>	<b>(41,040,518)</b>	542,319	14,243,822
Depreciation		68,865	1,846,958	56,841	1,507,992
<b>Profit / (Loss) before Amortization &amp; Tax</b>		<b>(1,576,182)</b>	<b>(42,887,476)</b>	485,478	12,735,830
Amortization		123,014	3,263,561	-	-
<b>Profit / (Loss) before Tax</b>		<b>(1,699,196)</b>	<b>(46,151,037)</b>	485,478	12,735,830
Provision for Taxation		42,509	1,140,091	145,295	3,854,676
<b>Profit / (Loss) after Tax</b>		<b>(1,741,705)</b>	<b>(47,291,128)</b>	340,183	8,881,154
Accumulated Profit brought forward		596,653	15,841,918	256,470	6,960,764
<b>Retained Profit / (Loss) carried to Balance Sheet</b>		<b>(1,145,052)</b>	<b>(31,449,210)</b>	596,653	15,841,918
Significant Accounting Policies and Notes to accounts	XV				
Schedules, Accounting Policies and Notes form an integral part of the accounts					

As per our report annexed  
**For Messrs. S. VISWANATHAN**  
Chartered Accountants

**C.N. GANGADARAN**  
Partner

Place : Chennai  
Date : 23rd June 2003

For and on behalf of the Board

**P.R. VENKETRAMA RAJA**  
Director

**K. RAMACHANDRAN**  
Director

**SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2003**

**Schedule I  
Share Capital**

**Authorised:**  
(8,00,000 ordinary shares of S\$ 1 each -S\$ 8,00,000)

**Issued, Subscribed and Paid-up Share Capital**  
(7,25,000 ordinary shares of S\$ 1 each - S\$ 7,25,000)

**Schedule II  
Reserves & Surplus**

Profit brought forward from Profit and Loss Account  
Translation Reserve account (Refer Note No.2)

	As at 31.03.2003 S\$	As at 31.03.2003 Rs.	As at 31.03.2002 S\$	As at 31.03.2002 Rs.
	<b>800,000</b>	<b>20,541,903</b>	800,000	20,541,903
	<b>725,000</b>	<b>18,616,100</b>	725,000	18,616,100
	<b>725,000</b>	<b>18,616,100</b>	725,000	18,616,100
	-	-	596,653	15,841,918
	-	<b>1,559,729</b>	-	579,560
	-	<b>1,559,729</b>	596,653	16,421,478

**Schedule III  
Fixed Assets**

Description	Gross Block				Depreciation				Net Block			
	Balance as at 1.4.2002 S\$	Balance as at 1.4.2002 Rs.	Additions during the year S\$	Additions during the year Rs.	Balance as at 1.4.2002 S\$	Balance as at 1.4.2002 Rs.	For the Year S\$	For the Year Rs.	Balance as at 31.3.2003 S\$	Balance as at 31.3.2003 Rs.	As at 31.3.2003 S\$	As at 31.3.2003 Rs.
Computers	84,026	2,191,216	42,328	1,152,486	68,702	1,789,713	28,442	762,814	97,144	2,552,527	29,210	791,175
Office equipments	84,204	2,207,217	5,439	148,090	35,242	929,092	26,103	700,082	61,345	1,629,174	28,298	726,133
Lease Line Equipment	-	-	42,960	1,169,693	-	-	14,320	384,062	14,320	384,062	28,640	785,631
<b>TOTAL</b>	168,230	4,398,433	90,727	2,470,269	103,944	2,718,805	68,865	1,846,958	172,809	4,565,763	86,148	2,302,939
Previous year	91,241	2,376,949	76,989	2,021,484	47,103	1,210,813	56,841	1,507,992	103,944	2,718,805	64,286	1,679,628
											44,138	1,166,136

# **SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2003**

	As at 31.03.2003 S\$	As at 31.03.2003 Rs.	As at 31.03.2002 S\$	As at 31.03.2002 Rs.
<b>Schedule IV</b>				
<b>Sundry Debtors (Unsecured)</b>				
a) Debts outstanding for a period exceeding six months				
(i) Debts considered good	145,185	3,893,861	222,687	5,907,886
(ii) Debts considered doubtful	10,300	280,443	-	-
	<u>155,485</u>	<u>4,174,304</u>	<u>222,687</u>	<u>5,907,886</u>
b) Other Debts - Considered good	1,596,232	42,810,929	1,363,713	36,179,302
Total	1,751,717	46,985,233	1,586,400	42,087,188
Less : Provision for Bad & Doubtful Debts	10,300	280,443	-	-
	<u>1,741,417</u>	<u>46,704,790</u>	<u>1,586,400</u>	<u>42,087,188</u>
<b>Schedule V</b>				
<b>Cash and Bank Balances</b>				
Cash in hand	277	7,421	-	-
Balances with other Banks in current account				
ABN Amro Bank, Singapore	70,235	1,883,708	728,906	19,337,880
	<u>70,512</u>	<u>1,891,129</u>	<u>728,906</u>	<u>19,337,880</u>
<b>Schedule VI</b>				
<b>Loans and Advances (Unsecured, Considered good)</b>				
Advances recoverable in cash or in kind or for value to be received				
From Related Companies	517,290	13,873,726	127,800	3,390,525
From others	5,492	147,306	-	-
Rent Deposit	62,424	1,674,212	66,267	1,758,064
	<u>585,206</u>	<u>15,695,244</u>	<u>194,067</u>	<u>5,148,589</u>
<b>Schedule VII</b>				
<b>Other Current Assets</b>				
Deferred Maintenance cost	61,694	1,654,639	-	-
Prepaid Expenses	27,668	742,056	-	-
	<u>89,362</u>	<u>2,396,695</u>	<u>-</u>	<u>-</u>
<b>Schedule VIII</b>				
<b>Current Liabilities</b>				
a) Sundry Creditors				
for Purchases	436,532	11,707,812	132,625	3,518,554
for Expenses	358,416	9,612,722	196,072	5,201,771
b) GST payable	34,645	929,179	40,612	1,077,448
c) CPF Payable	7,911	212,193	-	-
d) Unaccrued maintenance charges	303,696	8,145,127	196,055	5,201,341
e) Payable to Related Companies	1,850,497	49,630,325	689,989	18,305,403
	<u>2,991,697</u>	<u>80,237,358</u>	<u>1,255,353</u>	<u>33,304,517</u>
<b>Schedule IX</b>				
<b>Provisions</b>				
Provision for taxation	1,000	26,820	119,667	3,174,751
	<u>1,000</u>	<u>26,820</u>	<u>119,667</u>	<u>3,174,751</u>
<b>Schedule X</b>				
<b>Profit &amp; Loss Account</b>				
Balance in Profit & Loss Account	1,145,052	31,449,210	-	-
	<u>1,145,052</u>	<u>31,449,210</u>	<u>-</u>	<u>-</u>

**SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2003**

	Year ended 31.03.2003 S\$	Year ended 31.03.2003 Rs.	Year ended 31.03.2002 S\$	Year ended 31.03.2002 Rs.
<b>Schedule XI</b>				
<b>Sales</b>				
Licence Fee	562,743	15,322,098	416,948	10,947,713
Service & Maintenance Charges	2,667,222	72,621,757	4,464,299	117,218,200
Value Added Resales Software & Hardware Material	531,277	14,465,354	1,242,406	32,621,606
	<b>3,761,242</b>	<b>102,409,209</b>	<b>6,123,653</b>	<b>160,787,519</b>
<b>Schedule XII</b>				
<b>Employee Compensation and Benefits</b>				
Salaries, Bonus etc	1,799,933	49,007,669	1,664,739	43,710,727
Statutory Contributions	34,751	946,183	5,770	151,502
Employee Benefits	103,424	2,815,979	113,229	2,973,026
	<b>1,938,108</b>	<b>52,769,831</b>	<b>1,783,738</b>	<b>46,835,255</b>
<b>Schedule XIII</b>				
<b>Sales &amp; Marketing Expenses</b>				
Advertisement & Sales Promotion	28,425	773,943	49,228	1,292,559
	<b>28,425</b>	<b>773,943</b>	<b>49,228</b>	<b>12,92,559</b>
<b>Schedule XIV</b>				
<b>Administrative and other expenses</b>				
Consultancy	11,433	311,292	10,214	268,176
Bank Charges	8,565	233,204	3,064	80,443
Office Expenses	46,872	1,276,207	52,137	1,368,940
Communication Expenses	63,313	1,723,855	52,840	1,387,400
Rent	273,840	7,456,006	312,603	8,207,964
Guest House Expenses	18,380	500,441	42,051	1,104,124
Travel & Conveyance	427,025	11,626,810	176,750	4,640,894
Entertainment	17,784	484,214	9,428	247,554
Bad Debts Written off	130,911	3,564,379	-	-
Provision for Doubtful Debts	10,300	280,443	-	-
Foreign Exchange Loss	7,331	199,605	-	-
Other expenses	10,632	289,483	10,515	271,805
	<b>1,026,386</b>	<b>27,945,939</b>	<b>669,602</b>	<b>17,577,300</b>

**SCHEDULE XV**

**SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS**

**Significant Accounting Policies**

- Accounts are maintained on accrual basis. The transactions are in local currency (Singapore Dollars-S\$) and are translated for reporting in Indian Currency as provided in item 2 below.
- Translation to Indian Rupees:**  
For the purpose of the accounts, all income and expense items are translated at the moving average rate of exchange applicable for the year. All 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 prevailing at the date of investment by the holding company. 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.
- Revenue Recognition**
  - Software and Related Services**
    - Licence Fees**  
Licence Fee revenue is recognised on delivery of the software.
    - Implementation Fees**  
Implementation Contracts are either milestones based or time and material based.
      - In case of milestone contract, revenue is recognised upon achievement of the milestones as per the terms of the contract.
      - In case of time and material contracts, revenue is recognised based on billable time spent in the project, priced at the contractual rate.
    - Services**  
Revenue from fixed price contracts is recognised on milestones achieved as per the terms of the specific contract.
    - Annual Maintenance Contract**  
Revenue from Maintenance services is recognised on a pro-rata basis over the period of the contract.



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

Revenue from sales is recognised upon despatch of goods to customers.

**C) E-Commerce**

Revenue from the fixed price / fixed time frame contracts is recognised upon the achievement of specified milestones identified in the related contracts in accordance with the percentage of completion method.

**4. Fixed Assets & Depreciation:**

Fixed assets are stated net of depreciation. Depreciation is provided on Straight Line Method.

Depreciation rates are applied after considering the applicable laws of the State and management estimation of the useful life of the asset. However, the rates of depreciation provided are higher than the rates specified under Schedule XIV to the Companies Act, 1956.

The estimated useful life of the asset are as follows

Computer	3 years
Lease Line Equipment	3 years
Office Equipments	3 years

**5. Holding Company Transaction:**

The Company has significant transactions with its holding company which are trade related. However the same is unsecured and interest free.

**6. Software Development Cost:**

Software Development costs have been capitalised and amortized over its useful life

**NOTES TO ACCOUNTS**

- The Company is a wholly owned subsidiary of Ramco Systems Limited, India. The accounts are prepared and audited to attach with the accounts of Ramco Systems Limited, the holding company to comply with the provisions of the Companies Act, 1956.
- For translating local currency (Singapore Dollars-S\$) into Indian Rupees the exchange rate applied is as per paragraph 2 of the accounting policies given above.
- The accounts pertain to the year April 1,2002 to March 31,2003.
- Current Liabilities:**  
The Company does not have any dues to any small scale industrial undertaking.
- Software Development**  
An amount of Rs.32.63 lacs capitalised during the year 2001-02 was entirely amortized during the current year 2002-03.
- Consultancy includes fees paid to Statutory Auditors towards Statutory Audit fee Rs. 1.52 lacs (Previous year Rs. 1.57 lacs)
- Contingent Liability – NIL**
- Taxation :** Provision has been made for current year taxation.
- Additional information as required by Schedule VI of the Companies Act, 1956**

(Rs. In Lacs)

	2002-03	2001-02
a) Sales : Ramco e.Application and other Software & Services	1,024.09	1,607.87
b) Expenditure in Foreign Currency on account of Transfer Pricing, Royalty and Debit Notes.	481.29	388.36

- The figures have been rounded off to the nearest rupee/S\$ and previous year's figures have been regrouped / recast wherever necessary to make them comparable with that of the current year.

As per our Report annexed  
For **S. VISWANATHAN**  
Chartered Accountants

For and on behalf of the Board

**C.N. GANGADARAN**  
Partner

**P.R. VENKETRAMA RAJA**  
Director

Place : Chennai  
Date : 23rd June 2003

**K. RAMACHANDRAN**  
Director



**RAMCO SYSTEMS SDN. BHD., MALAYSIA**

(Company No. 342313W)

(Incorporated in Malaysia)

(Wholly Owned Subsidiary of Ramco Systems Limited, India)

**DIRECTORS**

Shri. P.R. VENKETRAMA RAJA

SAW BEE LEAN

LUM CHEE YENG

Shri. K. RAMACHANDRAN

**SECRETARIES**

SAW BEE LEAN

LUM CHEE YENG

**REGISTERED OFFICE**

11th Floor, Wisma Damansara,  
Jalan Semantan, Damansara Heights  
50490, Kuala Lumpur, Malaysia

**HEAD OFFICE**

Suite 1001, Level 10, Menara PJ,  
Amcorp Trade Centre, 18, Persiaran Barat,  
46050, Petaling Jaya, Selangor Darul Ehsan, Malaysia

**AUDITORS**

Messrs. KPMG

Messrs. S. VISWANATHAN

**BANKERS**

ABN AMRO BANK BERHAD  
BUMIPUTRA - COMMERCE BANK BERHAD

**DIRECTORS' REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2003.**

Your directors are pleased to present their report on the Company, its performance and the Audited Financial Statements for the year ended 31st March, 2003.

**FINANCIAL RESULTS**

	<b>(In Millions)</b>			
<b>Particulars</b>	<b>March 31, 2003 (in RM)</b>	<b>March 31, 2003 (in Rs.)</b>	<b>March 31, 2002 (in RM)</b>	<b>March 31, 2002 (in Rs.)</b>
<b>Revenues</b>	<b>4.52</b>	<b>57.05</b>	5.26	65.61
<b>Expenditure</b>				
Staff cost	<b>2.58</b>	<b>32.53</b>	2.17	27.12
Other Direct costs	<b>1.67</b>	<b>21.17</b>	0.29	3.65
Sales & Marketing Expenses	<b>0.01</b>	<b>0.07</b>	0.01	0.11
Administration & other expenses	<b>2.44</b>	<b>30.81</b>	2.22	27.63
Earnings before Depreciation, Amortization & Tax	<b>(2.18)</b>	<b>(27.53)</b>	0.57	7.10
Depreciation	<b>0.05</b>	<b>0.64</b>	0.20	2.19
Amortization	<b>0.17</b>	<b>2.21</b>	0.09	1.10
Taxes Excess Provided in earlier years	<b>0.09</b>	<b>1.14</b>	-	-
Net Profit/(Loss)	<b>(2.32)</b>	<b>(29.24)</b>	0.28	3.81

**RESERVES**

All material transfers to or from reserves and provisions during the year under review are disclosed in the financial statements.

**DIVIDENDS**

No dividend was paid during the year and the Directors do not recommend any dividend to be paid for the year under review.

**DIRECTORS OF THE COMPANY**

Directors who served since the date of the last report are:

Shri. Pusapadi Ramasubrahmaneya Rajha Venketrama Raja  
Lum Chee Yeng  
Saw Bee Lean  
Shri. Kalyanasundaram Ramachandran

None of the Directors in office at the year end held any beneficial interest in the shares of the Company, related corporations or holding company during the year ended 31<sup>st</sup> March, 2003 except as follows:

In holding Company	Balance as on 1.4.2002	Bought	Sold	<b>Balance as on 31.3.2003</b>
		(Number of Shares)		
Mr. P.R. Venketrama Raja	239350	-	-	<b>239350</b>

**DIRECTORS BENEFITS**

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or of a related Company) by reason of a contract made by the Company or a related company with the Director or with a firm of which the Director is a member, or with a Company in which the Director has a substantial financial interest other than fees paid to a firm in which two Directors are also Directors for professional services rendered to the company.

There were no arrangements during and at the end of the year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

**ISSUE OF SHARES**

There were no changes in the issued, subscribed and paid-up capital of the Company during the year.

**OPTIONS GRANTED OVER UNISSUED SHARES**

No Options were granted to any person to take up unissued shares of the Company during the year.

**OTHER STATUTORY INFORMATION**

Before the financial statements of the Company were made out, the Directors took reasonable steps to ascertain that:

- all known bad debts have been written off and adequate provision made for doubtful debts, and
- all current assets have been stated at the lower of cost or net realisable value.

At the date of this report, the Directors are not aware of any circumstances

- i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts in the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the Company's financial statements misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the company misleading.

At the date of this report, there does not exist:

- i) any charge on the assets of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- ii) any contingent liability in respect of the company that has arisen since the end of the financial year.

No contingent liability or other liability of the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Company to meet its obligations as and when they fall due.

In the opinion of the Directors, the results of the operations of the Company for the financial year ended 31st March, 2003 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

#### **AUDITORS**

Messrs. KPMG the Company's Auditors under the Malaysian law of reporting are eligible for re-appointment.

#### **PARTICULARS OF EMPLOYEES**

Information as per Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 forms part of this report.

#### **FIXED DEPOSITS**

Your Company has not accepted any deposits from the public.

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

In terms of Section 217(2A) of the Companies Act, 1956 the directors confirm that in the preparation of the Annual Accounts for the year ended 31<sup>st</sup> March, 2003 that:

- a) the applicable accounting standards have been followed along with proper explanation relating to material departures, if any.
- b) the selected accounting policies were applied consistently and judgements and estimates were made to ensure that they are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2003 and the Loss of the Company for the year ended 31<sup>st</sup> March, 2003.
- c) proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act have been taken for safeguarding the assets of the Company and to prevent and detect fraud and other irregularities.
- d) the annual accounts are prepared on a going concern basis.

#### **ACKNOWLEDGEMENT**

The Directors wish to place on record their sincere appreciation to all the Company's employees, clients, vendors, investors and bankers.

For and on behalf of the Board

Place : Chennai  
Date : 23rd June 2003

**P.R. VENKETRAMA RAJA**  
Director

**ANNEXURE TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2003**

In terms of Section 217(1) (e) of the Companies Act, 1956 and the disclosure of particulars in the report of the Board of Directors Rules, 1988, the following information is furnished for the year ended 31st March, 2003

**(A) CONSERVATION OF ENERGY**

- |     |  |   |   |
|-----|--|---|---|
| (a) | Energy conservation measures taken   | : | Strict control was exercised over consumption of energy at all sections |
| (b) | Additional investment and proposals if any, being implemented for reduction of consumption of energy                               | : | -   |
| (c) | Impact of measures at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of goods | : | -   |
| (d) | Total energy consumption per unit of production of goods   | : | -   |

**(B) TECHNOLOGY ABSORPTION**

Efforts made in Technology Absorption	:	Particulars given in Form B
---------------------------------------	---	-----------------------------

**(C) FOREIGN EXCHANGE EARNINGS AND OUTGO**

The company is engaged in the software services and consulting business in the Malaysia market only and as such the company is not engaged in any export activity.

**(Rs. In Lakhs)**

- |                                  |   |               |
|----------------------------------|---|---------------|
| 1) Total foreign exchange used   | : | <b>205.11</b> |
| 2) Total foreign exchange earned | : | NIL           |

**FORM B**

**FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO THE TECHNOLOGY ABSORPTION RESEARCH AND DEVELOPMENT (R&D)**

**1. Special areas in which R&D is carried out by the Company**

The company continues to invest in software localisation cost as part of Research & Development programme.

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

The Company is keeping abreast with the latest development so that it can compete with the competitors. All the existing customers are happy with the use of the product.

**3. Future plan of action**

- a) Web enabled application
- b) Target existing customers of Ramco Systems
- c) Strategic alliances with consulting companies

<b>4 Expenditure on R&amp;D</b>	:	NIL
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## **AUDITORS' REPORT**

### **TO THE MEMBERS OF RAMCO SYSTEMS SDN. BHD., MALAYSIA**

1. We have examined the attached Balance Sheet of Ramco Systems Sdn. Bhd., Malaysia as at 31<sup>st</sup> March 2003 and also the Profit and Loss Account for the year ended on that date annexed thereto, both of which we have signed under reference to this report and the above mentioned accounts are in agreement with the books of account. Also we have placed reliance on the report of the independent auditors, Messrs. KPMG for expressing an opinion.
2. These financial statements are the responsibility of the Ramco Systems Sdn. Bhd., Malaysia 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 an identified financial reporting framework and are free of material misstatements. 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 statements. We believe that our audit provides a reasonable basis for our opinion.
3. In our opinion and to the best of our information and according to the explanations given to us and relying on other Auditor's report, the accounts give a true and fair view,
  - a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2003 and
  - b) in the case of Profit and Loss Account, of the loss for the year ended 31<sup>st</sup> March, 2003.
4. In our opinion, clauses of Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Government of India in terms of Section 227(4A) of the Companies Act, 1956, are not applicable.

For **Messrs.S. VISWANATHAN**  
Chartered Accountants

Place : Chennai  
Dated : 23rd June 2003

**C.N. GANGADARAN**  
Partner

# Ramco Systems Sdn. Bhd., Malaysia

## BALANCE SHEET AS AT 31ST MARCH, 2003

	Sch	As at 31.03.2003 RM	As at 31.03.2003 Rs.	As at 31.03.2002 RM	As at 31.03.2002 Rs.
<b>I. SOURCES OF FUNDS</b>					
<b>1. Share Holder's Funds</b>					
a) Share Capital	I	1,280,000	18,217,054	1,280,000	18,217,054
b) Reserves and Surplus	II	-	-	2,232,626	26,718,339
<b>TOTAL</b>		<b>1,280,000</b>	<b>18,217,054</b>	<b>3,512,626</b>	<b>44,935,393</b>
<b>II. APPLICATION OF FUNDS</b>					
<b>1. Fixed Assets</b>					
Gross Block	III	791,448	9,237,647	697,184	8,049,284
Less: Depreciation		671,774	7,816,746	619,772	7,173,577
Net Block		<b>119,674</b>	<b>1,420,901</b>	<b>77,412</b>	<b>875,707</b>
<b>2. Current Assets, Loans &amp; Advances</b>					
a) Sundry Debtors	IV	1,214,075	15,015,859	2,316,304	29,785,543
b) Cash & Bank Balance	V	620,921	7,679,638	817,730	10,431,940
c) Loans and Advances	VI	956,655	11,832,054	1,056,906	13,483,139
		<b>2,791,651</b>	<b>34,527,551</b>	<b>4,190,940</b>	<b>53,700,622</b>
<b>Less: Current Liabilities and Provisions</b>					
a) Current Liabilities	VII	1,716,889	21,234,727	838,205	10,693,131
b) Provisions	VIII	-	-	90,854	1,159,045
		<b>1,716,889</b>	<b>21,234,727</b>	<b>929,059</b>	<b>11,852,176</b>
<b>Net Current Assets</b>		<b>1,074,762</b>	<b>13,292,824</b>	<b>3,261,881</b>	<b>41,848,446</b>
<b>3. Miscellaneous Expenditure</b> (to the extent not written off )	IX	-	-	173,333	2,211,240
<b>4. Profit &amp; Loss Account</b>	X	85,564	3,503,329	-	-
<b>TOTAL</b>		<b>1,280,000</b>	<b>18,217,054</b>	<b>3,512,626</b>	<b>44,935,393</b>
Significant Accounting Policies and Notes to accounts	XVI				
Schedules, Accounting Policies and Notes form an integral part of the accounts.					

As per our report annexed  
**For Messrs. S. VISWANATHAN**  
Chartered Accountants

**C.N. GANGADARAN**  
Partner

Place : Chennai  
Date : 23rd June 2003

For and on behalf of the Board

**P.R. VENKETRAMA RAJA**  
Director

**K. RAMACHANDRAN**  
Director



**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2003**

	Sch	Year Ended 31.03.2003 RM	Year Ended 31.03.2003 Rs.	Year Ended 31.03.2002 RM	Year Ended 31.03.2002 Rs.
<b>INCOME</b>					
Sales	XI	4,473,301	56,393,721	5,230,992	65,268,162
Other income	XII	51,698	651,746	28,108	350,706
		<u>4,524,999</u>	<u>57,045,467</u>	<u>5,259,100</u>	<u>65,618,868</u>
<b>EXPENDITURE</b>					
Cost of Sales		1,678,921	21,165,714	292,358	3,647,808
Employee Compensation & Benefits	XIII	2,580,182	32,527,678	2,173,823	27,123,241
Sales & Marketing Expenses	XIV	5,987	75,481	8,603	107,339
Administrative & Other Expenses	XV	2,443,618	30,806,047	2,215,025	27,637,323
		<u>6,708,708</u>	<u>84,574,920</u>	<u>4,689,809</u>	<u>58,515,711</u>
<b>Profit / (Loss) before Depreciation, Amortization &amp; Tax</b>		<b>(2,183,709)</b>	<b>(27,529,453)</b>	569,291	7,103,157
Depreciation		52,002	643,169	198,977	2,185,584
<b>Profit / (Loss) before Amortization &amp; Tax</b>		<b>(2,235,711)</b>	<b>(28,172,622)</b>	370,314	4,917,573
Amortization		173,333	2,211,240	86,667	1,105,627
<b>Profit / (Loss) before Tax</b>		<b>(2,409,044)</b>	<b>(30,383,862)</b>	283,647	3,811,946
Add: Tax excess provided in earlier years		90,854	1,145,377	-	-
<b>Profit / (Loss) after Tax</b>		<b>(2,318,190)</b>	<b>(29,238,485)</b>	283,647	3,811,946
Accumulated Profit brought forward		2,232,626	25,974,594	1,948,979	22,162,648
<b>Retained Profit / (Loss) Carried to Balance Sheet</b>		<b>(85,564)</b>	<b>(3,263,891)</b>	<u>2,232,626</u>	<u>25,974,594</u>
Significant Accounting Policies and Notes to accounts	XVI			-	
Schedules, Accounting Policies and Notes form an integral part of the accounts					

As per our report annexed  
**For Messrs. S. VISWANATHAN**  
Chartered Accountants

**C.N. GANGADARAN**  
Partner

Place : Chennai  
Date : 23rd June 2003

For and on behalf of the Board

**P.R. VENKETRAMA RAJA**  
Director

**K. RAMACHANDRAN**  
Director

**SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2003**

**Schedule I  
Share Capital**

**Authorised:**

1500,000 Ordinary shares of RM 1 each

**Issued, Subscribed & Paid-up Share Capital**

1280,000 Ordinary shares of RM 1 each

As at  
31.03.2003  
RM

As at  
31.03.2003  
Rs.

As at  
31.03.2002  
RM

As at  
31.03.2002  
Rs.

<b>1,500,000</b>	<b>21,348,110</b>	1,500,000	21,348,110
<b>1,280,000</b>	<b>18,217,054</b>	1,280,000	18,217,054
<b>1,280,000</b>	<b>18,217,054</b>	1,280,000	18,217,054

**Schedule II  
Reserves and Surplus**

Balance in Profit & Loss Account

Translation Reserve Account (refer note No.2)

-	-	2,232,626	25,974,594
-	-	-	743,745
-	-	2,232,626	26,718,339

**Schedule III  
Fixed Assets**

Description	Gross Block				Depreciation				Net Block			
	Balance as at 1.4.2002 RM	Balance as at 1.4.2002 Rs.	Additions during the year RM	Additions during the year Rs.	Deletions during the year RM	Deletions during the year Rs.	Balance as at 31.3.2003 RM	Balance as at 31.3.2003 Rs.	As at 31.3.2003 RM	As at 31.3.2003 Rs.	As at 1.4.2002 RM	As at 1.4.2002 Rs.
Plant & Machinery	72,237	843,685	9,274	116,915	-	-	81,511	960,600	16,302	423,330	37,631	420,355
- EDP	561,000	6,447,949	16,846	212,376	-	-	577,846	6,660,325	9,282	6,366,043	7,333	81,906
- Software	63,947	757,650	68,144	859,072	-	-	132,091	1,616,722	326,742	384,204	32,448	373,446
Office equipments	697,184	8,049,284	94,264	1,188,363	-	-	791,448	9,237,647	52,002	7,173,577	77,412	875,707
<b>TOTAL</b>	683,730	7,881,417	41,527	518,140	28,073	350,273	697,184	8,049,284	198,977	5,058,413	257,415	2,823,004
Previous year												

# **SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2003**

	As at 31.03.2003 RM	As at 31.03.2003 Rs.	As at 31.03.2002 RM	As at 31.03.2002 Rs.
<b>Schedule IV</b>				
<b>Sundry Debtors (Unsecured)</b>				
a) Debts outstanding for a period exceeding six months				
(i) Debts considered good	203,449	2,516,287	373,200	4,997,015
(ii) Debts considered doubtful	938,294	11,689,566	643,272	7,970,301
	<u>1,141,743</u>	<u>14,205,853</u>	<u>1,016,472</u>	<u>12,967,316</u>
b) Other Debts - Considered good	1,010,626	12,499,572	1,943,104	24,788,528
Total	<u>2,152,369</u>	<u>26,705,425</u>	<u>2,959,576</u>	<u>37,755,844</u>
Less : Provision for Bad & Doubtful debts	938,294	11,689,566	643,272	7,970,301
	<u>1,214,075</u>	<u>15,015,859</u>	<u>2,316,304</u>	<u>29,785,543</u>
<b>Schedule V</b>				
<b>Cash and Bank Balances</b>				
Cash on hand	-	-	736	9,389
Balances with other Banks in Current Account				
Bumiputra Commerce Bank Berhad, Malaysia	472,379	5,842,448	487,117	6,214,245
ABN Amro Bank Berhad, Malaysia	148,542	1,837,190	329,877	4,208,306
	<u>620,921</u>	<u>7,679,638</u>	<u>817,730</u>	<u>10,431,940</u>
<b>Schedule VI</b>				
<b>Loans and Advances (Unsecured, Considered Good)</b>				
a) Advances recoverable in Cash or in kind or for value to be received				
From Related Companies	813,310	10,059,137	886,000	11,302,856
From Others	7,140	88,309	22,326	284,816
b) Deposits with Government Department and others	128,205	1,585,663	148,580	1,895,467
c) Prepaid expenses	8,000	98,945	-	-
	<u>956,655</u>	<u>11,832,054</u>	<u>1,056,906</u>	<u>13,483,139</u>
<b>Schedule VII</b>				
<b>Current Liabilities</b>				
a) Sundry Creditors for Purchases	451,083	5,579,061	408,916	5,216,613
b) Sundry Creditors for Expenses	505,125	6,247,456	195,367	2,492,336
c) Payable to Related Companies	760,681	9,408,210	233,922	2,984,182
	<u>1,716,889</u>	<u>21,234,727</u>	<u>838,205</u>	<u>10,693,131</u>
<b>Schedule VIII</b>				
<b>Provisions</b>				
Provision for Taxation	-	-	90,854	1,159,045
	<u>-</u>	<u>-</u>	<u>90,854</u>	<u>1,159,045</u>
<b>Schedule IX</b>				
<b>Miscellaneous Expenditure</b>				
Software Development cost to the extent not amortized	-	-	173,333	2,211,240
	<u>-</u>	<u>-</u>	<u>173,333</u>	<u>2,211,240</u>
<b>Schedule X</b>				
<b>Profit &amp; Loss Account</b>				
Balance in Profit & Loss Account	85,564	3,263,891	-	-
Translation Reserve Account (Refer Note No.2)	-	239,438	-	-
	<u>85,564</u>	<u>3,503,329</u>	<u>-</u>	<u>-</u>

**SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2003**

	<b>Year Ended 31.03.2003 RM</b>	<b>Year Ended 31.03.2003 Rs.</b>	<b>Year Ended 31.03.2002 RM</b>	<b>Year Ended 31.03.2002 Rs.</b>
<b>Schedule XI</b>				
<b>Sales</b>				
Licence fee	<b>1,014,165</b>	<b>12,785,310</b>	253,593	3,164,128
Service & Maintenance charges	<b>3,311,036</b>	<b>41,741,353</b>	4,755,599	59,336,590
Value added resale Software & Hardware Material	<b>148,100</b>	<b>1,867,058</b>	221,800	2,767,444
	<b>4,473,301</b>	<b>56,393,721</b>	5,230,992	65,268,162
<b>Schedule XII</b>				
<b>Other Income</b>				
Foreign Exchange Fluctuation	<b>51,698</b>	<b>651,746</b>	28,108	350,706
	<b>51,698</b>	<b>651,746</b>	28,108	350,706
<b>Schedule XIII</b>				
<b>Employee Compensation and Benefits</b>				
Salaries, Bonus etc	<b>2,340,863</b>	<b>29,510,643</b>	1,961,611	24,475,428
Statutory Contributions	<b>13,164</b>	<b>165,955</b>	21,026	262,346
Employee Benefits	<b>226,155</b>	<b>2,851,080</b>	191,186	2,385,467
	<b>2,580,182</b>	<b>32,527,678</b>	2,173,823	27,123,241
<b>Schedule XIV</b>				
<b>Sales &amp; Marketing Expenses</b>				
Advertisement & Sales Promotion	<b>2,409</b>	<b>30,372</b>	3,310	41,300
Discount	<b>3,578</b>	<b>45,109</b>	5,293	66,039
	<b>5,987</b>	<b>75,481</b>	8,603	107,339
<b>Schedule XV</b>				
<b>Administrative and other expenses</b>				
Consultancy	<b>51,758</b>	<b>652,501</b>	159,769	1,993,469
Bank Charges	<b>3,280</b>	<b>41,347</b>	2,977	37,156
Insurance	-	-	16,344	203,932
Postage & Courier	<b>5,686</b>	<b>71,687</b>	4,125	51,462
Telephone	<b>184,097</b>	<b>2,320,867</b>	268,021	3,344,157
Water & Power	<b>9,042</b>	<b>113,989</b>	15,399	192,138
Printing & Stationery	<b>6,829</b>	<b>86,096</b>	13,429	167,559
Rent	<b>419,853</b>	<b>5,292,970</b>	441,934	5,514,098
Repairs-Plant & Machinery	<b>3,953</b>	<b>49,834</b>	1,926	24,036
Repairs-Others	<b>10,955</b>	<b>138,106</b>	13,047	162,790
Entertainment	<b>10,368</b>	<b>130,709</b>	12,908	161,040
Travel & Conveyance	<b>679,896</b>	<b>8,571,263</b>	851,789	10,627,945
Loss on sale of asset	-	-	15,480	193,147
Provision for Bad & Doubtful Debts	<b>295,022</b>	<b>3,719,265</b>	374,997	4,678,915
Bad Debts Written off	<b>728,620</b>	<b>9,185,514</b>	-	-
Other expenses	<b>34,259</b>	<b>431,899</b>	22,880	285,479
	<b>2,443,618</b>	<b>30,806,047</b>	2,215,025	27,637,323

**SCHEDULE XVI**

**SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS**

**Significant Accounting Policies**

- Accounts are maintained on accrual basis. The transactions are in local currency (Malaysian Ringgitt-RM) and are translated for reporting in Indian Currency as provided in item 2 below.
- Translation to Indian Rupees:**  
For the purpose of the accounts, all income and expense items are translated at the moving average rate of exchange applicable for the year. All 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 by the holding company. The exchange difference arising out of the translation is debited or credited to Translation Reserve account and is being classified under Reserves and Surplus account.
- Revenue Recognition**
  - Software and Related Services**
    - Licence Fees**  
Licence Fee revenue is recognised on delivery of the software.

**ii) Implementation Fees**

Implementation Contracts are either milestones based or time and material based.

- a) In case of milestone contract, revenue is recognised upon achievement of the milestones as per the terms of the contract.
- b) In case of time and material contracts, revenue is recognised based on billable time spent in the project, priced at the contractual rate.

**iii) Services**

Revenue from fixed price contracts is recognised on milestones achieved as per the terms of the specific contract.

**iv) Annual Maintenance Contract**

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

**B) Value added Resale Hardware & Software**

Revenue from sales is recognised upon despatch of goods to customers.

**C) E-Commerce**

Revenue from the fixed price/fixed time frame contracts is recognised upon the achievement of specified milestones identified in the related contracts in accordance with the percentage of completion method.

**4. Fixed Assets & Depreciation:**

Fixed assets are stated net of depreciation. Depreciation is provided on Straight Line Method.

Depreciation rates are applied after considering the applicable laws of the State and management estimation of the useful life of the asset. However, the rates of depreciation provided are higher than the rates specified under Schedule XIV to the Companies Act, 1956.

The estimated useful life of the asset are as follows

Plant & Machinery - EDP	5 years
Plant & Machinery - Software	3 years
Office Equipments	5 years

**5. Holding Company Transaction:**

The Company has significant transactions with its holding company which are trade related. However the same is unsecured and interest free.

**6. Software Development Cost:**

Software Development costs have been capitalised and amortized over its useful life.

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**NOTES TO ACCOUNTS**

- 1. The Company is a wholly owned subsidiary of Ramco Systems Limited, India. The accounts are prepared and audited to attach with the accounts of Ramco Systems Limited, the holding company to comply with the provisions of the Companies Act, 1956.
- 2. For translating local currency (Malaysian Ringgitt-RM) into Indian Rupees the exchange rate applied is as per paragraph 2 of the accounting policies given above. For the current year Translation Reserve is grouped along with Profit & Loss account on the asset side, being exchange loss on conversion.
- 3. The accounts pertain to the year April 1,2002 to March 31,2003.
- 4. **Current Liabilities:** The Company does not have any dues to any small scale industrial undertaking
- 5. **Software Development**  
Out of an amount of Rs.33.17 lacs capitalised during the year 2001-02, an amount of Rs.11.06 lacs had been amortized in the same year itself and the balance amount of Rs.22.11 lacs has been amortized during the current year 2002-03.
- 6. Consultancy includes fees paid to Statutory Auditors towards Statutory Audit fee Rs. 1.89 lacs (Previous Year Rs. 1.87 lacs)
- 7. **Contingent liability** – NIL
- 8. **Taxation** : Tax excess provided amounting to Rs.11.45 lacs in earlier years were written back during the current year 2002-03. No provision for Tax is made in the Current Year's accounts as the company has been granted pioneer status incentive arising from its Multimedia Super Corridor ( MSC) Status.
- 9. **Additional information as required by Schedule VI of the Companies Act, 1956**

(Rs. In Lacs)		
	2002-03	2001-02
a) Sales : Ramco e.Application and other Software & Services	563.94	652.68
b) Expenditure in Foreign Currency on account of Transfer Pricing, Royalty and Debit Notes.	205.11	73.76
10. The figures have been rounded off to the nearest rupee/RM and previous year's figures have been regrouped / recast wherever necessary to make them comparable with that of the current year.		

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As per our report annexed  
**For Messrs. S. VISWANATHAN**  
Chartered Accountants

**C.N. GANGADARAN**  
Partner

Place : Chennai  
Date : 23rd June 2003

For and on behalf of the Board

**P.R. VENKETRAMA RAJA**  
Director

**K. RAMACHANDRAN**  
Director



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

**AUDITORS**  
**Messrs. S. VISWANATHAN**  
**Chartered Accountants, Chennai**





## **AUDITORS' 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 31<sup>st</sup> March, 2003, 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 misstatements. 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 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. 403,042,158 as at 31<sup>st</sup> March, 2003 and total revenues of Rs. 379,747,250 for the year then ended. These financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion, insofar 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 (AS 21) – 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 that of its Subsidiaries included 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 31<sup>st</sup> March, 2003.
- 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 operations 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 **Messrs. S. VISWANATHAN**  
Chartered Accountants

Place : Chennai  
Dated : 23rd June 2003

**C.N.GANGADARAN**  
Partner

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

## CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2003

	SCHEDULE	As at 31.03.2003		As at 31.03.2002	
		Rs.	USD	Rs.	USD
<b>I. SOURCES OF FUNDS</b>					
<b>1. Share Holders' Funds</b>					
a) Share Capital	I	77,680,720	1,815,374	77,680,720	1,815,374
b) Reserves & Surplus	II	2,454,670,087	51,821,761	2,449,241,324	51,782,311
		2,532,350,807	53,637,135	2,526,922,044	53,597,685
<b>2. Loan Funds</b>					
a) Secured	III	714,483,553	15,083,039	791,228,408	16,193,786
b) Unsecured	IV	626,471,250	13,225,063	66,107,500	1,352,998
		1,340,954,803	28,308,102	857,335,908	17,546,784
<b>TOTAL</b>		3,873,305,610	81,945,237	3,384,257,952	71,144,469
<b>II. APPLICATION OF FUNDS:</b>					
<b>1. Fixed Assets</b>					
Gross Block	V	1,418,574,600	30,001,488	1,394,596,437	29,504,839
Less : Depreciation		454,328,582	9,656,598	374,536,836	7,972,161
Net Block		964,246,018	20,344,890	1,020,059,601	21,532,678
<b>2. Investments</b>					
	VI	41,236,560	870,520	34,350,480	703,039
<b>3. Current Assets, Loans &amp; Advances</b>					
a) Inventories	VII	43,698,270	922,488	37,793,662	773,509
b) Sundry Debtors	VIII	583,820,686	12,324,693	633,608,772	12,967,842
c) Cash & Bank Balances	IX	163,947,663	3,461,002	192,355,741	3,936,875
d) Loans & Advances	X	90,814,673	1,917,134	128,505,323	2,630,072
e) Other Current Assets	XI	27,714,948	585,074	8,968,766	183,561
		909,996,240	19,210,391	1,001,232,264	20,491,859
<b>Less: Current Liabilities and Provisions</b>					
a) Current Liabilities	XII	426,904,500	9,012,128	292,641,825	5,989,395
b) Provisions	XIII	953,986	20,139	5,260,962	107,674
		427,858,486	9,032,267	297,902,787	6,097,069
<b>Net Current Assets</b>		482,137,754	10,178,124	703,329,477	14,394,790
<b>4. Misc Expenditure</b> (to the extent not written off / adjusted)	XIV	548,283,407	11,574,487	387,719,933	7,935,324
<b>5. Profit &amp; Loss Account</b>	XV	1,837,401,871	38,977,216	1,238,798,461	26,578,638
<b>TOTAL</b>		3,873,305,610	81,945,237	3,384,257,952	71,144,469
Significant Accounting Policies and Notes to accounts	XXII				
Schedules, Accounting Policies and Notes form an integral part of this accounts.					

As per our Report Annexed  
For **Messrs. S. Viswanathan**  
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**

Place : Chennai  
Date : 23rd June 2003

**CHITRA SREENIVAS**  
Company Secretary

**V. JAGADISAN**  
Directors

# **CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2003**

	Schedule	Year ended 31.03.2003		Year ended 31.03.2002	
		Rs.	USD	Rs.	USD
INCOME					
Sales	XVI	1,560,574,568	32,323,417	1,733,574,104	36,325,757
Other Income	XVII	53,756,853	1,113,439	24,875,836	521,255
		<u>1,614,331,421</u>	<u>33,436,856</u>	<u>1,758,449,940</u>	<u>36,847,012</u>
EXPENDITURE					
Cost of Resale Material		383,714,779	7,947,695	416,833,088	8,734,427
Employee Compensation & Benefits	XVIII	952,487,308	19,728,403	984,835,059	20,636,487
Sales & Marketing Expenses	XIX	80,740,222	1,672,333	60,720,977	1,272,363
Administrative & Other Expenses	XX	512,022,957	10,605,280	401,869,287	8,420,872
		<u>1,928,965,266</u>	<u>39,953,711</u>	<u>1,864,258,411</u>	<u>39,064,149</u>
Profit/(Loss) before Interest, Depreciation, Amortisation & Tax		(314,633,845)	(6,516,855)	(105,808,471)	(2,217,137)
Interest & Finance Charges	XXI	91,708,798	1,899,519	78,648,975	1,648,030
Profit/(Loss) before Depreciation, Amortisation & Tax		(406,342,643)	(8,416,374)	(184,457,446)	(3,865,167)
Depreciation - On Technology Platform		48,535,000	1,005,282	-	-
On other fixed assets		62,212,872	1,288,585	62,291,102	1,305,264
Profit/(Loss) before Amortisation & Tax		(517,090,515)	(10,710,241)	(246,748,548)	(5,170,431)
Amortisation of Product Research and Development Expenditure		81,518,181	1,688,446	21,908,371	459,074
Profit/(Loss) before Tax		(598,608,696)	(12,398,687)	(268,656,919)	(5,629,505)
Provision for Taxation					
Current Taxation		(5,286)	(109)	3,854,676	80,771
Deferred Taxation		-	-	-	-
Profit/(Loss) after Tax		<u>(598,603,410)</u>	<u>(12,398,578)</u>	<u>(272,511,595)</u>	<u>(5,710,276)</u>
Profit & Loss Appropriation Account for the year ended 31st March 2003					
Transferred from Profit & Loss Account		(598,603,410)	(12,398,578)	(272,511,595)	(5,710,276)
Add : Balance brought forward		(1,252,570,000)	(26,860,495)	(1,029,056,976)	(22,174,509)
Less : Prior period adjustments (Refer note 4)		-	-	43,998,571	921,957
Balance in Profit & Loss Account		<u>(1,851,173,410)</u>	<u>(39,259,073)</u>	<u>(1,257,570,000)</u>	<u>(26,962,828)</u>
Significant Accounting Policies and Notes to accounts	XXII				
Schedules, Accounting Policies and Notes form an integral part of this accounts					

As per our Report Annexed  
For **Messrs. S. Viswanathan**

**P.R.RAMASUBRAHMANEYA RAJHA**  
Chairman  
Chartered Accountants

**S.S RAMACHANDRA RAJA**

**N.K. SHRIKANTAN RAJA**

**C.N.GANGADARAN**  
Partner

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

**M.M.VENKATACHALAM**

Place : Chennai  
Date : 23rd June 2003

**CHITRA SREENIVAS**  
Company Secretary

**V. JAGADISAN**  
Directors

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

## SCHEDULES TO CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2003

	As at 31.03.2003		As at 31.03.2002	
	Rs.	USD	Rs.	USD
<b>Schedule I</b>				
<b>Share Capital</b>				
Share Capital				
Authorised :				
1,50,00,000 equity Shares of Rs.10/- each	<b>150,000,000</b>		150,000,000	
Issued Share Capital				
80,81,272 equity shares of Rs.10/- each	<b>80,812,720</b>	<b>1,888,568</b>	80,812,720	1,888,568
Subscribed Share Capital				
80,81,272 equity shares of Rs.10/- each	<b>80,812,720</b>	<b>1,888,568</b>	80,812,720	1,888,568
Paid up Capital				
77,33,272 Equity shares of Rs.10/- each fully paid up	<b>77,332,720</b>	<b>1,807,241</b>	77,332,720	1,807,241
Add: Forfeited Shares	<b>348,000</b>	<b>8,133</b>	348,000	8,133
	<b>77,680,720</b>	<b>1,815,374</b>	77,680,720	1,815,374

### Out of the above

43,33,153 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.

23,76,719 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.

	As at 31.03.2003		As at 31.03.2002	
	Rs.	USD	Rs.	USD
<b>Schedule II</b>				
<b>Reserves &amp; Surplus</b>				
Capital Reserve (Refer Note no 2)	-	-	20,285,957	415,185
Share Premium	<b>2,407,784,020</b>	<b>56,269,155</b>	2,407,784,020	56,269,155
Balance in Profit & Loss Account	-	-	-	-
Translation Reserve account (Refer Accounting Policy No III)	<b>46,886,067</b>	<b>(4,447,394)</b>	21,171,347	(4,902,029)
	<b>2,454,670,087</b>	<b>51,821,761</b>	2,449,241,324	51,782,311

### Schedule III Secured Loans

a) Bank Borrowings	<b>627,894,555</b>	<b>13,255,110</b>	639,423,633	13,086,853
b) Term Loan from				
Housing Development Finance Corporation Ltd	<b>15,712,046</b>	<b>331,688</b>	22,126,419	452,853
Sundaram Home Finance Limited	<b>3,307,673</b>	<b>69,826</b>	27,950,812	572,059
Banks / FIs	<b>66,500,000</b>	<b>1,403,842</b>	100,000,000	2,046,664
c) Hire Purchase Loans	<b>1,069,279</b>	<b>22,573</b>	1,727,544	35,357
[For details of securities, refer note 3]				
	<b>714,483,553</b>	<b>15,083,039</b>	791,228,408	16,193,786

### Schedule IV Unsecured Loans

From Banks	<b>477,550,000</b>	<b>10,081,275</b>	60,000,000	1,227,998
Others	<b>148,921,250</b>	<b>3,143,788</b>	6,107,500	125,000
	<b>626,471,250</b>	<b>13,225,063</b>	66,107,500	1,352,998

**Schedule V  
Fixed Assets**

Asset Description	Gross Block						Depreciation Block						Net Block					
	As at 01.04.2002			As at 31.03.2003			As at 01.04.2002			As at 31.03.2003			As at 01.04.2002			As at 31.03.2003		
	Rs.	USD	Additions	Rs.	USD	Withdrawals	Rs.	USD	Additions	Rs.	USD	Withdrawals	Rs.	USD	Rs.	USD	Rs.	USD
Land	117,819,601	2,482,440	-	-	-	-	-	-	-	-	-	-	-	-	117,819,601	2,482,440	117,819,601	2,482,440
Building	164,188,100	3,503,723	1,444,053	29,910	-	-	29,211,222	621,530	5,487,903	113,668	-	-	-	134,976,877	2,882,193	130,933,028	2,798,435	
Plant & Machinery																		
- EDP	308,335,923	6,569,029	20,468,562	423,956	649,549	31,360,225	229,482,973	4,887,129	26,545,278	549,819	601,122	30,555,077	78,842,951	1,682,800	4,825,828	71,981,088	1,598,510	
- Software	58,293,801	1,239,861	24,626,800	510,083	-	-	30,637,540	650,968	14,287,470	295,929	-	-	27,656,262	588,883	946,897	37,995,591	803,047	
- Others	39,019,422	833,036	-	-	-	-	17,407,398	370,623	1,524,248	31,571	-	-	21,612,024	462,413	402,194	20,087,776	430,842	
Furniture																		
- Furniture	105,741,349	2,245,556	517,768	10,724	865,716	17,931	37,803,606	804,084	6,012,365	124,531	1,789	86,389	67,937,743	1,441,472	928,826	61,663,819	1,311,523	
- Office Equipments	19,105,061	406,981	3,599,252	74,550	-	-	5,831,938	123,848	2,166,293	44,869	-	-	13,273,122	283,133	168,717	14,706,082	312,814	
Electrical Items	90,017,504	1,910,086	6,723,060	139,251	681,305	14,112	22,761,434	484,464	5,348,537	110,783	1,929	93,078	67,256,070	1,425,622	593,318	68,042,366	1,441,907	
Vehicles	6,725,676	143,078	627,048	12,988	1,121,134	23,221	1,390,725	29,515	840,779	17,415	4,590	221,584	53,334,951	113,563	42,340	4,221,670	90,505	
Tech Platform	485,350,000	10,170,149	-	-	-	-	-	-	48,535,000	1,005,282	-	-	48,535,000	1,005,282	48,535,000	10,170,149	438,815,000	9,164,867
Total	394,596,437	29,504,839	58,006,543	1,201,462	34,028,380	704,813	374,536,836	7,972,161	110,747,873	2,293,867	609,430	30,966,128	1,020,099,601	21,532,678	9,659,598	984,246,019	20,344,880	
Previous Year	714,162,585	15,246,863	685,041,267	14,354,531	4,607,416	96,545	313,960,048	6,702,819	62,291,102	1,305,264	35,922	1,714,314	400,202,538	8,544,034	7,972,161	1,020,099,601	21,532,678	

**Note: Gross Block includes assets acquired under Hire Purchase Rs. 2,768,000 (USD 58,863)**

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

## SCHEDULES TO CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2003

	As at 31.03.2003		As at 31.03.2002	
	Rs.	USD	Rs.	USD
<b>Schedule VI</b>				
<b>Investments</b>				
Trade -Unquoted:				
253 shares in Triamun AG, Switzerland of face value of CHF1 each	39,502,560	833,915	32,892,480	673,199
5000 shares in Triamun Ramco Healthcare Systems AG Switzerland of face value of CHF 10 each	1,734,000	36,605	1,458,000	29,840
	<u>41,236,560</u>	<u>870,520</u>	<u>34,350,480</u>	<u>703,039</u>
<b>Schedule VII</b>				
<b>Inventories</b>				
Resale Hardware & Software Materials (Valued at Cost or Net realisable value whichever is lower and as certified by management)	43,698,270	922,488	37,793,662	773,509
	<u>43,698,270</u>	<u>922,488</u>	<u>37,793,662</u>	<u>773,509</u>
<b>Schedule VIII</b>				
<b>Sundry Debtors (Unsecured)</b>				
a) Debts Outstanding for period exceeding six months Less: Provision for Bad & Doubtful Debts	364,150,853 (82,471,838)	7,687,373 (1,741,014)	146,672,095 (9,428,301)	3,001,885 (192,966)
	<u>281,679,015</u>	<u>5,946,359</u>	<u>137,243,794</u>	<u>2,808,919</u>
b) Other debts considered good	302,141,671	6,378,334	496,364,978	10,158,923
	<u>583,820,686</u>	<u>12,324,693</u>	<u>633,608,772</u>	<u>12,967,842</u>
<b>Schedule IX</b>				
<b>Cash and Bank Balances</b>				
Cash on hand	401,476	8,475	917,992	18,788
<u>Balances with Scheduled Banks in</u>				
a) Current Accounts	26,999,537	569,971	66,549,372	1,362,042
b) Deposit Accounts	72,145,897	1,523,029	68,490,303	1,401,766
<u>Balances with Other Banks in Current Account</u>				
Fleet Bank, USA	18,811,239	397,113	11,659,271	238,626
UBS AG, Switzerland	10,664,391	225,130	270,891	5,544
Credit Suisse, Switzerland	3,677,361	77,631	23,773	487
ABN Amro Bank, Switzerland	231,059	4,878	239,414	4,900
ABN Amro Bank, Singapore	1,883,708	39,766	19,337,880	395,780
Bumiputra Commerce Bank Berhad, Malaysia	5,842,448	123,336	6,214,245	127,185
ABN Amro Bank Berhad, Malaysia	1,837,190	38,784	4,208,306	86,130
<u>Balances with Other Banks in Deposit Account</u>				
Fleet Bank, USA	21,453,357	452,889	102,692	2,102
UBS AG, Switzerland	-	-	11,250,642	230,263
Credit Suisse, Switzerland	-	-	3,090,960	63,262
	<u>163,947,663</u>	<u>3,461,002</u>	<u>192,355,741</u>	<u>3,936,875</u>
<b>Schedule X</b>				
<b>Loans and Advances</b>				
(Unsecured, Considered Good)				
Advance recoverable in Cash or in kind or for value to be received	42,935,195	906,379	80,212,302	1,641,676
Tax deducted at Source	28,354,545	598,576	24,379,241	498,961
Deposits with Government Departments and Others	19,524,933	412,179	23,913,780	489,435
	<u>90,814,673</u>	<u>1,917,134</u>	<u>128,505,323</u>	<u>2,630,072</u>
<b>Schedule XI</b>				
<b>Other Current Assets</b>				
Prepaid expenses	25,853,879	545,786	8,940,244	182,977
Interest Accrued	206,431	4,358	28,522	584
Deferred Maintenance Cost	1,654,638	34,930	-	-
	<u>27,714,948</u>	<u>585,074</u>	<u>8,968,766</u>	<u>183,561</u>

	As at 31.03.03		As at 31.03.02	
	Rs.	USD	Rs.	USD
<b>Schedule XII</b>				
<b>Current Liabilities</b>				
For Purchases	189,697,635	4,004,594	113,559,746	2,324,186
For Expenses	237,206,865	5,007,534	179,082,079	3,665,209
	<u>426,904,500</u>	<u>9,012,128</u>	<u>292,641,825</u>	<u>5,989,395</u>
<b>Schedule XIII</b>				
<b>Provisions</b>				
Provision for Taxation	953,986	20,139	5,260,962	107,674
	<u>953,986</u>	<u>20,139</u>	<u>5,260,962</u>	<u>107,674</u>
<b>Schedule XIV</b>				
<b>Miscellaneous Expenditure</b>				
Product Research and Development Expenditure to the extent not amortised (Refer note 1)	525,886,134	11,101,671	375,187,821	7,678,834
Deferred Revenue Expenses	22,397,273	472,816	12,532,112	256,490
	<u>548,283,407</u>	<u>11,574,487</u>	<u>387,719,933</u>	<u>7,935,324</u>
<b>Schedule XV</b>				
<b>Profit &amp; Loss Account</b>				
Balance brought forward from Profit & Loss Appropriation Account	1,851,173,410	39,259,073	1,257,570,000	26,962,828
Less: Balance in General Reserve adjusted	-	-	(5,000,000)	(102,333)
Less: Share of Minority Interest (Refer note 9)	(13,771,539)	(281,857)	(13,771,539)	(281,857)
	<u>1,837,401,871</u>	<u>38,977,216</u>	<u>1,238,798,461</u>	<u>26,578,638</u>

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

## SCHEDULES TO CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2003

	Year ended 31.03.2003		Year ended 31.03.2002	
	Rs.	USD	Rs.	USD
<b>Schedule XVI</b>				
<b>Sales</b>				
Software Sales	111,266,050	2,304,599	542,725,831	11,372,416
Service & Maintenance charges	990,341,573	20,512,460	762,435,323	15,976,266
Value Added Resale Software & Hardware Materials	443,370,347	9,183,313	428,412,950	8,977,075
Others	15,596,598	323,045	-	-
	<u>1,560,574,568</u>	<u>32,323,417</u>	<u>1,733,574,104</u>	<u>36,325,757</u>
<b>Schedule XVII</b>				
<b>Other Income</b>				
Interest Received	5,468,550	113,267	16,785,488	351,727
Profit on sale of assets	334,297	6,924	495,527	10,383
Foreign Exchange Fluctuation	38,124,208	789,648	6,904,655	144,682
Other Income	9,829,798	203,600	690,166	14,463
	<u>53,756,853</u>	<u>1,113,439</u>	<u>24,875,836</u>	<u>521,255</u>
<b>Schedule XVIII</b>				
<b>Employee Compensation &amp; Benefits</b>				
Salaries, Bonus etc.,	748,938,346	15,512,393	792,159,816	16,599,120
Gratuity & Superannuation Fund Contributions	51,448,606	1,065,630	7,936,453	166,302
Provident Fund & other Statutory Contributions	15,972,584	330,832	52,529,099	1,100,708
Staff Welfare	136,127,772	2,819,548	132,209,691	2,770,357
	<u>952,487,308</u>	<u>19,728,403</u>	<u>984,835,059</u>	<u>20,636,487</u>
<b>Schedule XIX</b>				
<b>Sales &amp; Marketing Expenses</b>				
Advertisement & Sales Promotion	79,513,391	1,646,922	48,832,397	1,023,247
Others	1,226,831	25,411	11,888,580	249,116
	<u>80,740,222</u>	<u>1,672,333</u>	<u>60,720,977</u>	<u>1,272,363</u>
<b>Schedule XX</b>				
<b>Administrative &amp; Other Expenses</b>				
Consultancy	107,083,626	2,217,971	36,990,581	775,110
Bank Charges	5,893,452	122,068	5,546,425	116,221
Insurance	11,067,072	229,227	8,693,408	182,164
Loss on sale of fixed assets	762,154	15,786	677,430	14,195
Communication Expenses	37,735,813	781,603	43,712,094	915,954
Power & Fuel	12,594,906	260,872	12,050,292	252,505
Printing & Stationery	5,317,069	110,130	7,065,020	148,042
Rates & Taxes	11,951,454	247,545	3,443,302	72,152
Rent	97,545,057	2,020,403	119,486,731	2,503,757
Repairs - Buildings	165,188	3,421	235,545	4,936
Repairs - Plant & Machinery	5,328,789	110,373	5,371,963	112,565
Repairs - Others	7,815,763	161,884	9,291,087	194,688
Travel & Conveyance	93,615,087	1,939,003	99,391,323	2,082,671
Bad Debts	86,672,744	1,795,210	5,672,276	118,858
Miscellaneous Expenses	27,907,572	578,036	44,241,810	927,054
Provision for Doubtful advances	567,211	11,748	-	-
	<u>512,022,957</u>	<u>10,605,280</u>	<u>401,869,287</u>	<u>8,420,872</u>
<b>Schedule XXI</b>				
<b>Interest &amp; Finance Charges</b>				
Fixed Loans	24,992,161	517,650	8,030,841	168,280
Hire Purchase & Finance Charges	2,687,157	55,658	30,299,156	634,896
Others	64,029,480	1,326,211	40,318,978	844,854
	<u>91,708,798</u>	<u>1,899,519</u>	<u>78,648,975</u>	<u>1,648,030</u>



# **CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2003**

	Year Ended 31.03.2003		Year Ended 31.03.2003		Year Ended 31.03.2002	
	Rs.	Rs.	USD	USD	Rs.	USD
<b>A. Cash Flow From Operating Activities</b>						
<b>Net Profit / (Loss) before tax</b>						
Add: Interest						
		(598,608,694)	(12,398,689)	(268,656,919)		(5,629,505)
		<u>91,708,798</u>	<u>1,899,519</u>	<u>78,648,975</u>		<u>1,648,031</u>
		(506,899,896)	(10,499,170)	(190,007,944)		(3,981,474)
Add : Depreciation	110,747,872		2,293,867	62,291,102	1,305,264	
Taxation	-		-	-	-	
Amortisation	81,518,181	192,266,053	1,688,446	21,908,371	459,074	1,764,338
		(314,633,843)	(6,516,857)	(105,808,471)		(2,217,136)
Less: Interest Received	5,468,550		113,267	16,785,488	351,727	
Profit on sale of assets	(427,857)		(8,862)	(181,903)	(3,812)	
Miscellaneous Income	48,716,160		1,009,034	7,594,822	159,144	507,059
<b>Operating Profit before Working Capital Changes</b>		(368,390,696)	(7,630,296)	(130,006,878)		(2,724,195)
Less: Increase / Decrease in Current assets:						
Trade and Other receivables	(113,193,454)	(1,810,723)		(646,553,158)	(13,775,417)	
Inventories	5,904,608	148,979		(38,964,128)	(866,321)	
Other current assets						
[other than Cash and Bank]	18,746,182	(88,542,664)	401,513	(7,126,503)	(160,062)	(14,801,800)
		(279,848,032)	(6,370,065)	562,636,911		12,077,605
Add : Increase / Decrease in Current Liabilities:						
Trade Payables & Taxes	129,955,698	2,935,198		(536,528,572)	(11,717,435)	
Bank Borrowings	(11,529,078)	168,257	3,103,455	393,730,136	7,703,704	(4,013,731)
<b>Cash generated from operations</b>		118,426,620	3,103,455	(142,798,436)		
Interest payments		(161,421,412)	(3,266,610)	419,838,475		8,063,874
		91,708,798	1,899,519	78,648,975		1,648,031
<b>Net Cash used In / from operating activities</b>		(253,130,210)	(5,166,129)	341,189,500		6,415,843
<b>B. Cash Flow from Investing Activities:</b>						
Purchase of Fixed assets	(58,006,542)	(1,201,462)		(194,138,333)	(4,065,831)	
Purchase of Investments	(6,886,080)	(167,481)		(34,350,480)	(703,039)	
Miscellaneous Expenditure	(262,367,612)	(5,742,791)	(7,111,734)	(333,563,966)	(6,468,279)	(11,237,149)
Less: Sale of fixed assets	3,072,254	95,383		2,893,104	60,623	
Interest received	5,468,550	113,267		16,785,488	351,727	
Miscellaneous Income	48,716,160	1,009,034		7,594,822	159,144	
Profit on sale of assets	(427,857)	(8,862)	1,208,822	(181,903)	(3,812)	567,682
<b>Net cash used in Investing Activities</b>		(270,431,127)	(5,902,912)	(534,961,268)		(10,669,467)

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2003**

	Year Ended 31.03.2003		Year Ended 31.03.2003		Year Ended 31.03.2002		Year Ended 31.03.2002	
	Rs.	Rs.	USD	USD	Rs.	Rs.	USD	USD
<b>C. Cash Flow from Financing Activities</b>								
Proceeds from secured borrowings	154,014,857		3,251,316		1,246,733		25,516	
Proceeds from secured borrowings	560,363,750	714,378,607	11,872,065	15,123,381	-	1,246,733	-	25,516
Less: Repayment of finance Liabilities	-		-		5,532,219		113,225	
Income Tax	(5,286)		(109)		3,854,676		80,772	
Repayment of secured borrowings	219,230,634	219,225,348	4,530,322	4,530,213	161,393,081	170,779,976	3,503,974	3,697,971
<b>Net Cash from financing activities</b>		495,153,259		10,593,168		(169,533,243)		(3,672,455)
<b>Net Increase / (Decrease) in cash and cash equivalents</b>		(28,408,078)		(475,873)		(363,305,011)		(7,926,079)
<b>Cash and Cash equivalents as on 01.04.2002</b>	192,355,741		3,936,875		555,660,752		11,862,954	
<b>Cash and Cash equivalents as on 31.03.2003</b>	163,947,663	(28,408,078)	3,461,002	(475,873)	192,355,741	(363,305,011)	3,936,875	(7,926,079)

As per our Report Annexed  
For **Messrs. S. Viswanathan**  
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**

Place : Chennai  
Date : 23rd June 2003

**CHITRA SREENIVAS**  
Company Secretary

**V. JAGADISAN**  
Directors

## **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 covers Ramco Systems Limited, India, the Parent Company and its Subsidiaries namely,

Ramco Systems Corporation, USA  
Ramco Systems Limited, Switzerland  
Ramco Systems Pte. Limited, Singapore and  
Ramco Systems SDN. BHD., Malaysia

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 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 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**

##### **1. Research & Development**

**India :** During the current year, an amount of Rs.2,523.54 lacs (including interest of Rs. 113.96 lacs on loans taken for R & D Activities) (Previous Year Rs. 2,687.71 lacs) was incurred for Product Research and Development. Out of this, an amount of Rs. 2,325.48 lacs has been capitalised and grouped in the Balance Sheet under "Miscellaneous Expenditure - Product Research & Development Expenditure".

Out of an amount of Rs.11,271.14 lacs capitalised upto the year 2001-02 (Previous Year Rs. 8,583.42 lacs upto 2000-01) in respect of the Product Research & Development Expenditure, an amount of Rs.4,365.99 lacs has been amortized upto 31st March 2003 (Previous Year Rs. 3,774.64 lacs upto 31st March 2002) and an amount of Rs. 4,853.50 lacs has been capitalised as "Technology Platform" under fixed assets.

Depreciation charged to Profit & Loss Account includes Rs. 485.35 lacs (Previous Year Rs. Nil) towards depreciation on "Technology Platform" and Rs. 335.44 lacs (Previous year Rs. 337.13 lacs) on other assets used for Research and Development.

**Switzerland:** Upto 2001-02 the total amount capitalized and amortized in respect of Product Development Expenditure were Rs.1,147.24 lacs and Rs. 205.28 lacs respectively. During the current year 2002-03, an amount of Rs.369.34 lacs has been amortized on the same account.

**Singapore:** An amount of Rs.32.63 lacs capitalised during the year 2001-02 was entirely amortized during the current year 2002-03.

**Malaysia:** Out of an amount of Rs.33.17 lacs capitalised during the year 2001-02, an amount of Rs.11.05 lacs had been amortized in the same year itself and the balance amount of Rs.22.11 lacs has been amortized during the current year 2002-03.

##### **2. Capital Reserve**

The reduction in the balance of capital reserve as on 31st March 2003 is due to the debit of an amount of Rs.202.86 lacs (Previous Year Rs. 3,274.50 lacs) being Product Research & Development Expenditure amortised during the current year. As the capital reserve represented the value of the net asset transferred to the Company through the Demerger Scheme from Ramco Industries Ltd., the depletion in the value of unamortised Product Research & Development Expenditure (which also formed a portion of the assets transferred to the Company through the said scheme) through the amortisation stated above has therefore been debited to the Capital Reserve Account.

##### **3. Secured Loans**

**(a) India:** Borrowings from the banks for working capital amounting to Rs.1,838.28 lacs (USD 3.88 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.

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

Balance Borrowings from the banks for working capital amounting to Rs. 858.64 lacs (USD 1.81 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.

**USA:** Borrowings from banks amounting to Rs.2,368.50 lacs (USD 5.0 million) [Previous year Rs. 2,443.00 lacs (USD 5.0 million)] are collaterally secured by a pari-passu first charge on Land & Buildings located at 64, Sardar Patel Road, Taramani, Chennai – 600113, belonging to Ramco Systems Limited, India and further by a corporate guarantee from Ramco Systems Limited, India. Borrowings from banks amounting to Rs. 592.12 lacs (USD 1.25 million) [Previous year Rs. 613.17 lacs (USD 1.25 million)] are secured by cash deposits of Ramco Systems Limited, India.

**Switzerland:** Borrowings from banks amounting to Rs.619.87 lacs (CHF 1.78 million) [Previous year Rs. 1,222.89 lacs (CHF 4.19 million)] are collaterally secured by a pari-passu first charge on Land & Buildings located at 64, Sardar Patel Road, Taramani, Chennai –600 113, belonging to Ramco Systems Limited, India and further by a corporate guarantee from Ramco Systems Limited, India. Borrowings from banks amounting to Rs.1.54 lacs (CHF 0.004 million) [Previous year Rs. 76.03 lacs (CHF 0.26 million)] are secured by cash deposits of Ramco Systems Limited, Switzerland.

**(b)** Term Loans from Housing Development Finance Corporation Limited and Sundaram Home Finance Limited represent a Line of Credit to the Company towards provision of housing loans to the employees which is secured by an equitable mortgage by way of deposit of title deeds of the properties acquired by the employees and includes Rs.12.27 lacs (USD 0.03 million) which represents amount due to be repaid in respect of two employees who have repaid the loan to the Company.

**(c)** Borrowings from HDFC Limited (under Banks / FIs) amounting to Rs.665 lacs (Previous year Rs. Nil) are secured by an exclusive charge on the Land at Santhome, Chennai.

**(d)** Assets acquired under Hire Purchase Finance are hypothecated to the Hire Purchase Companies as security.

### 4. Earnings per share [EPS]

		2002 - 2003		2001 - 2002	
		Rs.	USD	Rs.	USD
Profit/(Loss) after tax	(A)	(598,603,410)	(12,398,578)	(228,513,024)	(4,788,319)
Total Equity shares outstanding	(B)	77,33,272	77,33,272	77,33,272	77,33,272
EPS-Basic & Diluted (per share of Rs.10/- each)	(A/B)	Rs.(77.41)	USD (1.60)	Rs.(29.55)	USD(0.62)

**5. 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]

Shri.P.R.Ramasubrahmaneya Rajha  
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]

Rajapalaiyam Mills Ltd.,  
Madras Cements Ltd.,  
Ramco Industries Ltd.,  
The Ramaraju Surgical Cotton Mills Ltd.,

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

Current Year		Group Rs.	Group USD	KMP Rs.	KMP USD
Loans availed	Transaction during the year	113,000,000	2,385,476	-	-
	Outstanding as on 31.03.2003	93,000,000	1,963,268	-	-
Loans given	Transaction during the year	-	-	-	-
	Outstanding as on 31.03.2003	1,405,322	29,667	-	-
Interest paid	Transaction during the year	8,270,986	171,313	-	-
Sale of goods & services	Transaction during the year	7,269,970	150,610	-	-
	Outstanding as on 31.03.2003	153,451	3,179	-	-
<b>Previous Year</b>					
Loans availed	Transaction during the year	50,000,000	1,023,332	-	-
	Outstanding as on 31.03.2002	-	-	-	-
Loans given	Transaction during the year	1,405,322	28,762	-	-
	Outstanding as on 31.03.2002	1,405,322	28,762	-	-
Interest paid	Transaction during the year	292,808	6,136	17,432	365
Sale of goods & services	Transaction during the year	23,905,837	50,096	-	-
	Outstanding as on 31.03.2002	2,283,177	57,781	-	-
Purchase of vehicle	Transaction during the year	127,405	2,670	-	-
	Outstanding as on 31.03.2002	115,658	2,367	-	-
Sale of Vehicles	Transaction during the year	678,035	14,209	-	-

The above transactions were done in the ordinary course of business and at commercial rates.

## 6. Taxation:

Provision for taxation during the year pertains to the current year tax provision of Ramco Systems Pte. Limited, Singapore and write back of tax provided in earlier years by Ramco Systems Sdn.Bhd., Malaysia.

## 7. Contingent Liabilities

	As at 31.03.2003 (Rs. in lacs)	As at 31.03.2003 (USD Millions)	As at 31.03.2002 (Rs. in lacs)	As at 31.03.2002 (USD Millions)
(a) Estimated amount of contracts remaining to be executed on capital account	153.27	0.32	49.92	0.10
(b) Bank Guarantees	599.76	1.27	605.53	1.24
(c) Letters of Credit	76.64	0.16	581.19	1.19
(d) Octroi Liability	26.52	0.05	18.59	0.04
(e) Income Tax Liability	924.92	1.95	Nil	Nil

- (f) The Company has extended Corporate Guarantee in favour of ICICI Bank Ltd. for an amount of USD 5.0 million (Previous year USD 5.0 million) to facilitate availment of loan by its subsidiary, viz., Ramco Systems Corporation, USA
- (g) The Company has extended Corporate Guarantee in favour of UTI Bank Ltd., for an amount of USD 2.5 million (Previous year USD 2.5 million) to facilitate availment of loan by its subsidiary, viz., Ramco Systems Limited, Switzerland. The balance outstanding in the loan as on 31<sup>st</sup> March 2003 is USD 1.26 million.
- (h) The Company's Land and Building located at 64, Sardar Patel Road, Taramani, Chennai - 600 113 has been provided as collateral security on a pari passu first charge basis to ICICI Bank Ltd., and UTI Bank Ltd., for the credit facilities provided by these banks to the Company's subsidiaries as mentioned in Note (f) and (g) above.

## 8. Segment Revenue

In accordance with Accounting Standard 17, issued by the Institute of Chartered Accountants of India, the Company has determined its primary operating segments as:

**Product Software and Related Services:** Engaged in the development, licensing, implementation and maintenance of software solutions.

**Other software services:** Engaged in providing professional services and implementing projects; and

**Network Solutions:** Engaged in the development and sale of network and communication hardware, security software and other related services.

These operating segments were identified from the structure of the Company's internal organization. The Company's secondary reporting segment is the geographies from which the revenues accrue and they have been identified as:

India and Middle East region, consisting of India, the Middle East and Africa.

Asean, consisting of Malaysia, Singapore, Thailand, Philippines and other countries in the region.

Europe, consisting of United Kingdom, Switzerland, Germany and Benelux countries.

America, mainly consisting of North and South America and rest of the world.

### Primary Segment

The revenues and results of each of the primary segments and the revenues from the geographies are given below:

	31.03.2003		31.03.2002	
Segment Revenue	(Rs in Lacs) (USD Millions)		(Rs in Lacs) (USD Millions)	
<b>Primary Segments</b>				
<b>Particulars</b>				
<b>Segment Revenue</b>				
a. Product Software and Related Services	6,081.23	12.60	5,971.02	12.51
b. Other Software Services	4,860.77	10.06	6,917.71	14.50
c. Network Solutions	4,663.75	9.66	4,447.01	9.32
<b>Total Revenue</b>	15,605.75	32.32	17,335.74	36.33
Less: Inter Segment Revenue	-	-	-	-
<b>Net Sales / Income from Operations</b>	<b>15,605.75</b>	<b>32.32</b>	17,335.74	36.33
Segment Profit / (Loss) before tax and interest				
a. Product Software and Related Services	(1,251.78)	(2.59)	(47.60)	(0.10)
b. Other Software Services	(1,991.25)	(4.12)	(185.85)	(0.39)
c. Network Solutions	267.17	0.55	114.32	0.24
<b>Total</b>	<b>(2,975.86)</b>	<b>(6.16)</b>	<b>(119.14)</b>	<b>(0.25)</b>
Less: Interest	780.14	1.62	786.49	1.65
Less: Other unallocable expenditure net of unallocable income	2,230.04	4.61	1,780.94	3.73
<b>Profit / (Loss) before Tax</b>	<b>(5,986.04)</b>	<b>(12.39)</b>	(2,686.57)	(5.63)

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

## Secondary Segment

Particulars	For the Year Ended 31.03.2003									
	India & Middle East		Asean		Europe		America		Total	
	Rs. Lacs	USD millions	Rs. Lacs	USD millions	Rs. Lacs	USD millions	Rs. Lacs	USD millions	Rs. Lacs	USD millions
<b>Segment Revenue</b>										
a. Product Software and Related Services	1,801.35	3.73	1,240.13	2.57	1,267.82	2.63	2,551.03	5.28	<b>6,860.33</b>	<b>14.21</b>
b. Other Software Services	1,198.39	2.48	347.95	0.72	1,194.03	2.47	2,876.53	5.96	<b>5,616.90</b>	<b>11.63</b>
c. Network Solutions	4,663.75	9.66	-	-	-	-	-	-	<b>4,663.75</b>	<b>9.66</b>
<b>Total Revenue</b>	<b>7,663.49</b>	<b>15.87</b>	<b>1,588.08</b>	<b>3.29</b>	<b>2,461.85</b>	<b>5.10</b>	<b>5,427.56</b>	<b>11.24</b>	<b>17,140.98</b>	<b>35.50</b>
Less: Inter Segment Revenue	(1,535.23)	(3.18)	-	-	-	-	-	-	<b>(1,535.23)</b>	<b>(3.18)</b>
<b>Net Sales / Income from Operations</b>	<b>6,128.26</b>	<b>12.69</b>	<b>1,588.08</b>	<b>3.29</b>	<b>2,461.85</b>	<b>5.10</b>	<b>5,427.56</b>	<b>11.24</b>	<b>15,605.75</b>	<b>32.32</b>

## Previous year

Particulars	For the Year Ended 31.03.2002									
	India & Middle East		Asean		Europe		America		Total	
	Rs. Lacs	USD millions	Rs. Lacs	USD millions	Rs. Lacs	USD millions	Rs. Lacs	USD millions	Rs. Lacs	USD millions
<b>Segment Revenue</b>										
a. Product Software and Related Services	2,459.76	5.15	1,228.85	2.57	1,156.32	2.42	2,237.33	4.69	7,082.26	14.83
b. Other Software Services	1,503.31	3.15	1,031.71	2.16	2,609.54	5.47	2,880.76	6.04	8,025.31	16.82
c. Network Solutions	4,389.67	9.20	-	-	-	-	57.34	0.12	4,447.01	9.32
<b>Total Revenue</b>	<b>8,352.74</b>	<b>17.50</b>	<b>2,260.56</b>	<b>4.73</b>	<b>3,765.86</b>	<b>7.89</b>	<b>5,175.43</b>	<b>10.85</b>	<b>19,554.59</b>	<b>40.97</b>
Less: Inter Segment Revenue	(2,218.86)	(4.64)	-	-	-	-	-	-	<b>(2,218.86)</b>	<b>(4.64)</b>
<b>Net Sales / Income from Operations</b>	<b>6,133.88</b>	<b>12.86</b>	<b>2,260.56</b>	<b>4.73</b>	<b>3,765.86</b>	<b>7.89</b>	<b>5,175.43</b>	<b>10.85</b>	<b>17,335.74</b>	<b>36.33</b>

Inter segment revenues under India & Middle East segment represents the value of services rendered by the Company under revenue segments (a) and (b) above to its subsidiaries located in the other secondary segments.

The company believes that it is not practical to provide details of segmental assets (except those identified as related to Research and Development activities and to units located at the Software Technology Park) are used interchangeably among segments. Significant liabilities contracted are based on the company's requirements on the whole and are not identifiable to any of the reportable segment and as such have not been disclosed separately.

## 9. Minority Interest:

As the share of accumulated loss attributable to the 3% Minority Interest in Ramco Systems Corporation, USA, is more than their share holding, the share of accumulated loss is restricted to their share holding.

**10.** 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.

**11.** The figures have been rounded off to the nearest rupee and previous year's figures have been regrouped / recast wherever necessary to make them comparable with that of the current year.

As per our Report Annexed  
For **Messrs S.Viswanathan**  
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**

Place: Chennai  
Date: 23rd June 2003

**CHITRA SREENIVAS**  
Company Secretary

**V.JAGADISAN**  
Directors



**Corporate Office and  
R&D Center**

Ramco Systems Limited  
64, Sardar Patel Road,  
Taramani, Chennai - 600 113, India  
Tel: +91 (44) 2235 4510  
Fax: +91 (44) 2235 2884

**NORTH AMERICA**

**USA**

Ramco Systems Corporation  
Crossroads Corporate Center  
3150, Brunswick Pike, Suite 100  
Lawrenceville, NJ 08648  
Tel: +1 (609) 620 4800  
Fax: +1 (609) 620 4860

**Lisle, IL**

Tel: +1 (630) 795 9400  
Fax: +1 (630) 795 9440

**Milpitas, CA**

Tel: +1 (408) 956 5700  
Fax: +1 (408) 956 5711

**EUROPE**

**Germany**

Ramco Systems Limited  
Lyoner Strasse 14 60528  
Frankfurt am Main, Germany  
Tel: +49 (0) 69 6655 4485  
Fax: +49 (0) 69 6655 4100

**Switzerland**

Ramco Systems Limited  
Lange Gasse 90, Postfach,  
CH - 4020 Basel, Switzerland  
Tel: +41 (61) 205 2525  
Fax: +41 (61) 205 2590

**United Kingdom**

Ramco Systems Limited  
Exchange House,  
494, Midsummer Boulevard  
Central Milton Keynes MK9 2EA,  
United Kingdom  
Tel: +44 (0) 1908 255 989  
Fax: +44 (0) 1908 255 589

**ASIA**

**Singapore**

Ramco Systems Pte. Ltd.  
10, Eunus Road 8  
#08-05, Singapore Post Centre  
Singapore - 408600  
Tel: +65 6743 1513  
Fax: +65 6743 1514

**Malaysia**

Ramco Systems Sdn. Bhd.  
Suite 1001, Level 10, Menara PJ,  
Amcorp Trade Centre,  
18, Persiaran Barat, 46050,  
Petaling Jaya  
Selangor Darul Ehsan,  
Malaysia  
Tel: +60 (03) 7958 8978  
Fax: +60 (03) 7958 8443

**India**

Ramco Systems Limited  
Prince Kushal Towers,  
4th Floor, 96 Anna Salai  
Chennai - 600 002.  
Tel: +91 (44) 2860 3900  
Fax: +91 (44) 2860 3917

**Bangalore**

Tel: +91 (80) 558 4361  
Fax: +91 (80) 559 1893

**Mumbai**

Tel: +91 (22) 2857 1781  
Fax: +91 (22) 2857 1782

**Calcutta**

Tel: +91 (33) 2287 2302  
Fax: +91 (33) 2287 2306

**Delhi**

Tel: +91 (11) 2696 4625  
Fax: +91 (11) 2685 9125

**Hyderabad**

Tel: +91 (40) 2663 5969  
Fax: +91 (40) 2776 4979



**Corporate Office and R&D Center**

Ramco Systems Limited

64, Sardar Patel Road, Taramani, Chennai - 600 113, India

Tel: +91 (44) 2235 4510, Fax: +91 (44) 2235 2884

[www.ramco.com](http://www.ramco.com)