

RAMCO SYSTEMS CORPORATION
(A Majority-Owned Subsidiary of Ramco Systems Limited, India)

Standalone Financial Statements for the Years ended
March 31, 2021 and 2020 and Independent Auditor's Report

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Independent Auditors' Report

To the Board of Directors and Shareholders of Ramco Systems Corporation, USA

Report on the Financial Statements

We have audited the accompanying balance sheets of Ramco Systems Corporation (the "Company") as of March 31, 2021, 2020 and 2019 and the related statements of operations and stockholders' equity, and cash flows for each of the two years in the period ended March 31, 2021 and March 31, 2020 respectively. 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 audits.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS); this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with International Auditing Standards. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as at March 31, 2021, 2020 and 2019, the results of its operations and cash flows for the each of the two years ended March 31, 2021 and March 31, 2020 respectively and in conformity with International Financial Reporting Standards.

Emphasis of Matter

We draw attention to Note 15 of the Statement which describes the impact of Covid-19 pandemic, and its possible consequential implications, on the Company's operations. Our opinion is not modified in respect of this matter.

UDIN - 21011205AAAADB5034

May 17, 2021

Chennai

Yours faithfully,
For CNGSN ASSOCIATES LLP.
Chartered Accountants
(Firm Registration No. 04915S)


N.GANGADARAN

Partner
M. No. 11205



RAMCO SYSTEMS CORPORATION, USA
(A majority owned subsidiary of Ramco Systems Limited, India)

Balance sheets

	March 31, 2021	March 31, 2020	March 31, 2019
Assets			
Non-current assets:			
Property, plant and equipment	\$ 58,610	\$ 56,528	\$ 62,396
Right of use asset	78,544	114,795	-
Intangibles	-	-	72
Trade receivables	1,685,159	1,101,812	2,469,156
Notes Receivable, affiliates, due on demand	14,409,784	9,935,035	8,235,321
Deferred tax assets (net)	854,253	1,759,095	-
Investment in subsidiary	9,955	9,955	9,955
Other assets	77,659	7,159	21,778
Total non-current assets	\$ 17,173,964	\$ 12,984,380	\$ 10,798,678
Current assets:			
Cash and cash equivalents	\$ 240,154	\$ 605,651	\$ 98,255
Trade receivables	7,704,892	7,548,116	6,684,173
Due from employees	750	750	15,409
Due from related parties	829,722	45,532	974
Other current assets	500,784	595,788	262,684
Total current assets	9,276,302	8,795,837	7,061,495
Total Assets	\$ 26,450,266	\$ 21,780,217	\$ 17,860,173
Stockholder's Equity and Liabilities			
Stockholder's Equity			
Common stock	\$ 2,871,325	\$ 2,871,325	\$ 2,871,325
Retained earnings	14,545,544	9,669,320	5,312,001
Total Stockholder's Equity	\$ 17,416,869	\$ 12,540,645	\$ 8,183,326
Non-current liabilities			
Lease liabilities - non current	\$ 50,164	\$ 89,103	\$ -
Accrued expenses - non current	684,221	412,954	382,513
Deferred revenue - non current	1,342,797	16,723	-
Total non-current liabilities	\$ 2,077,183	\$ 518,780	\$ 382,513
Current liabilities:			
Trade payables	\$ 945,571	\$ 1,273,094	\$ 650,488
Accrued expenses	2,020,783	600,655	1,172,399
Deferred revenue	1,933,660	3,937,949	2,967,567
Due to related parties	2,017,265	2,874,502	4,503,880
Lease liabilities - current	38,935	34,592	-
Total current liabilities	\$ 6,956,214	\$ 8,720,792	\$ 9,294,334
Total Liabilities	\$ 9,033,397	\$ 9,239,572	\$ 9,676,847
Total Stockholder's Equity and Liabilities	\$ 26,450,266	\$ 21,780,217	\$ 17,860,173


The Notes to financial statements are an integral part of these statements

UDIN - 21011205AAAADB5034

May 17, 2021

Chennai

Yours faithfully,
For CNGSN ASSOCIATES LLP.
Chartered Accountants
(Firm Registration No. 04915S)


C.N. GANGADARAN
Partner
M. No. 11205



RAMCO SYSTEMS CORPORATION, USA
(A majority owned subsidiary of Ramco Systems Limited, India)

Statement of Operations

For the years ended March 31

	2021	2020
Income		
Revenue from operations	\$ 18,644,050	\$ 13,705,467
Finance income	776,288	686,304
Other income	740	4,068
Total Income	\$ 19,421,078	\$ 14,395,839
Expenses		
Purchase of stock-in-trade	\$ 4,987,506	\$ 3,885,023
Material cost	36,301	-
Employee benefits	5,182,618	4,680,577
Finance Costs	9,144	12,029
Depreciation expense	59,412	59,308
Other expenses	2,758,717	3,103,209
Total Expenses	\$ 13,033,699	\$ 11,740,146
Profit before tax	\$ 6,387,379	\$ 2,655,693
Income tax expense		
Current tax	\$ 606,313	\$ 57,470
Deferred tax/(benefit)	904,842	(1,759,095)
Total income tax (benefit)/expense	\$ 1,511,155	\$ (1,701,625)
Profit for the year	\$ 4,876,224	\$ 4,357,318

The Notes to financial statements are an integral part of these statements

UDIN - 21011205AAAADB5034
 May 17, 2021
 Chennai

Yours faithfully,
 For CNGSN ASSOCIATES LLP.
 Chartered Accountants
 (Firm Registration No. 04915S)


 N.GANGADARAN

Partner
 M. No. 11205



RAMCO SYSTEMS CORPORATION, USA
(A majority owned subsidiary of Ramco Systems Limited, India)

Statement of stockholder's equity

	Common Stock		Retained Earnings	Total Stockholder's equity
	Shares	Amount		
At March 31, 2019	197,564,550	\$ 2,871,325	\$ 5,312,001	\$ 8,183,326
Net income for the year 2019 - 2020			4,357,318	4,357,318
At March 31, 2020	197,564,550	2,871,325	9,669,319	12,540,644
Net income for the year 2020 - 2021			4,876,224	4,876,224
At March 31, 2021	197,564,550	\$ 2,871,325	\$ 14,545,544	\$ 17,416,869

The Notes to financial statements are an integral part of these statements



RAMCO SYSTEMS CORPORATION, USA
(A majority owned subsidiary of Ramco Systems Limited, India)

Statements of cash flows

For the year ended March 31,

	2021	2020
Cash flows from operating activities:		
Net Income	\$ 4,876,224	\$ 4,357,318
Adjustments to reconcile net loss / profit to net cash used in operating activities:		
Bad debt expense- Trade receivable & unbilled revenues	233,601	413,698
Depreciation and amortization	59,412	59,308
Changes in assets and liabilities:		
Trade receivable & unbilled revenues	\$ (973,724)	\$ 89,703
Due from officers and employees	-	14,659
Due from related parties	(784,189)	(44,558)
Other current assets	95,004	(333,104)
Other assets	(70,500)	14,619
Deferred tax assets	904,842	(1,759,095)
Trade payable	(327,523)	622,606
Accrued expenses	1,691,395	(541,303)
Deferred revenue	(678,214)	987,105
Due to related parties	(857,237)	(1,629,378)
Net cash provided by operating activities	\$ 4,169,091	\$ 2,251,578
Cash flows from investing activities:		
Purchase of plant and equipment	(25,242)	(17,118)
Net cash (used in) Investing activities	\$ (25,242)	\$ (17,118)
Cash flows from financing activities:		
Repayment of lease liabilities	(34,596)	(27,351)
Notes Receivable - affiliates, due on demand	(4,474,750)	(1,699,714)
Net cash (used in) financing activities	\$ (4,509,345)	\$ (1,727,065)
Net increase / decrease in cash and cash equivalents	\$ (365,497)	\$ 507,396
Cash and cash equivalents at the beginning of the year	605,651	98,255
Cash and cash equivalents at the end of the year	\$ 240,154	\$ 605,651


The Notes to financial statements are an integral part of these statements

UDIN - 21011205AAAADB5034

May 17, 2021

Chennai

Yours faithfully,
For CNGSN ASSOCIATES LLP.
Chartered Accountants
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C.N. GANGADARAN
Partner
M. No. 11205



NOTES TO THE FINANCIAL STATEMENTS

1. Overview

Ramco Systems Corporation (“RSC” or “the Company”) was incorporated in October 1992 under the laws of the State of California in the United States. The Company is a majority-owned (97.6%) subsidiary of Ramco Systems Limited (“RSL” or “Parent”), a company incorporated in India.

The Parent company develops Enterprise Resource Planning (ERP) Software solutions for various verticals in various domains like, Core ERP, Human Resource & Payroll, Aviation Maintenance Repair & Overhaul, Logistics, Service Resource Planning and provides these with related solutions and services, including managed services. The Software is either delivered on-premise or hosted on cloud. The Company markets the products developed by its Parent and provides its related consulting services and maintenance to customers located in the America. The Company currently operates in single segment – Software solutions & Services.

Ramco Systems Canada Inc., (“RSCI” or “Subsidiary”) was incorporated on 30th September 2010 under the laws of the Province of Ontario in Canada. RSCI is wholly owned by the Company.

The Company’s fiscal year is from April 1 to March 31, in line with Parent’s accounting period and applies accounting standards effective this period.

2. Basis of preparation and presentation of financial statements

Adoption of International Financial Reporting Standards (“IFRS”):

As of April 1, 2019, the Company has adopted the IFRS and accordingly the previous financial statement for the period ended March 31, 2019 has been restated/reclassified to IFRS where ever applicable as per IAS 1 and the retrospective restatement has had no effect on the comparative statement of financial position. Previously, the Company has reported its financial statements under US Generally accepted accounting principles. The adoption of IFRS was done voluntarily to facilitate the consolidation of financials by the Parent.

The principal accounting policies adopted in the preparation of the financial statements are set out below.

The accounting policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are presented in U.S Dollars. These financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs). The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires Company management to exercise judgment in applying the Company accounting policies.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.



2.1 The financial statements have been prepared on the historical cost convention on accrual basis except certain financial instruments that are measured at fair values.

2.2 An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle,
- Held primarily for the purpose of trading,
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

2.3 A liability is current when:

- It is expected to be settled in normal operating cycle,
- It is held primarily for the purpose of trading,
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

2.4 Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.5 The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

Foreign currencies

The Company's financial statements are presented in USDs, which is also the functional currency. The Company determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded at the spot rate on the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognized in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).



As per IAS 21, The Effects of Changes in Foreign Exchange Rates, the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which the Company initially recognizes the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

3. Significant accounting policies

a. Fair value measurement

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

b. Revenue recognition

The Company derives revenues from Software Solutions & Services. Revenues are derived from the following streams:

- (1) Revenue from Software Products, in the form of (a) Software Licensing (b) Subscription for Software as a Service (c) Product Support Services and (d) Application Maintenance Services;
- (2) Revenue from Software Services, in the form of Implementation / Professional Services .



(3) Revenue from Resale of Hardware & Software.

Effective April 1, 2018, the Company adopted IFRS 15 “Revenue from Contracts with Customers” using the cumulative catch-up transition method, applied to contracts that were not completed as at April 1, 2018. In accordance with the cumulative catch-up transition method, the comparatives have not been retrospectively adjusted.

Revenue is measured based on the transaction price, which is the consideration, adjusted for finance components and volume discounts, service level credits, performance bonus, price concessions and incentives, if any, as specified in the contract with the customers.

Revenue is recognized in the profit and loss account upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those services or products and excluding taxes or duties. To recognize revenues, the Company applies the following five step approach: (1) identify the contract with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenues when a performance obligation is satisfied.

At contract inception, the Company assesses its promise to transfer products or services to a customer to identify separate performance obligations. The Company applies judgement to determine whether each product or service promised to a customer is capable of being distinct, and are distinct in the context of the contract, if not, the promised products or services are combined and accounted as a single performance obligation. The Company allocates the contract value to separately identifiable performance obligations based on their relative stand-alone selling price (mostly as reflected in the contracts) or residual method. Standalone selling prices are determined based on sale prices for the components when it is regularly sold separately. In cases where the Company is unable to determine the stand-alone selling price, the Company uses expected cost-plus margin approach in estimating the stand-alone selling price.

For performance obligations where control is transferred over time, revenues are recognized by measuring progress towards completion of the performance obligation. The selection of the method to measure progress towards completion requires judgment and is based on the nature of the promised products or services to be provided.

The method for recognizing revenues depends on the nature of the products sold / services rendered:

(1) Revenue from Software Products

(a) Software Licensing

Software licensing revenues represent all fees earned from granting customers licenses to use the Company’s software, through initial licensing and or through the purchase of additional modules or user rights. For software license arrangements that do not require significant modification or customization of the underlying software, revenue is recognized on delivery of the software and when the customer obtains a right to use such licenses.



(b) Subscription for Software as a Service

Subscription fees for offering the hosted software as a service are recognized as revenue ratably on straight line basis, over the term of the subscription arrangement.

(c) Product Support Services

Fees for product support services, covering inter alia improvement and upgradation of the basic Software, whether sold separately (e.g., renewal period AMC) or as an element of a multiple-element arrangement, are recognized as revenue ratably on straight line basis, over the term of the support arrangement.

(d) Application Maintenance Services

Fees for the application maintenance services, covering inter alia the support of the customized software, are recognized as revenue ratably on straight line basis, over the term of the support arrangement.

(2) Revenue from Software Services

(a) Implementation / Professional Services

Software Implementation / Professional Services contracts are either fixed price or time and material based.

Revenues from fixed price contracts, where the performance obligations are satisfied over time, are recognized using the “percentage of completion” method. Percentage of completion is determined based on project costs incurred to date as a percentage of total estimated project costs required to complete the project. The cost expended (or input) method has been used to measure progress towards completion as there is a direct relationship between input and productivity. The performance obligations are satisfied as and when the services are rendered since the customer generally obtains control of the work as it progresses.

Where the Software is required to be substantially customized as part of the implementation service, the entire fee for licensing and implementation services is considered to be a single performance obligation and the revenue is recognized using the percentage of completion method as the implementation services are performed.

Revenues from implementation services in respect of hosting contracts are to be recognized as revenue ratably over the longer of the contract term or the estimated expected life of the customer relationship. However, considering the existence of partners being available for rendering such implementation services, these services are considered to be a separate element and recognized in accordance with percentage of completion method.

When total cost estimates exceed revenues in an arrangement, the estimated losses are recognized in the statement of profit and loss in the period in which such losses become probable based on the current contract estimates as a contract provision.

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



Any change in scope or price is considered as a contract modification. The Company accounts for modifications to existing contracts by assessing whether the services added are distinct and whether the pricing is at the standalone selling price. Services added that are not distinct are accounted for on a cumulative catch up basis, while those that are distinct are accounted for prospectively as a separate contract if the additional services are priced at the standalone selling price.

Non-refundable one-time upfront fees for enablement / application installation, consisting of standardization set-up, initiation or activation or user login creation services in the case of hosting contracts, are recognized in accordance with percentage of completion method once the customer obtains a right to access and use the Software.

(3) Revenue from Resale of Hardware & Software

Revenue from sale of traded hardware / software is recognized on transfer of significant risks, rewards and control to the customer.

Contract assets, liabilities and financing arrangements

A contract asset is a right to consideration that is conditional upon factors other than the passage of time. Contract assets primarily relate to unbilled amounts on implementation / professional services contracts and are classified as non-financial asset as the contractual right to consideration is dependent on completion of contractual milestones (which we refer to as unbilled services revenue).

Unbilled revenues on software licensing are classified as a financial asset where the right to consideration is unconditional upon passage of time (which we refer to as unbilled licenses revenue).

A contract liability is the Company's obligation to transfer software products or software services to a customer for which the entity has received consideration (or the amount is due) from the customer (which we refer to as unearned revenue).

The Company assesses the timing of the transfer of software products or software services to the customer as compared to the timing of payments to determine whether a significant financing component exists. As a practical expedient, the Company does not assess the existence of a significant financing component when the difference between payment and transfer of deliverables is a year or less. If the difference in timing arises for reasons other than the provision of finance to either the customer or us, no financing component is deemed to exist.

c. Finance income

Interest on bank deposits is recognized on accrual basis.

The imputed interest attributable to arrangements having extended credit period is eliminated from the revenue from operations and accounted as interest over the credit period.

d. Income Taxes

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates as per the provisions of the applicable tax laws.



Current tax assets and liabilities are offset, when the Company has legally enforceable right to set off the recognized amounts and intends to settle the asset and the liability on a net basis.

Deferred tax is recognized using the balance sheet approach on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting at the reporting date. The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that the sufficient taxable profit will be available to allow, all or part of the deferred income tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year where the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by same governing tax laws and the Company has legally enforceable right to set off current tax assets against current tax liabilities.

Both current tax and deferred tax relating to items recognized outside the Profit or Loss is recognized either in “Other Comprehensive Income” or directly in “Equity” as the case may be.

e. Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises of purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives.

Depreciation in the books of the Company is charged on a pro-rata basis on the straight line method over the useful life of the assets.

The useful lives of various assets used by the Company are tabled below:

Asset type	Useful life (years)
Purchased software	3
Laptop & desktops	5
Furniture	7
Office equipment	7

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognized.



The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

f. Right-of-use assets

Leases

The Company has adopted IFRS 16 “Leases” with the date of initial application being April 01, 2019. The Company has applied IFRS 16 using the modified retrospective approach effective April 01, 2019. The details of accounting policies under IAS 17 are disclosed separately if they are different from those under IFRS 16 and the impact of changes is disclosed in note no.4 below.

Policy applicable before April 01, 2019

For contracts entered before April 01, 2019, the determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, (or contains), a lease if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Policy applicable from April 01, 2019

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (1) the contract involves the use of an identified asset, (2) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (3) the Company has the right to direct the use of the asset.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

a) Right-of-use (“ROU”) assets

The Company recognizes right-of-use assets at the commencement date, except short term leases and low value leases. The Company’s lease asset classes primarily consist of leases for Buildings and Office equipments. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term. They are subsequently measured at cost less accumulated depreciation and impairment losses.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets.

b) Lease liabilities

The Company recognizes lease liability at the commencement date measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.



In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the initial application date i.e., April 01, 2019, because the interest rate implicit in the lease is not readily determinable. In respect of subsequent leases, the incremental borrowing rates are determined periodically, to calculate the present value of lease payments. After the lease commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

c) Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities include these options when it is reasonably certain that they will be exercised. Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

d) Short term leases and leases of low-value assets

The Company applies the short term lease recognition exemption to its short term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to such leases that are considered to be of low value. Lease payments on short term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

g. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Internally generated intangibles, excluding capitalized software development costs, are not capitalized and the related expenditure is reflected in the statement of profit and loss in the period in which the expenditure is incurred.

The useful lives of intangible assets of the Company are assessed as finite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit or loss when the asset is de-recognized.

h. Impairment of non-financial assets

The carrying values of the non-financial assets are reviewed at each Balance Sheet date to determine whether there is any indication of impairment of the carrying amount of the Company's assets. If any indication exists, an asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of the asset exceeds the recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognized for an asset in earlier accounting periods no longer exists or may have decreased such reversal of impairment loss is recognized in the statement of profit and loss.



i. Provisions, contingent liabilities and contingent assets

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Contingent liability is a possible obligation that may arise from past events and its existence will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the same are not recognized but disclosed in the financial statements.

Insurance claims are accounted on the basis of claims admitted or expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection. Any subsequent change in the recoverability is provided for. Contingent Assets are neither recognized nor disclosed.

j. Employee benefits expense

Short term employee benefits Short term employee benefits viz., salaries, wages and other benefits are recognized as expenses at the undiscounted amount as per contractual terms in the statement of profit and loss for the year in which the related service is rendered.

Defined contribution plan

Retirement benefit plan: 401 (K)

The employees of the Company have been given an option to participate in Pre-Approved Defined Contribution Plan (“Ramco Systems Corporation 401(K) Plan”) maintained by FMR LLC (“Fidelity Investments”) which is available to all regular full time U.S. employees upon three months completion from date of commencement of employment. Employees may contribute up to the maximum allowable by the Internal Revenue Code. The Company voluntarily matches 100% of the employees’ contributions up to a maximum of \$3000 per annum of the employee’s eligible contribution. In addition, the Company can make additional contributions at the discretion of the Management.

Leave encashment

The Company has a policy of providing encashment of unavailed leave for its employees. The obligation for the leave encashment is recognized based on an independent external actuarial valuation at the Balance Sheet date. The expense is recognized in the statement of profit and loss at the present value of the amount payable determined based on actuarial valuation using “projected unit credit method”.

k. Financial instruments

1. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.



2. Financial assets and liabilities are offset and the net amount is presented in the Balance Sheet when and only when the Company has a legal right to offset the recognized amounts and intends either to settle on a net basis or to realise the assets and settle the liabilities simultaneously.
3. The Company initially determines the classification of financial assets and liabilities. After initial recognition, no re-classification is made for financial assets which are categorised as equity instruments at FVTOCI and financial assets / liabilities that are specifically designated as FVTPL. However, other financial assets are reclassifiable when there is a change in the business model of the Company. When the Company reclassifies the financial assets, such reclassifications are done prospectively from the first day of the immediately next reporting period. The Company does not restate any previously recognized gains, losses including impairment gains or losses or interest.

Financial assets

4. Financial assets comprise of investments in equity ~~and mutual funds~~, trade receivables, cash and cash equivalents and other financial assets.
5. Depending on the business model (i.e.,) nature of transactions for managing those financial assets and its contractual cash flow characteristics, the financial assets are initially measured at fair value and subsequently measured and classified at:
 - a) Amortized cost; or
 - b) Fair value through other comprehensive income (FVTOCI); or
 - c) Fair value through profit or loss (FVTPL). Amortized cost represents carrying amount on initial recognition at fair value plus or minus transaction cost.
6. The Company has evaluated the facts and circumstances on date of transition to IFRS the purpose of classification and measurement of financial assets. Accordingly, financial assets are measured at FVTPL except for those financial assets whose contractual terms give rise to cash flows on specified dates that represents solely payments of principal and interest thereon, are measured as detailed below depending on the business model:

Classification	Business model
Amortized cost	The objective of the Company is to hold and collect the contractual cash flows till maturity. In other words, the Company do not intend to sell the instrument before its contractual maturity to realise its fair value changes.
FVTOCI	The objective of the Company is to collect its contractual cash flows and selling financial assets.

7. Financial assets are de-recognized (i.e.,) removed from the financial statements, when its contractual rights to the cash flows expire or upon transfer of the said assets. The Company also de-recognizes when it has an obligation to adjust the cash flows arising from the financial asset with third party and either upon transfer of:
 - a. significant risk and rewards of the financial asset, or
 - b. control of the financial asset.



However, the Company continue to recognize the transferred financial asset and its associated liability to the extent of its continuing involvement, which are measured on the basis of retainment of its rights and obligations of financial asset. The Company has applied the de-recognition requirements prospectively.

8. Upon de-recognition of its financial asset or part thereof, the difference between the carrying amount measured at the date of recognition and the consideration received including any new asset obtained less any new liability assumed shall be recognized in the Statement of Profit and Loss.
9. For impairment purposes, significant financial assets are tested on individual basis at each reporting date. Other financial assets are assessed collectively in groups that share similar credit risk characteristics.

Accordingly, the impairment testing is done on the following basis:

Name of financial asset	Impairment testing methodology
Trade receivables and unbilled license revenue	Expected Credit Loss model (ECL) is applied using 12 month ECL method. The ECL over lifetime of the assets are estimated by using a provision matrix which is based on historical loss experience reflecting current conditions and forecasts of future economic conditions which are grouped on the basis of similar credit characteristics such as nature of industry, customer segment, past due status and other factors that are relevant to estimate the expected cash loss from these assets.
Other Financial assets	When the credit risk has not increased significantly, 12 month ECL is used to provide for impairment loss. When there is significant change in credit risk since initial recognition, the impairment is measured based on probability of default over the lifetime. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12 month ECL.

Financial liabilities

10. Financial liabilities comprises of Trade payables and other financial liabilities.

11. The Company measures its financial liabilities as below:

Measurement basis	Names of Financial liabilities
Amortized cost	Borrowings, Trade payables, Interest accrued, Security deposits and other financial liabilities not for trading.

12. Financial liabilities are de-recognized when and only when it is extinguished (i.e.,) when the obligation specified in the contract is discharged or cancelled or expired.



Upon de-recognition of its financial liabilities or part thereof, the difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid including any non-cash assets transferred or liabilities assumed is recognized in the Statement of Profit and Loss.

i. Cash and cash equivalents

Cash and cash equivalents in the Balance Sheet comprises of cash at banks and on hand and short-term deposits with an original maturity of three months or less, highly liquid investments that are readily convertible into cash.

m. Cash dividend

The Company recognizes a liability to make cash dividend, when the distribution is authorized and the distribution is no longer at the discretion of the Company. A corresponding amount is recognized directly in equity including applicable taxes.

n. Cash flow statement

Cash flows are presented using indirect method, whereby profit / loss before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

o. Operating segments

The Company's business operation comprises of single operating segment, Software and related solutions. Operating segment has been identified on the basis of nature of products and reported in a manner consistent with the internal reporting provided to Chief Operating Decision Maker.

p. Assets held for sale

Assets held for sale are measured at the lower of carrying amount or fair value less costs to sell.

4. Significant estimates and judgments

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures, and the disclosure of contingent liabilities. Actual results could vary from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision effects only that period or in the period of the revision or future periods, if the revision affects both current and future years.

Accordingly, the management has applied the following estimates / assumptions / judgments in preparation and presentation of financial statements:

- Property, plant and equipment (PPE)



The residual values and estimated useful life of PPEs, are assessed by technical team duly reviewed by the management at each reporting date. Wherever the management believes that the assigned useful life and residual value are appropriate, such recommendations are accepted and adopted for computation of depreciation / amortization / impairment.

- Current taxes

Calculations of income taxes for the current period are done based on applicable tax laws and management's judgment by evaluating positions taken in tax returns and interpretations of relevant provisions of law.

- Deferred tax asset

Significant management judgment is exercised by reviewing the deferred tax assets at each reporting date to determine the amount of deferred tax assets that can be retained / recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

- Contingent liabilities

Management judgment is exercised for estimating the possible outflow of resources, if any, in respect of contingencies/ claims / litigations against the Company as it is not possible to predict the outcome of pending matters with accuracy.

- Impairment of financial assets

The impairment of financial assets are done based on assumptions about risk of default and expected loss rates. The assumptions, selection of inputs for calculation of impairment are based on management judgment considering the past history, market conditions and forward looking estimates at the end of each reporting date.

- Impairment of non-financial assets (PPE)

The impairment of non-financial assets is determined based on estimation of recoverable amount of such assets. The assumptions used in computing the recoverable amount are based on management judgment considering the timing of future cash flows, discount rates and the risks specific to the asset.

- Impairment of Investments in Subsidiaries

Significant management judgement is exercised in determining whether the investment in subsidiary is impaired or not, is on the basis of its nature of long term strategic investments and other business considerations.

- Revenue recognition

The Company exercises judgment in determining whether the performance obligation is satisfied at a point in time or over a period of time.



The Company applies the percentage of completion method using the input (cost expended) method to measure progress towards completion in respect of fixed price contracts, which are performed over a period of time. The Company exercises judgment to estimate the future cost-to-completion of the contracts which is used to determine the degree of completion of the performance obligation.

The Company's contracts with customers could include promises to transfer multiple products and services to a customer. The Company assesses the products / services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgment to determine the deliverables and the ability of the customer to benefit independently from such deliverables. Judgment is also required to determine the transaction price for the contract.

The Company uses judgment to determine an appropriate standalone selling price for a performance obligation. The Company allocates the transaction price to each performance obligation on the basis of the relative standalone selling price of each distinct product or service promised in the contract. Where standalone selling price is not observable, the Company uses the expected cost plus margin approach to allocate the transaction price to each distinct performance obligation.

Provision for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the expected contract estimates at the reporting date.

5. Changes in accounting policies

New standards, interpretations and amendments effective:

There are a number of standards and interpretations which have been issued by the International Accounting Standards Board that are effective in current accounting periods for the Company. The most significant of these are:

- IFRS 9 Financial Instruments , IFRS 15 Revenue from Contracts with Customers (both mandatorily effective for periods beginning on or after January 1, 2018) and IFRS 16 Leases (mandatorily effective for periods beginning on or after January 1, 2019);

IFRS 9 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets comprise of investments in equity, notes receivables, trade receivables, cash and cash equivalents and other financial assets. Financial liabilities comprise of trade and other financial liabilities.

Impairment

For impairment purposes, significant financial assets are tested on individual basis at each reporting date. Other financial assets are assessed collectively in groups that share similar credit risk characteristics.



Accounts receivables & other financial assets are subject to the expected credit loss model. While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss on cash and cash equivalents were immaterial.

The Company applies IFRS 9 simplified approach making use of Expected Credit Loss model (ECL) which is applied using 12 month ECL method for accounts receivables and unbilled license and service revenues. The ECL over lifetime of the assets are estimated by using a provision matrix which is based on historical loss experience reflecting current conditions and forecasts of future economic conditions which are grouped on the basis of similar credit characteristics such as nature of industry, customer segment, past due status and other factors that are relevant to estimate the expected cash loss from these assets.

The Company tests impairment on other financial assets on the following basis:

When the credit risk has not increased significantly, 12 month ECL is used to provide for impairment loss. When there is significant change in credit risk since initial recognition, the impairment is measured based on probability of default over the life time. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12 month ECL.

The Company measures its financial liabilities at amortized costs. Financial liabilities are derecognized when and only when it is extinguished (i.e.,) when the obligation specified in the contract is discharged or cancelled or expired.

Accounts receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company, and a failure to make contractual payments. Impairment losses on accounts receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

IFRS 16 Leases

Under IFRS - policy applicable from April 1, 2019

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lessee accounting model for lessees to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Prior to April 1, 2019, the Company has charged off as operating lease expenses to the Profit and Loss Account.

The Company has applied IFRS 16 using the modified retrospective approach as of April 1, 2019 and therefore, the comparative prior year information has not been restated and continues to be reported under IAS 17 and IFRIC 4. On transition to IFRS 16, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into, changed on or after or open at April 1, 2019.



As a lessee, the Company previously classified leases as operating leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Company. Under IFRS 16, the Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. The lease liability is remeasured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets, including machinery, IT & office equipment and etc. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Under IAS 17 – policy applicable before April 1, 2019

Assets held under operating leases were classified as operating leases and were not recognized in the Company's statement of financial position. Payments made and lease incentives received under operating leases were recognized in profit or loss on a straight-line basis over the term of the lease.

Impacts on financial statements at April 1, 2019

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at April 1, 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments, if applicable



On transition to IFRS 16, the Company recognized an additional \$151,046 of right of use assets and lease liabilities. When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate at April 1, 2019. The rate applied was 8.75% for the Company

Operating lease commitment at 3/31/2019 as disclosed	Total
in the Company's financial statements:	\$ 44,127
- Discounted using the incremental borrowing rate at 4/1/2019	42,105
Lease liabilities at 3/31/2019	\$ -
- Recognition exemption for expiration	(42,105)
- Recognition of new lease	151,046
Lease liabilities at 4/1/2019	\$ 151,046

Subsequent Events

These financial statements were approved by management and available for issuance on May 17, 2021. Management has evaluated subsequent events through this date.

6. Revenues

	Year ended March 31, 2021	Year ended March 31, 2020
Revenue from operations - disaggregated		
Product wise revenue		
Revenue from software products	\$ 10,154,698	\$ 6,195,455
Revenue from software services	8,338,165	7,398,366
Revenue from resale of software and hardware materials	<u>151,187</u>	<u>111,646</u>
	<u>\$18,644,050</u>	<u>\$13,705,467</u>
Geography wise revenue		
Americas	\$18,644,050	\$13,705,467

Effective April 1, 2018, the Company adopted IFRS 15 “Revenue from Contracts with Customers” using the cumulative catch-up transition method, applied to contracts that were not completed as at April 1, 2018. In accordance with the cumulative catch-up transition method, the comparatives have not been retrospectively adjusted. The impact of the adoption of IFRS 15 on the financial statements of the Company is insignificant.

Remaining performance obligations

The remaining performance obligation disclosure provides the aggregate amount of transaction price yet to be recognized as at the end of the reporting period and an explanation as to when the Company expects to recognize these amounts in revenue. Remaining performance obligation estimates are subject to change and are affected by various factors including, termination, changes in scope of contracts, adjustments for revenue that are not materialized and adjustments for currency. Applying the practical expedient as given in IFRS 15, the Company has not disclosed the following:



- a) the remaining performance obligations for contracts where revenue recognized corresponds directly with the value to the customer of the entity's performance completed to date including time and material, support service and subscription contracts and
- b) the remaining performance obligations in respect of other contracts, since those performance obligations have an original expected duration of one year or less in most of the cases.

During the year ended March 31, 2021 and 2020, the Company recognized revenue of \$3,531,796 and \$2,847,122 arising from opening unearned revenue of \$3,759,519 and 3,081,874 as at April 1, 2020 and April 1, 2019.

The trade receivable including unbilled revenues amounted to \$ 9,390,051 at March 31, 2021 and \$8,649,928 at March 31, 2020 (\$9,153,329 as on March 31, 2019) is net of allowance for doubtful receivables made \$370,799 at March 31, 2021 and \$192,730 at March 31, 2020 (\$600,400 as on Mar 31, 2019).

7. Financial instruments and concentration of risk

The Company's financial risks comprise of market risk, credit risk and liquidity risk.

A. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of two types of risk: interest rate risk and foreign currency risk.

A.1 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's transactions denominated in a foreign currency with trade payables.

The Company's exposure subject to the above risk as at March 31, 2021 and March 31, 2020 is as follows

Trade Payables

2021			2020		
Foreign currency	Value in foreign currency	Value in USD	Foreign currency	Value in foreign currency	Value in USD
SGD	262,180	193,494	SGD	119,028	83,121
AUD	-	-	AUD	18,836	11,510
CAD	618,424	486,965	CAD	338,625	237,556

B. Credit risk

Credit risk is the risk of financial loss to the Company, if the customer or counter party to the financial instruments fail to meet its contractual obligations and arises principally from the Company's receivables and treasury operations.



Customer credit risk is managed by Company’s established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables and unbilled revenues are regularly monitored and the Company creates a provision based on expected credit loss model.

B.1 Account receivables and unbilled revenues

Account receivables

Account receivables of the Company include dues from others which are exposed to credit risk.

There were two external customers that exceeded 10% of accounts receivable and revenues individually for March 31, 2021 and NIL for 2020

Unbilled revenues

Unbilled revenues of the Company are also exposed to risk in the event of the inability to bill the customer.

There were two external customers that exceeded 10% of unbilled revenues and revenues individually for March 31, 2021 and NIL for 2020

Credit risk exposure

The movement in provision for doubtful debts is as below:

Particulars	As at March 31, 2021	As at March 31,2020
Balance at the beginning	\$ 192,729	\$ 600,400
Provisions for the year	233,601	413,698
Write-off	(55,532)	(821,368)
Balance at the end	\$ 370,799	\$192,730

Credit exposure

Nature of dues	As at March 31, 2021	As at March 31, 2020
Accounts receivables	\$ 2,469,249	\$ 2,947,788
Unbilled licenses revenue	4,275,427	3,466,894
Unbilled services revenue	2,645,375	2,388,805

Based on the Company’s assessment, the expected credit losses were determined to be \$ 240,771 at March 31, 2021, and \$176,530 at March 31, 2020 on accounts receivables & unbilled revenue.

Notes Receivable - affiliates

The Company has credit exposure on account of notes receivables amounting to \$14,409,784 as of March 31, 2021 and \$9,935,035 as of March 31, 2020. However, these receivables are due only from its affiliates and accordingly there is no credit risk associated with.



B.2 Financial instruments and cash deposits

Investments of surplus funds are made only with approved counterparties. The Company is exposed to counterparty risk relating to deposits with banks. The Company places its cash equivalents based on the creditworthiness of the financial institutions.

C. Liquidity risk

Liquidity risks are those risks that the Company will not be able to settle or meet its obligations on time or at reasonable price. In the management of liquidity risk, the Company monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows. Due to the dynamic nature of the underlying business, the Company aims at maintaining flexibility in funding by keeping both committed and uncommitted credit lines available.

8. Fixed Assets

Fixed Assets consist of the following:

a) Cost	Computer Equipment	Furniture and Fixture	Office Equipment	Purchased Software(Intangibles)	Total
At March 31, 2019	1,676,147	335,113	279,601	285,840	\$ 2,576,702
- Addition	17,116				\$ 17,116
- Disposition	-	-			\$ 0
At March 31, 2020	\$ 1,693,263	\$ 335,113	\$ 279,601	\$ 285,840	\$ 2,593,818
- Addition	21,547		3,695		\$ 25,242
- Disposition	-	-	-	-	-
At March 31, 2021	\$ 1,714,810	\$ 335,113	\$ 283,296	\$ 285,840	\$ 2,619,060
b) Accumulated Depreciation	Computer Equipment	Furniture and Fixture	Office Equipment	Purchased Software(Intangibles)	Total
At March 31, 2019	\$ (1,648,999)	\$ (335,113)	\$ (244,353)	\$ (285,768)	\$ (2,514,233)
- Depreciation	(11,572)	0	(11,413)	(72)	\$ (23,057)
- Disposition	-	-			\$ 0
At March 31, 2020	\$ (1,660,571)	\$ (335,113)	\$ (255,766)	\$ (285,840)	\$ (2,537,290)
- Depreciation	(13,033)	0	(10,128)	0	\$ (23,161)
- Disposition	-	-			-
At March 31, 2021	\$ (1,673,604)	\$ (335,113)	\$ (265,894)	\$ (285,840)	\$ (2,560,452)
c) Net Book Value	Computer Equipment	Furniture and Fixture	Office Equipment	Purchased Software(Intangibles)	Total
At March 31, 2019	\$ 27,148	\$ 0	\$ 35,248	\$ 72	\$ 62,468
At March 31, 2020	\$ 32,692	\$ 0	\$ 23,836	\$ 0	\$ 56,528
At March 31, 2021	\$ 41,207	\$ 0	\$ 17,403	\$ 0	\$ 58,610



9. Leases

The Company leases office in NJ in the United States under an operating lease agreement for a period of 25 months ending April 30, 2021. The office lease includes an option to renew the lease for an additional period of 25 month period prior to the expiration of lease. The lease has a weighted average lease term of approximately 2.16 years as of March 31, 2021. The operating lease ROU asset was \$78,544 and lease liability was \$89,099 as of March 31, 2021.

Right of use assets	Property	Total
At April 1, 2020	\$ -	\$ -
- Addition	114,795	114,795
- Depreciation	(36,251)	(36,251)
- Disposition	-	-
At March 31, 2021	\$ 78,544	\$ 78,544

Lease Liabilities	Total
Maturity analysis - contractual undiscounted cash flows	
- Less than one year	\$ 40,807
- one to five years	\$ 52,978
Total undiscounted lease liabilities at March 31, 2021	\$ 93,785
Lease liabilities at March 31, 2021	\$ 89,099

Amount recognized in profit or loss	Total
Interest on lease liabilities	\$ 9,144

Amount recognized in the statement of cash flows	Total
Repayment of lease liabilities	\$ 34,596

Rent expense for operating lease during fiscal year 2020 was \$39,375.

Rent expenses for operating leases on low value equipment rental assets during fiscal year 2021 and 2020 were \$2,472 and \$4,439 respectively.



10. Income taxes

The income tax expense consists of the following:

	For the year ended March 31		
	2021	2020	2019
Current federal & state taxes	\$ 563,536	\$ 57,470	\$ 109,661
Prior year adjustments-state taxes	42,777	-	-
Deferred tax (benefit)	904,842	(1,759,095)	-
Total Income tax (benefits)/expenses	\$ 1,511,155	\$ (1,701,625)	\$ 109,661

The tax effects of significant temporary differences that resulted in deferred tax assets and liabilities and a description of the financial statement items that created these differences are:

	For the year ended March 31		
	2021	2020	2019
Deferred tax assets:			
Net operating loss carry forwards	\$ 100,382	\$ 1,229,239	\$ 1,303,000
Employee benefits	97,856	103,181	90,000
Fixed assets	(8,630)	(14,414)	(21,000)
Expenses currently not deductible for tax purpose	664,645	441,089	1,073,000
Total deferred tax assets	854,253	1,759,095	2,445,000
Less: Valuation allowance	-	-	(2,445,000)
Net deferred tax assets	\$ 854,253	\$ 1,759,095	-

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible.

The Company is subject to income tax in several jurisdictions and significant judgement is required in determining the provision for income taxes. During the ordinary course of business, there are transactions and calculations for which the ultimate tax determination is uncertain. As a result, the Company recognizes tax liabilities based on estimates of whether additional taxes and interest will be due. These tax liabilities are recognized when, despite the company's belief that its tax return positions are supportable, the company believes it is more likely than not that a taxation authority would not accept its filing position. In these cases, the Company records its tax balances based on either the most likely amount or the expected value, which weights multiple potential scenarios. The company believes that its accruals for tax liabilities are adequate for all open audit years based on its assessment of many factors including past experience and interpretations of tax law. No material uncertain tax positions exist as at March 31, 2021.



This assessment relies on estimates and assumptions and may involve a series of complex judgments about future events. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will impact income tax expense in the period in which such determination is made

Management considers the scheduled reversal of temporary differences, projected future taxable income, and tax planning strategies in making this assessment. Based upon the level of historical taxable income and projections for future taxable income over the periods, in which deferred tax assets are deductible, management believes that it is more likely that the Company will not realize any benefits of these deductible differences.

At March 31, 2021, the company has net operating loss carry forwards for federal and state income tax purposes of approximately \$0 and \$1,434,026 respectively, which is available to offset future state taxable income, if any. Utilization of such net operating losses may be limited under certain circumstances as defined in the Internal Revenue Code.

The reported income tax expense differed from amounts computed by applying the enacted tax rates to income before taxes as a result of the following:

	For the year ended March 31	
	2021	2020
Net Income before taxes	6,387,379	2,655,695
Enacted tax rates	21%	21%
Computed expected tax expenses	1,341,350	557,696
Expected state income taxes, net of federal tax benefit	447,535	186,325
	1,788,885	744,021
Change in valuation allowance	904,842	(1,759,095)
Utilization of net operating losses	(1,128,192)	(686,551)
Others	(54,379)	-
Total Income tax (benefit)/expenses	1,511,155	(1,701,625)

As of March 31, 2021, the Company had a State net operating loss carryover of \$1,434,026 which is available to offset future taxable income.

11. Commitments

Retirement benefits to employees: The Company has a defined contribution 401(k) plan which is available to all regular full time U.S. employees upon three months completion from date of commencement of employment. Employees may contribute up to the maximum allowable by the Internal Revenue Code. The Company voluntarily matches 100% of the employees' contributions up to a maximum of \$3000 per annum of the employee's eligible contribution. In addition, the Company can make additional contributions at the discretion of the Management. Participants are immediately vested in their employee contributions. Employer contributions vest over a five year period. The Company's contributions for fiscal years 2021 and 2020 were \$ 24,625 and \$15,250 respectively.



12. Common stock

Voting: Each holder of common stock is entitled to one vote per share.

Liquidation: In the event of liquidation of the Company, the holders of common stock shall be entitled to receive all of the remaining assets of the Company, after distribution of all preferential amounts, if any. Such amounts will be in proportion to the number of shares of common stock held by the stockholders.

Holdings: Certain minority investors hold less than 3% of the common stock outstanding of the Company, with the remainder owned by the Parent.

13. Related party transactions

The Company has significant transactions with its parent company Ramco Systems Limited. The Company has also transactions with its subsidiary & other fellow subsidiary.

Under a distribution agreement, the Company markets personalized assembly applications that have been developed by its parent company, to customers in the United States. Under this agreement, the Company pays its parent company royalty on license, Support services, Subscription, Application Installation & Activation Fees. In case the Company avails services from the parent company for its customers, the Company pays to the parent for time and material spent at agreed transfer pricing rates.

Summary of Related party transactions:

For the year ended March 31

<u>Due from/(to) Related Parties:</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
A. Ramco Systems Ltd., India	\$ (1,219,297)	\$ (2,542,315)	\$ (4,294,183)
B. Ramco Systems Canada Inc.	(485,306)	(237,555)	(165,798)
C. Ramco Systems Pte Ltd, Singapore	148,383	(83,121)	(29,699)
D. Ramco Systems Sdn.Bhd, Malaysia	80,542	-	-
E. Ramco Systems Australia Pty Ltd.	215,666	(11,510)	(13,226)
F. Ramco Systems (Shanghai) Company Ltd.	-	45,532	-
G. Ramco Systems FZ LLC, Dubai	13,123	-	-
H. Ramco System Inc, Philippines	19,185	-	-
I. PT Ramco Systems Indonesia	4,569	-	-
J. Ramco Systems Pte Ltd., Hongkong (Branch)	9,206	-	-
K. Ramco Systems Ltd., UK (Branch)	26,387	-	-
Total Due from/(to) Related Parties	\$ (1,187,542)	\$ (2,828,969)	\$ (4,502,906)



A . Receivable from/(Payable to) Ramco Systems Limited, India**For the year ended March 31**

	<u>2021</u>	<u>2020</u>
Opening balance	\$ (2,542,315)	\$ (4,294,183)
<u>(Payable)/Receivable for:</u>		
Cost of services availed- Net	(1,920,097)	(1,966,387)
Royalty-Net	(2,466,411)	(1,721,387)
Salary-Net	(6,150)	(35,602)
Travel- Net	(45,803)	(236,162)
Hosting-Net	659,890	(240,924)
Others-Net	(642)	(11,117)
Payments- Net	<u>5,102,229</u>	<u>5,963,447</u>
Closing balance	\$ (1,219,297)	\$ (2,542,315)

B. Receivable from/(Payable to) Ramco Systems Canada Inc. (“Subsidiary”)

	<u>2021</u>	<u>2020</u>
Opening balance	\$ (237,555)	\$ (165,798)
<u>(Payable)/Receivable for:</u>		
Salary-Net	(86,861)	(70,784)
Travel-Net		
Hosting-Net	1,659	
Others- Net	(162,549)	1,315
Payments	-	(2,288)
Closing balance	\$ (485,306)	\$ (237,555)



C. Receivable from/ (Payable to) Ramco Systems Pte Ltd , Singapore

	<u>2021</u>	<u>2020</u>
Opening balance	\$ (83,121)	\$ (29,699)
<u>(Payable)/Receivable for:</u>		
Salary-Net	(380,606)	(192,900)
Travel-Net	-	(17,557)
Hosting- Net	341,877	-
Payments	270,233	157,035
Closing balance	\$ 148,383	\$ (83,121)

D. Receivable from /(Payable to) Ramco Systems Sdn. Bhd , Malaysia

	<u>2021</u>	<u>2020</u>
Opening balance	\$ -	\$ -
<u>(Payable)/Receivable for:</u>		
Salary-Net	(18,459)	-
Travel-Net	-	-
Hosting- Net	80,542	-
Payments	18,459	-
Closing balance	\$ 80,542	\$ -

E. Receivable from /(Payable to) Ramco Systems Australia Pty Ltd., Australia

	<u>2021</u>	<u>2020</u>
Opening balance	\$ (11,510)	\$ (13,226)
<u>(Payable)/Receivable for:</u>		
Salary-Net	(8,859)	(71,230)
Travel-Net	(199)	(11,878)
Hosting- Net	376,037	-
Others- Net	(2,042)	-
Payments	(137,762)	84,824
Closing balance	\$ 215,666	\$ (11,510)



F. Receivable from /(Payable to) Ramco Systems (Shanghai) Company Limited

	<u>2021</u>	<u>2020</u>
Opening balance	\$ 45,532	\$ -
<u>(Payable)/Receivable for:</u>		
Salary-Net	-	-
Travel-Net	-	45,532
Payments	(45,532)	-
Closing balance	\$ -	\$ 45,532

G. Receivable from /(Payable to) Ramco Systems FZ LLC, Dubai

	<u>2021</u>	<u>2020</u>
Opening balance	\$ -	\$ -
<u>(Payable)/Receivable for:</u>		
Salary-Net	-	-
Travel-Net	-	-
Hosting -Net	148,176	-
Payments	(135,053)	-
Closing balance	\$ 13,123	\$ -



H. Receivable from /(Payable to) Ramco System Inc, Philippines

	<u>2021</u>	<u>2020</u>
Opening balance	\$ -	\$ -
<u>(Payable)/Receivable for:</u>		
Salary-Net	(5,781)	-
Travel-Net	(57)	-
Hosting -Net	204,089	
Payments	(179,066)	-
Closing balance	\$ 19,185	\$ -

I. Receivable from /(Payable to) PT Ramco Systems Indonesia

	<u>2021</u>	<u>2020</u>
Opening balance	\$ -	\$ -
<u>(Payable)/Receivable for:</u>		
Salary-Net	-	-
Travel-Net	-	-
Hosting -Net	20,131	
Payments	(15,562)	-
Closing balance	\$ 4,569	\$ -



J. Receivable from /(Payable to) Ramco Systems Pte Ltd., Hongkong (Branch)

	<u>2021</u>	<u>2020</u>
Opening balance	\$ -	\$ -
<u>(Payable)/Receivable for:</u>		
Salary-Net	-	-
Travel-Net	-	-
Hosting -Net	14,015	
Payments	(4,809)	-
Closing balance	\$ 9,206	\$ -

K. Receivable from /(Payable to) Ramco Systems Ltd., UK (Branch)

	<u>2021</u>	<u>2020</u>
Opening balance	\$ -	\$ -
<u>(Payable)/Receivable for:</u>		
Salary-Net	-	-
Travel-Net	-	-
Hosting -Net	26,387	
Others-Net	(9,421)	
Payments	9,421	-
Closing balance	\$ 26,387	\$ -

14. Notes Receivable from related parties/affiliates

The notes receivable represents \$ 14,409,784 at March 31, 2021 (\$ 9,935,035 as on March 31 2020) loaned to fellow subsidiaries:

- Ramco Systems Australia Pty Ltd , Australia \$ 3,657,903 at March 31, 2021 (\$3,884,602 at March 31 2020),
- Ramco Systems Pte Ltd, Singapore \$ 5,639,022 at March 31, 2021 (\$3,535,432 at March 31 2020),



- Ramco Systems Sdn.Bhd, Malaysia \$ 3,731,859 at March 31, 2021 (\$2,340,000 at March 31 2020),
- Ramco Systems Inc. Philippines \$ 1,381,000 at March 31, 2021 (\$175,000 as at March 31, 2020)

The loan given is unsecured and bears interest at the rate of 5% as per agreement. The loan and interest are repayable on demand.

Particulars	Ramco Systems Australia Pty Ltd, Australia		Ramco Systems Pte Ltd, Singapore		Ramco Systems Sdn.Bhd., Malaysia		Ramco System Inc, Philippines	
	2021	2020	2021	2020	2021	2020	2021	2020
Opening balance	3,884,602	3,615,606	3,535,433	3,084,715	2,340,000	1,535,000	175,000	-
Loan Given	208,000	350,000	2,240,000	1,440,000	1,415,000	1,175,000	1,505,000	175,000
Interest	186,986	176,863	198,282	166,873	151,246	94,368	28,351	1,702
Receipts								
Loan	(343,097)	(172,606)	(136,923)	(989,282)	(23,141)	(370,000)	(299,000)	-
Interest	(278,588)	(85,261)	(197,770)	(166,873)	(151,246)	(94,368)	(28,351)	(1,702)
Closing balance	3,657,903	3,884,602	5,639,022	3,535,433	3,731,859	2,340,000	1,381,000	175,000

15. Impact of COVID-19:

The outbreak of Novel Coronavirus (COVID19) continues to progress and evolve. Therefore, it is challenging now, to predict the full extent and duration of its business and economic impact. The Company has, based on information available, taken into account the possible impact of COVID-19, including on the carrying amounts of financial and non-financial assets and as per the current assessment of the Company, there is no material impact in respect of these in the preparation of the financial statements. However, the impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements and the Company will continue to monitor the uncertainties caused by COVID-19 to assess the impact on our future economic conditions.

