

Independent Auditor's Report

To the Board of Directors of Ramco Software Japan Limited

Report on the Ind AS Financial Statements

Opinion

We have audited the Ind AS financial statements of Ramco Software Japan Limited, Japan ('the company'), which comprises the Balance Sheet as at March 31, 2022, the Statement of Profit and Loss (including other comprehensive income), the Statement of Cash Flow and the Statement of Changes in Equity for the year then ended, and notes to the financial statements including a summary of significant accounting policies and other explanatory information (herein after referred to as 'Ind AS financial statements').

In our opinion and to the best of our information and according to the explanation given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at March 31, 2022 and its financial performance including other comprehensive income and its Cash Flows and the Changes in Equity for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the Ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with the requirements and the code of Ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Responsibilities of Management's and those Charged with Governance for the Financial Statements:

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, Cash Flows and changes in Equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act, read with relevant rule issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the Company's ability to continue as going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.



Auditor's Responsibility for the Audit of the Financial Statements:

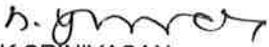
Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decision of users taken on the basis of these financial statements.

Report on other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, we report that:

- i) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- ii) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- iii) the Balance Sheet, the Statement of Profit and Loss and the Statement of Cash Flow and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account and
- iv) in our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rule issued there under.

For M S JAGANNATHAN & N KRISHNASWAMI
Chartered Accountants
Firm Registration Number. 001208S


K SRINIVASAN
Partner
Membership Number. 021510

UDIN: 22021510AJFXAW9613

Place: Chennai
Date: May 18, 2022

Balance Sheet

In JPY

Particulars	Note no.	As at March 31, 2022
ASSETS		
Non-current assets		
Property, plant, and equipment	3	1,50,879
Total non-current assets		1,50,879
Current assets		
Financial assets		
Cash and cash equivalents	4	55,98,990
Other current assets	5	5,18,926
Total current assets		61,17,916
Total assets		62,68,795
EQUITY AND LIABILITIES		
Equity		
Equity share capital	6	95,00,000
Other equity		(1,28,52,105)
Total equity		(33,52,105)
LIABILITIES		
Current liabilities		
Financial liabilities		
Trade payables		28,61,008
Borrowings	7	61,61,182
Other current liabilities	8	5,98,710
Total liabilities		96,20,900
Total equity and liabilities		62,68,795

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached

For M S Jagannathan & N Krishnaswami
Chartered Accountants
Firm Registration Number: 001208S

For and on behalf of the Board of Directors
of Ramco Software Japan Limited



K Srinivasan
Partner

Membership Number: 021510

UDIN: 22021510AJFXAW9613

Chennai

May 18, 2022


Directors

Statement of Profit and Loss

In JPY

Particulars	Note no.	Year ended
		March 31, 2022
Revenue from operations		
Other income (interest)		42
Total income		42
Expenses		
Employee benefit expenses		48,99,179
Finance costs		7,587
Depreciation and amortization expense	3	276
Other expenses	9	79,45,105
Total expenses		1,28,52,147
Profit / (loss) before tax		(1,28,52,105)
Tax expense		
Current tax		-
Profit / (loss) for the year		(1,28,52,105)

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached
For M S Jagannathan & N Krishnaswami
Chartered Accountants
Firm Registration Number: 001208S

For and on behalf of the Board of Directors of
Ramco Software Japan Limited


K Srinivasan
Membership Number: 021510




Directors

UDIN: 22021510AJFXAW9613

Chennai

May 18, 2022

Statement of Changes in Equity

In JPY

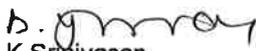
Particulars	Equity share capital	Other equity		Total equity attributable to equity holders of the Company
		Reserves and Surplus	Other comprehensive income	
		Retained earnings	Other items of other comprehensive income	
Balance as of April 01, 2021	-	-	-	-
Changes in equity for the year ended March 31, 2022				
Share Capital	95,00,000	-	-	95,00,000
Profit / (Loss) for the year 2021-22	-	(1,28,52,105)	-	(1,28,52,105)
Balance as of March 31, 2022	95,00,000	(1,28,52,105)	-	(33,52,105)

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached

For M S Jagannathan & Krishnaswami
Chartered Accountants
Firm Registration Number: 001208S

For and on behalf of the Board of Directors of
Ramco Software Japan Limited


K Srinivasan
Partner
Membership Number: 202841
UDIN: 22021510AJFXAW9613




Directors

Chennai
May 18, 2022

Statements of Cash Flows

In JPY

Particulars	Year ended
	March 31, 2022
Cash flow from operating activities:	
Profit / (loss) for the year	(1,28,52,105)
Adjustments to reconcile net profit to net cash provided by operating activities :	
Depreciation	276
Finance cost	7,587
Changes in assets and liabilities	
Other assets	(5,18,926)
Other liabilities	34,59,718
Cash generated from operations	(99,03,450)
Income tax paid	-
Net cash generated / (used) in operating activities	(99,03,450)
Cash flow from investing activities:	
Purchase of Property, plant and equipments	(1,51,155)
Net cash generated / (used) in investing activities	(1,51,155)
Cash flow from financing activities:	
Borrowings	61,61,182
Receipt of share capital	95,00,000
Finance cost	(7,587)
Net cash generated / (used) in financing activities	1,56,53,595
Net increase / (decrease) in cash and cash equivalents	55,98,990
Cash and cash equivalents at the beginning of the year	-
Cash and cash equivalents at the end of the year	55,98,990

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached

For M S Jagannathan & N Krishnaswami
Chartered Accountants
Firm Registration Number: 001208S


K Srinivasan
Partner
Membership Number: 021510
UDIN: 22021510AJFXAW9613

Chennai

May 18, 2022

For and on behalf of the Board of Directors of
Ramco Software Japan Limited




Directors

Corporate information, significant accounting policies and notes to the financials

I. LEGAL STATUS

- 1.1 M/s. Ramco Software Japan Limited, Japan ("the company") is a wholly owned subsidiary of Ramco Systems Limited, India. The company was incorporated on April 01, 2021.
- 1.2 The company is involved in the Information Technology industry and the principal activities are software support service provider, software developer, software consultancy, software solution provider and software customer service.
- 1.3 The principal place of business of the company is located at 4-3-5-704 Ebisu, Shibuya-ku, Tokyo 150-0013, Japan.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared under Indian Accounting Standards (Ind AS) as prescribed under section 133 of the Companies Act, 2013 ('the Act') (to the extent notified), read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time.

The following accounting policies have been consistently applied in dealing with items considered material to the company's financial statements. Being the first year of operation, the previous year figures not provided for.

2.1 Accounting Convention

These financial statements have been prepared under the historical cost convention.

2.2 Accrual Concept

Income and expenditure have been accounted on accrual basis.

2.3 Property, Equipment and Depreciation

Property and equipment are stated at cost less accumulated depreciation. As per local laws, the amount below 100,000 JPY: it can be expensed, amount between 100,001~200,000 JPY: recognized as fixed assets and depreciated over 36 months. (straight-line), and amount above 200,000 JPY: recognized as fixed assets and depreciated with appropriate method and useful life.

Company depreciated on straight-line basis over their expected useful lives as follows:

<u>Item</u>	<u>No. of years</u>	<u>Percentage</u>
Laptop & desktops	3 years	33%

2.4 Accounts Receivables

Accounts receivables are recognized for amounts to be received in future for goods or services delivered. An impairment analysis is performed at each reporting date using a specific identification of defaulting customers and provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, accounts receivables are written-off from books when they become bad, irrecoverable and are not subject to enforcement activity.

2.5 Accounts Payable and Accruals

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether or not billed to the company.

2.6 Employees' Benefits

Provision has been made in the accounts for End-of-Term and other benefits accruing to staff as per the local laws and contractual agreements.

2.7 Foreign Currency Conversion

Balances in foreign currencies have been converted into JPY at the rate of exchange prevailing at the balance sheet date.

Transactions in foreign currencies are converted at rates ruling when the transaction was entered into. Gains or losses resulting from foreign currency transactions are taken to profit and loss account.

2.8 Revenue Recognition

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

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;

Revenue from Software Services, in the form of (a) Implementation/ Professional Services (b) Managed Services;

Revenue from Resale of Hardware & Software.

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 recognised 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 recognise 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) recognise 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 recognised 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 recognising 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 customisation of the underlying software, revenue is recognised 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 recognised 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 recognised 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 customised software, are recognised 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 recognised 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 customised 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 recognised using the percentage of completion method as the implementation services are performed.

Revenues from implementation services in respect of hosting contracts are to be recognised 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 recognised in accordance with percentage of completion method.

When total cost estimates exceed revenues in an arrangement, the estimated losses are recognised 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 recognised 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 catchup 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 standardisation set-up, initiation or activation or user login creation services in the case of hosting contracts, are recognised in accordance with percentage of completion method once the customer obtains a right to access and use the Software.

(b) Managed Services

Fees for managed services, which include business processing services, are recognised as revenue as the related services are performed.

3) Revenue from Resale of Hardware & Software

Revenue from sale of value-added hardware / software is recognised 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 an entity'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.

Value Added Tax (VAT)

Revenue, expenses, and assets are recognised at amounts net of value added tax except:

(a) where VAT included on purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognised as part of the cost of acquisition of the asset or part of the expense items, as applicable.

(b) where receivables and payables are stated with the amount of VAT included.

The net amount of VAT recoverable from or payable to the taxation authority is included as part of receivables or payables in the statement of financial position.

2.9 Cost of Sale

Cost of sales includes purchases and other direct expenses.

2.10 Cash and Cash Equivalents

Cash and cash equivalents for the purpose of cash flow statement consist of cash, balances with banks, and deposits with banks with a maturity of three months or less from the date of deposit if any.

2.11 Impairment of Assets Financial Assets

At each balance sheet date, the company assesses if there is any objective evidence indicating impairment of financial assets or non-collectability of receivables.

For accounts receivables, the company applies the simplified approach, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

Non-financial Assets

At each balance sheet date, the company assesses if there is any indication of impairment of non-financial assets. If an indication exists, the company estimates the recoverable amount of the asset and recognizes an impairment loss in the profit and loss account. The company also assesses if there is any indication that an impairment loss recognized in prior years no longer exists or has reduced. The resultant impairment loss or reversals are recognized immediately in the profit and loss account.

2.12 Financial Instruments

Financial instruments comprise cash, bank balances, deposits, advances, trade debtors, amounts due from/to related parties, trade creditors, and accruals. The financial instruments are recognized on the balance sheet when the company becomes a party to the contractual provisions of the instrument.

2.13 Leases

The company considers whether a contract is, or contains a lease. A lease is defined as "a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration".

2.14 Fair Value

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

3. Property, plant and equipment

The changes in the carrying value of property, plant and equipment for the year ended March 31, 2022, were as follows:

Particulars	In JPY	
	Computer equipment	Total
Gross carrying value as at April 1, 2021	-	-
Additions	1,511,155	1,511,155
Deletions	-	-
Gross carrying value as at March 31, 2022	1,511,155	1,511,155
Accumulated depreciation as at April 1, 2021	-	-
Depreciation	276	276
Accumulated depreciation on deletions	-	-
Accumulated depreciation as at March 31, 2022	276	276
Carrying value as at March 31, 2021	-	-
Carrying value as at March 31, 2022	1,50,879	1,50,879

4. Cash and cash equivalents

Particulars	In JPY
	As at March 31, 2022
Balances with banks	
In current accounts in Sumitomo Mitsui Banking Corporation	55,98,990

Total cash and cash equivalents	55,98,990
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5. Other current assets

Particulars	In JPY
	As at March 31, 2022
Statutory advances / receivables	5,18,926
Total other assets	5,18,926

6. Equity share capital

Particulars	In JPY
	As at March 31, 2022
Authorised capital	100,000,000
Issued, subscribed and Paid-up capital	95,00,000
Total equity share capital	95,00,000

7. Borrowings

Particulars	In JPY
	As at March 31, 2022
Loan from fellow subsidiary Ramco Systems Corporation, USA	61,61,182
Total borrowings	61,61,182

8. Other current liabilities

Particulars	In JPY
	As at March 31, 2022
Statutory dues payables	5,98,710
Total other current liabilities	5,98,710

9. Other expenses

In JPY

Particulars	As at
	March 31, 2022
Incorporation expenses	14,05,000
Legal and consultancy	57,64,600
Other fees and taxes	3,63,872
Bank charges	1,05,050
Foreign exchange fluctuation	1,00,095
Miscellaneous expenses	2,06,488
Total borrowings	79,45,105

10. Related party transactions

In JPY

Particulars	For the year March 31, 2022	
	Transaction	Outstanding
Borrowings from Ramco Systems Corporation, USA the follow subsidiary		
Loan	61,53,595	61,53,595
Interest expense	7,587	7,587

11. The company does not have any contingent liabilities at the end of the year.