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**FINANCIAL STATEMENTS OF
M/s.RAMCO SYSTEMS FZ-LLC
DUBAI INTERNET CITY, DUBAI - (U.A.E.)
FOR THE YEAR ENDED
31 MARCH 2022**

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COMPANY INFORMATION

1. Name & Address of the Company

M/s. Ramco Systems FZ-LLC
P. O. Box 500189
Dubai Internet City
Dubai (U.A.E.)
Tel: 04 - 3685394

Location: Dubai Internet City, Dubai (U.A.E.)

2. Bankers to the Company

2.1 Citibank

Dubai Branch
P. O. Box 749
Dubai (U.A.E.)

2.2 El-Nilein Bank

Abu Dhabi Branch
P. O. Box 46013
Abu Dhabi (U.A.E.)

2.3 Mashreq Bank

Dubai Internet City Branch
P. O. Box 500287
Dubai (U.A.E.)

2.4 HSBC Bank

Bur Dubai Branch
P. O. Box 66
Dubai (U.A.E.)

3. Auditors to the Company

M/s.SALIM RAJKOTWALA

Chartered Accountants

P. O. Box 40972,
Dubai (U.A.E.)

Tel: 04 - 2368945

Fax: 04 - 2368944

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OFFICE BEARERS

Directors

1. Mr. Venketrama Raja P.R. Raja
P. O. Box 500189
Dubai Internet City

Tel: 04 - 3685394

2. Mr. Ramamurthy Ravi Kula Chandran
P. O. Box 500189
Dubai Internet City

Tel: 04 - 3685394

3. Mr. Venkataramanan Harikrishnan
P. O. Box 500189
Dubai Internet City

Tel: 04 - 3685394

REPORT OF THE BOARD OF DIRECTORS TO THE SHAREHOLDERS OF
M/s.RAMCO SYSTEMS FZ-LLC, DUBAI INTERNET CITY

The Directors are pleased to present herewith the report of the Board of Directors of the Company for the year ended 31 March 2022.

Financial Results

The net profit for the year after all expenses is	AED	685,906
Retained profits brought forward from previous year	AED	29,953,383
And the net surplus carried forward is	AED	<u>30,639,289</u>

Dividend

The Company has a net surplus of AED 30,639,289. The Directors do not recommend distribution of any dividend during the year but to retain the profits in the Company to consolidate its financial position.

Auditors

The Board of Directors recommend re-appointing M/s.Salim Rajkotwala Chartered Accountants, Dubai (U.A.E.), as Auditors to the Company for the year to end on 31 March 2023.

On behalf of the Board of Directors



Mr. Venkataramanan Harikrishnan
Director



Mr. Ramamurthy Ravi Kula Chandran
Director

Date: 29 April 2022

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDER OF
M/s. RAMCO SYSTEMS FZ-LLC
DUBAI INTERNET CITY - (U.A.E.)

Opinion

We have audited the financial statements ("the financial statements") of **M/s. RAMCO SYSTEMS FZ-LLC, DUBAI INTERNET CITY, U.A.E.** (the "Company") which comprise the balance sheet as at **31st March 2022**, statement of profit or loss and other comprehensive income, statement of changes in equity, cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies set out on Pages 4 to 24.

In our opinion, the accompanying financial statements give a true and fair view of the state of the Company's affairs as at 31st March 2022 and of the Company's financial performance and cash flows for the year then ended and have been prepared in accordance with Indian Accounting Standards ("Ind AS").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities section of our report. We are independent of the Company in accordance with the International Ethics Standard Board for Accountants Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with applicable law in the United Arab Emirates and Indian Accounting Standards ("Ind AS"), and for such internal control as the management determines is necessary to enable the presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Contd...[2]



Independent Auditor's Report (Contd...)
M/s. Ramco Systems FZ-LLC, Dubai
Year ended 31 March 2022

Auditor's Responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, 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 ISAs 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 decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- * Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- * Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- * Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- * Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- * Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- * Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company's audit. We remain solely responsible for our audit opinion.

We communicate with the management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Contd...[3]

Independent Auditor's Report (Contd...)
M/s. Ramco Systems FZ-LLC, Dubai
Year ended 31 March 2022

Report on Other Regulatory Matters

We also confirm that in our opinion proper books of account have been kept by the Company, and that these financial statements and the contents of the Directors' Report are in agreement with the books of account. We have obtained all the information and explanations we required for the purpose of our audit, and to the best of our knowledge and belief no breach of the Free Zone Regulations and applicable laws or the Memorandum of Association of the Company has occurred during the year which would have had a material effect on the Company's business or financial position.



SALIM RAJKOTWALA CHARTERED ACCOUNTANTS
DUBAI 29 APR 2022
Registration No. 805

RAMCO SYSTEMS FZ-LLC
P. O. BOX 500189, DUBAI INTERNET CITY
BALANCE SHEET AS AT 31 MARCH 2022
IN UAE DIRHAMS

	<u>Notes</u>	<u>31.03.2022</u>	<u>31.03.2021</u>
<u>ASSETS</u>			
Property and equipment	3	11,180	33,681
Right-to-use assets	4	-	164,418
Financial assets			
Accounts receivables	5(i)	187,096	737,199
Security deposits		5,000	5,000
Unbilled licenses revenue	6(i)	8,514,956	6,604,943
Total non-current assets		<u>8,718,232</u>	<u>7,545,241</u>
<u>Current assets</u>			
Financial assets			
Accounts receivables	5(ii)	25,529,352	26,046,173
Bank balances	7	203,005	165,778
Other financial assets			
Employee advance		442,955	306,478
Unbilled licenses revenue	6(ii)	2,298,576	7,179,672
Loan to a related party	8	2,067,998	-
Other current assets			
Advance to suppliers		89,635	273,300
Advance to a related party		844,109	-
Prepaid expenses		115,979	125,711
Unbilled services revenue	6(ii)	3,116,494	4,937,108
Total current assets		<u>34,708,103</u>	<u>39,034,220</u>
Total assets		<u>43,426,335</u>	<u>46,579,461</u>
<u>SHAREHOLDERS' FUNDS AND LIABILITIES</u>			
<u>Shareholders' funds</u>			
Share capital	9	50,000	50,000
Retained profits		30,639,289	29,953,383
Total Shareholders' funds		<u>30,689,289</u>	<u>30,003,383</u>
<u>Liabilities</u>			
<u>Non-current liabilities</u>			
Financial liabilities			
Lease liabilities	10(i)	-	-
Other financial liabilities, related parties	11(i)	136,838	184,937
Other non-current liabilities			
Unearned revenue		11,410	67,439
Provision for gratuity and leave encashment	12(i)	994,481	612,755
Total non-current liabilities		<u>1,142,729</u>	<u>865,131</u>

Contd...[5]

Balance Sheet (Contd...)
M/s. Ramco Systems FZ-LLC, Dubai
Year ended 31 March 2022

	<u>Notes</u>	<u>31.03.2022</u>	<u>31.03.2021</u>
Current liabilities			
Financial liabilities			
Borrowings from related parties	13	-	1,555,000
Accounts payables related parties	14	730,972	4,189,532
Accounts payables		3,186,862	3,144,789
Lease liabilities	10(ii)	-	153,244
Other financial liabilities, related parties	11(ii)	288,106	161,572
Provision for gratuity and leave encashment	12(ii)	88,947	60,852
Other current liabilities			
Expenses payable		452,466	228,186
Value Added Tax payable		62,816	61,894
Unearned revenue		6,716,714	6,048,836
Customer advance		67,434	107,042
Total current liabilities		<u>11,594,317</u>	<u>15,710,947</u>
Total liabilities		<u>12,737,046</u>	<u>16,576,078</u>
Total Shareholders' funds and liabilities		<u>43,426,335</u>	<u>46,579,461</u>

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

For RAMCO SYSTEMS FZ-LLC



DIRECTOR



DIRECTOR

INDEPENDENT AUDITOR'S REPORT - PAGE 1 to 3

RAMCO SYSTEMS FZ-LLC
P. O. BOX 500189, DUBAI INTERNET CITY
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2022
IN UAE DIRHAMS

	<u>Notes</u>	<u>Current Year</u>	<u>Previous Year</u>
<u>Income</u>			
Revenue from operations			
Revenue from software products		11,963,033	11,357,861
Revenue from software services		11,600,216	12,417,504
Value added hardware and software re-sale		248,812	136,751
Finance income		326,143	475,790
Total income		<u>24,138,204</u>	<u>24,387,906</u>
<u>Expenses</u>			
Royalty to related parties		4,266,940	3,642,633
Service fees to related parties		3,844,240	5,127,811
Cost of sales		136,651	48,670
Employee benefits expense		5,345,919	5,684,796
Finance costs			
Interest on lease liability		4,453	21,467
Interest on loan from banks		50	32,921
Interest on loan from related parties		5,071	534,106
Other finance costs		-	65,100
Depreciation expense		22,501	29,539
Depreciation on leased assets		164,418	197,299
Other expenses	15	9,662,055	7,268,330
Total expenses		<u>23,452,298</u>	<u>22,652,672</u>
NET PROFIT FOR THE YEAR		<u>685,906</u>	<u>1,735,234</u>

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

For RAMCO SYSTEMS FZ-LLC


DIRECTOR


DIRECTOR

RAMCO SYSTEMS FZ-LLC
P. O. BOX 500189, DUBAI INTERNET CITY
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2022
IN UAE DIRHAMS

	<u>Notes</u>	<u>Current Year</u>	<u>Previous Year</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Net profit for the year		685,906	1,735,234
Adjustments for:			
Depreciation expense		22,501	29,539
Depreciation on leased assets		164,418	197,299
Provisions for gratuity and leave encashment		434,212	451,334
Operating profit before working capital changes		<u>1,307,037</u>	<u>2,413,406</u>
Decrease in accounts receivable and prepayments		5,071,432	10,942,230
Increase/(Decrease) in accounts payable and accruals		839,516	(1,985,441)
(Increase) in amounts due from related parties		(2,067,998)	-
(Decrease)/Increase in amounts due to related parties		(3,458,560)	686,146
Increase/(Decrease) in other financial liabilities to related parties		78,435	(342,069)
Payment for gratuity and leave encashment		(24,391)	(38,729)
Net cash received from operating activities	(A)	<u>1,745,471</u>	<u>11,675,543</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Loan received/(repaid) from a related party (net)		(1,555,000)	(9,646,647)
Lease liabilities		(153,244)	(198,387)
Net cash (used in) financing activities	(B)	<u>(1,708,244)</u>	<u>(9,845,034)</u>
Net increase in cash and cash equivalents	(A+B)	37,227	1,830,509
Cash and cash equivalents - beginning of the year		165,778	(1,664,731)
Cash and cash equivalents - end of the year	16	<u>203,005</u>	<u>165,778</u>

For RAMCO SYSTEMS FZ-LLC


DIRECTOR


DIRECTOR

RAMCO SYSTEMS FZ-LLC
P. O. BOX 500189, DUBAI INTERNET CITY
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2022
IN UAE DIRHAMS

	<u>Share Capital</u>	<u>Retained Profits</u>	<u>Total</u>
Balance as on 31.03.2020	50,000	28,218,149	28,268,149
Profit for the year	-	1,735,234	1,735,234
Balance as on 31.03.2021	50,000	29,953,383	30,003,383
Profit for the year	-	685,906	685,906
Balance as on 31.03.2022	50,000	30,639,289	30,689,289

For RAMCO SYSTEMS FZ-LLC



DIRECTOR



DIRECTOR

INDEPENDENT AUDITOR'S REPORT - PAGE 1 to 3

RAMCO SYSTEMS FZ-LLC
P. O. BOX 500189, DUBAI INTERNET CITY
SCHEDULE OF NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022
FIGURES IN UAE DIRHAMS

1. LEGAL STATUS

- 1.1 M/s. RAMCO SYSTEMS FZ-LLC, DUBAI INTERNET CITY, U.A.E., is a Free Zone Company incorporated on 22nd June 2011, with limited liability registered under Dubai Technology Electronic Commerce and Media Free Zone Dubai, U.A.E. The following is its shareholder:

		<u>Share in Capital/ Profit & Losses</u>
M/s. Ramco Systems Limited, India	-	<u>100%</u>
		<u>100%</u>

- 1.2 The Company is involved in the Information Technology industry and the principal activities of the Company are software and systems development, software sales, consultancy and related services.
- 1.3 The principal place of business of the Company is located at Dubai Internet City, Dubai, U.A.E.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been re-structured from International Financial Reporting Standards ("IFRS"), (2019) to Indian Accounting Standards ("Ind AS"), (2020) in order to facilitate the global consolidation by the Parent Company, in accordance with the internal rules for consolidation. There is no material impact from restructuring these financial statements from IFRS to Ind AS. Management of the Company is responsible for these re-structured financial statements.

The following accounting policies have been consistently applied in dealing with items considered material to the Company's financial statements:

2.1 Accounting Convention

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

2.2 Accrual Concept

Income and expenditure have been accounted on accrual basis.

2.3 Property, Equipment and Depreciation

Property and equipment are stated at cost less accumulated depreciation. Cost is depreciated on straight-line basis over their expected useful lives as follows:

<u>Item</u>	<u>No. of years</u>	<u>Percentage</u>
Furniture, fixtures & office equipment	4 years	25%
Computer hardware	3-4 years	33.33%

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 Employee Benefits

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

2.7 Foreign Currency Conversion

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

Transactions in foreign currencies are converted at rates ruling when the transaction was entered into.

Gains or losses resulting from foreign currency transactions are taken to profit and loss account.

2.8 Revenue Recognition

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.

2.8 Revenue Recognition (continued)

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 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 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 traded hardware / software is recognised on transfer of significant risks, rewards and control to the customer.

4) Revenue from Finance Income

Revenue from finance income is recognised based on the imputed interest attributable to arrangements having extended credit period which is eliminated from the revenue from operations and accounted as interest over the credit period.

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 incurred 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, bank overdraft and deposits with banks with a maturity of three months or less from the date of deposit.

2.11 Impairment of Assets

Financial Assets

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

For trade receivables, the Company applies the simplified approach, which requires expected lifetime losses to be recognized from initial recognition of the receivables. Refer to note 18 on credit risk for further detail.

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

For any new contracts entered into on or after 1 April 2019, 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'.

The Company has identified that it has one long-term lease in the current financial year. Management has decided to use the Modified Approach to account for its long-term lease and has accounted for the same through a Right-of-Use asset and a Lease Liability. The Right-of-Use asset is depreciated over the life of the lease and interest is accrued on the lease liability at the incremental borrowing rate of the Company.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

	<u>31.03.2022</u>	<u>31.03.2021</u>
3. <u>PROPERTY AND EQUIPMENT</u>		
<u>FURNITURE, FIXTURES & OFFICE EQUIPMENT</u>		
<u>Cost</u>		
As at 31.03.2021	195,574	195,574
As at 31.03.2022	<u>195,574</u>	<u>195,574</u>
<u>Less: Depreciation</u>		
Upto 31.03.2021	161,893	132,354
For the year	22,501	29,539
Upto 31.03.2022	<u>184,394</u>	<u>161,893</u>
<u>Net Book Value</u>		
As at 31.03.2022	<u>11,180</u>	<u>33,681</u>
As at 31.03.2021	<u>33,681</u>	<u>63,220</u>
4. <u>RIGHT-TO-USE ASSETS</u>		
<u>LEASEHOLD PREMISES</u>		
<u>Cost</u>		
As at 31.03.2021	559,014	559,014
As at 31.03.2022	<u>559,014</u>	<u>559,014</u>
<u>Less: Depreciation</u>		
Upto 31.03.2021	394,596	197,297
For the year	164,418	197,299
Upto 31.03.2022	<u>559,014</u>	<u>394,596</u>
<u>Net Book Value</u>		
As at 31.03.2022	<u>-</u>	<u>164,418</u>
As at 31.03.2021	<u>164,418</u>	<u>361,717</u>

Note:

The lease was for a period of 34 months and began on 1st April 2019.

	<u>31.03.2022</u>	<u>31.03.2021</u>
5. <u>ACCOUNTS RECEIVABLE</u>		
(i) <u>Non-current portion</u>		
Accounts receivable (Notes: a, b, c, d & e)	884,284	4,145,840
Less: Provision for doubtful debts	(697,188)	(3,408,641)
	<u>187,096</u>	<u>737,199</u>
(ii) <u>Current portion</u>		
Accounts receivable (Notes: a, b, c, d & e)	27,599,299	26,990,851
Less: Provision for doubtful debts	(2,069,947)	(944,678)
	<u>25,529,352</u>	<u>26,046,173</u>
	<u>25,716,448</u>	<u>26,783,372</u>
 <u>Notes:</u>		
a) <u>Ageing of Accounts receivable:</u>		
Outstanding for more than twelve months	20,627,026	23,792,090
Outstanding for more than six months but less than twelve months	1,062,834	934,234
Outstanding for less than six months	6,793,723	6,410,367
	<u>28,483,583</u>	<u>31,136,691</u>
b) Due from top five accounts receivable at the year-end	<u>16,524,254</u>	<u>17,008,670</u>
c) Number of accounts receivable at the year-end	<u>103</u>	<u>85</u>
d) Accounts receivable are geographically distributed as below:		
i) In AGCC countries	53%	53%
ii) In Africa	43%	43%
iii) In other countries	4%	4%
	<u>100%</u>	<u>100%</u>
e) Accounts receivable are considered good for recovery by the management and provision for expected credit losses have been provided.		

	<u>31.03.2022</u>	<u>31.03.2021</u>
6. <u>UNBILLED REVENUE</u>		
(i) <u>Non-current portion</u>		
Unbilled licenses revenue (Note: a)	11,242,861	6,844,501
Less: Provision for doubtful debts	(2,727,905)	(239,558)
	<u>8,514,956</u>	<u>6,604,943</u>
Unbilled services revenue (Note: a)	-	1,253,474
Less: Provision for doubtful debts	-	(1,253,474)
	<u>-</u>	<u>-</u>
(ii) <u>Current portion</u>		
Unbilled licenses revenue (Note: a)	2,484,948	7,440,074
Less: Provision for doubtful debts	(186,372)	(260,402)
	<u>2,298,576</u>	<u>7,179,672</u>
Unbilled services revenue (Note: a)	3,369,183	5,116,174
Less: Provision for doubtful debts	(252,689)	(179,066)
	<u>3,116,494</u>	<u>4,937,108</u>
	<u><u>13,930,026</u></u>	<u><u>18,721,723</u></u>

Note:

- a) Unbilled revenue are amounts receivable against license, services and maintenance contracts. These amounts are supported by signed agreements and are considered good for recovery by management and provision for expected credit losses have been provided.

7. BANK BALANCESBalances with Banks

In current accounts	203,005	165,778
	<u>203,005</u>	<u>165,778</u>

8. LOAN TO A RELATED PARTY

M/s. Ramco Systems PTE. LTD, Singapore (Note: a)	2,067,998	-
	<u>2,067,998</u>	<u>-</u>

Note :

- a) As per the loan agreement dated 1st December 2021, the loan has been sanctioned to meet the day-to-day operation expenses of the Company. The loan is unsecured and carries an interest rate of 7% per annum and the outstanding amount is repayable on demand.

31.03.2022 31.03.2021

9. SHARE CAPITAL

The authorised share capital of the Company consists of 50 ordinary share of AED 1,000/= each, issued, subscribed and fully paid-up, as under:

M/s. Ramco Systems Limited, India	50 shares	50,000	50,000
		<u>50,000</u>	<u>50,000</u>

10. LEASE LIABILITIES

(i) Non-current portion

Premises on lease

	-	-
	<u>-</u>	<u>-</u>

(ii) Current portion

Premises on lease

	-	153,244
	<u>-</u>	<u>153,244</u>
	<u>-</u>	<u>153,244</u>

Note:

The lease liability is calculated using 8.75% as the interest rate, for discounting purposes.

11. OTHER FINANCIAL LIABILITIES, RELATED PARTIES

(i) Non-current portion

Royalty payable to Ramco Systems Limited, India

	136,838	184,937
	<u>136,838</u>	<u>184,937</u>

(ii) Current portion

Royalty payable to Ramco Systems Limited, India

	288,106	161,572
	<u>288,106</u>	<u>161,572</u>
	<u>424,944</u>	<u>346,509</u>

31.03.2022 31.03.2021

12. PROVISION FOR GRATUITY AND LEAVE ENCASHMENT

(i) Non-current portion

Employees' terminal benefits (Note : a)	716,490	395,662
Provision for leave encashment	277,991	217,093
	994,481	612,755

(ii) Current portion

Employees' terminal benefits (Note : a)	67,951	44,384
Provision for leave encashment	20,996	16,468
	88,947	60,852
	1,083,428	673,607

Note:

- (a) Provision for end of service benefits is made in accordance with the requirements of the applicable laws of the U.A.E. This is an unfunded defined benefits plan. Employees are entitled to benefits based on length of service and final remuneration. Accrued employees' terminal benefits are payable on termination or completion of the term of employment. This cost is expensed annually to the profit and loss account.

Balance as on 31.03.2021	440,046	180,595
Additional provision during the year	364,964	290,558
Paid during the year	(20,569)	(31,107)
Balance as on 31.03.2022	784,441	440,046

13. BORROWINGS FROM RELATED PARTIES

M/s. Ramco Systems Limited, India	-	1,555,000
	-	1,555,000

Note:

As per the loan agreement dated 16 February 2016, the loan has been sanctioned to meet the day-to-day operation expenses of the Company. The loan carries an interest rate of 8.75 % per annum (Previous year: 8.75% per annum) and the outstanding amount is repayable on demand.

31.03.2022 31.03.2021

14. ACCOUNTS PAYABLES RELATED PARTIES

M/s. Ramco Systems Limited, India	548,909	3,044,345
M/s. Ramco Systems Limited, Dubai	12,971	766,046
M/s. RSL Software Company Limited, Sudan	7,093	9,276
M/s. Ramco Systems Pte Limited., Singapore	3,327	321,704
M/s. Ramco Systems Pty. Limited., Australia	8,202	-
M/s. Ramco Systems Corporation, United States of America	150,470	48,161
	<u>730,972</u>	<u>4,189,532</u>

Note:

Amounts due to related parties are unsecured, free of interest and payable on demand.

Current Previous
Year Year

15. OTHER EXPENSES

Advertisement & sales promotion	34,520	(1,767)
Audit, accountancy & legal charges	1,628,618	248,866
Bad and doubtful debts	4,994,502	4,581,795
Bank charges	116,081	123,149
Cash discount	-	131,700
Forex translation loss	91,342	28,806
Insurance premium	22,937	10,909
Office maintenance	3,668	72,003
Outsourcing costs	861,556	504,757
Postage & telephone	43,608	78,595
Utilities	75,632	63,887
Printing and stationery	2,534	19,892
Rates and taxes	214,452	220,800
Rent & hosting charges	1,078,487	1,100,404
Repairs and maintenance	28,723	15,618
Sales commission	(54,394)	(534,354)
Software subscription, AMC	748	968
Travelling and conveyance	519,041	602,295
Miscellaneous expenses	-	7
	<u>9,662,055</u>	<u>7,268,330</u>

31.03.2022 31.03.2021

16. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statement of cash flows comprises of the following balance sheet amounts:

Bank balances	203,005	165,778
	<u>203,005</u>	<u>165,778</u>

17. TRANSACTIONS WITH RELATED PARTIES

The Company has in the ordinary course of business, entered into trading and financial transactions with "related parties" as contained in the Indian Accounting Standard No. 24. The terms of such transactions were approved by the management. The amounts due to related parties are unsecured, interest free and payable on demand (excluding loans which carries an interest).

a) Transactions with Related Parties :

Royalty to related parties	<u>4,266,940</u>	<u>3,642,633</u>
Service fees to related parties	<u>3,844,240</u>	<u>5,127,811</u>
Interest on loan from related parties	<u>5,071</u>	<u>534,106</u>
Employee benefits expense	<u>678,725</u>	<u>1,343,657</u>
Bank charges	<u>28,177</u>	<u>30,358</u>
Rent & hosting charges	<u>957,364</u>	<u>978,938</u>
Travelling and conveyance	<u>93,114</u>	<u>242,588</u>
Interest on loan to related parties	<u>(27,917)</u>	<u>-</u>

31.03.2022 31.03.2021

17. TRANSACTIONS WITH RELATED PARTIES (continued)

b) Outstanding Balances with Related Parties

Due to Related Parties at the year-end :

M/s. Ramco Systems Limited., India	548,909	3,044,345
M/s. Ramco Systems Limited, Dubai	12,971	766,046
M/s. RSL Software Company Limited, Sudan	7,093	9,276
M/s. Ramco Systems Pte Limited., Singapore	3,327	321,704
M/s. Ramco Systems Pty. Limited., Australia	8,202	-
M/s. Ramco Systems Corporation, United States of America	150,470	48,161
	<u>730,972</u>	<u>4,189,532</u>

Due from Related Parties at the year-end :

M/s. Ramco Systems Limited., India	844,109	-
M/s. Ramco Systems Pte Ltd., Singapore	2,067,998	-
	<u>2,912,107</u>	<u>-</u>

18. FINANCIAL INSTRUMENTS

Derivative & exchange rate risks

The Company does not use derivative financial instruments for speculative purposes.

The Company does not have any foreign exchange forward contracts or options to manage its exposure to fluctuations in foreign currency exchange rates. The following are the foreign currency assets and liabilities at 31st March 2022:

Financial Assets in Foreign Currency:

Held in USD

Accounts receivables	27,833,615	30,579,138
In current account with a bank	57,378	54,773
	<u>27,890,993</u>	<u>30,633,911</u>

Financial Liability in Foreign Currency:

Held in USD

Accounts payable	<u>75,817</u>	<u>48,444</u>
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Note:

The Company's foreign currency exposure is only in US Dollar. The exchange risk is limited as the US Dollar is pegged at a fixed rate to the UAE Dirham.

Credit risks

Financial assets which potentially subject the Company to concentration of credit risk consist principally of bank and accounts receivables. Bank balances are with regulated financial institutions. Credit risk of accounts receivables is stated in Note 5 (a), (b), (c), (d) & (e).

Accounts receivables

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.

Interest rate risks

Interest is paid on short-term borrowings from banks and others as per prevailing market conditions.

Fair Value

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

	<u>31.03.2022</u>	<u>31.03.2021</u>
19. <u>CONTINGENT LIABILITIES</u>		
Bank guarantee - performance bond*	-	1,376,250
	<u>-</u>	<u>1,376,250</u>

*Bank guarantee limits were secured by a Letter of Credit issued by Axis Bank Limited, India (Holding Company's bank) in favour of Mashreq Bank, U.A.E to secure the facilities extended for USD 889,000 and facilities were extended upto 95% of the security value.

20. TAXATION

According to Article 15 of Law No. 1 of 2000 (as amended) of the Emirate of Dubai - The Dubai Technology, Electronic Commerce and Media Free Zone Law, Free Zone Establishments shall be exempted from all direct taxes including income tax with regard to their operation within the Free Zone. With effect from 1st January 2018, Value Added Tax is applicable for the Free Zone Establishments under the UAE Federal Decree - Law No.(8) of 2017 on Value Added Tax.

21. COMPARATIVE FIGURES

Comparative figures have been re-grouped/re-classified wherever necessary to conform the current year's classification.

22. SUBSEQUENT EVENTS

- a) 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.

Risk Factors

Our operations, cash flows and financial condition could be negatively affected due to the following:

- (a) if employees are quarantined as the result of exposure to COVID 19, this could result in disruption of operations, supply chain delays, trade restrictions and impact on economic activity;
- (b) similarly, travel restrictions or operational issues resulting from the rapid spread of COVID 19 may have a material adverse effect on our business and results of operations.
- b) The Company filed a case against a customer in April 2021 for an unauthorized use of its licenses. The amount at dispute was determined to be USD 18,276,800. The matter is being adjudicated in the International Court of Arbitration and a decision is yet to be delivered.

For RAMCO SYSTEMS FZ-LLC



DIRECTOR

Cs/1999



DIRECTOR