

Ramco Middle East for Information Technology
Balance Sheet as at 31 March 2025

In SAR	
Particulars	As at March 31, 2025
ASSETS	–
Current Assets	
Financial assets	
Trade receivables	184,112
Cash and cash equivalents	1,945,306
Other current assets	
Prepaid expenses	97,508
Total current assets	2,226,926
Total assets	2,226,926
EQUITY AND LIABILITIES	
Equity	
Equity share capital	500,000
Other equity	(9,484)
Total equity	490,516
LIABILITIES	
Current liabilities	
Financial liabilities	
Trade payables to related parties	1,070,696
Trade payables	70,630
Provisions for customer contract obligations	28,884
Provision for taxation	16,788
Other current liabilities	
Statutory dues payable	212,778
Unearned revenue	336,634
Total current liabilities	1,736,410
Total liabilities	1,736,410
Total equity and liabilities	2,226,926

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

SRINIVASAN
KRISHNASWAMI

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K. Srinivasan
Partner
Membership Number: 021510
UDIN: 25021510BMMMQC3084
Trichy
16-May-25

For and on behalf of the Board of Directors of
Ramco Middle East for Information Technology

V. Hari

Directors

Ramco Middle East for Information Technology
Statement of Profit and Loss for the Year Ended 31 March 2025

In SAR

Particulars	Year ended March 31, 2025
Revenue from operations	1,091,159
Total income	1,091,159
Expenses	
Royalty to related parties	35,768
Service fees to related parties	375,986
Employee benefits expense	284,860
Provision for Bad and Doubtful debts	61
Bank charges	952
Outsourcing costs	39,500
Rent & hosting charges	85,769
Consultancy and professional charges	55,769
Rates and taxes	48,532
Provisions for customer contract obligations	28,884
Travelling and conveyance	127,774
Total expenses	1,083,855
Profit / (loss) before tax	7,304
Tax expense	
Current tax	(16,788)
Profit / (loss) for the year	(9,484)
Other comprehensive income	--
Total comprehensive income	---

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
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Directors

Ramco Middle East for Information Technology
Statement of Changes in Equity as at 31 March 2025

In SAR

Particulars	Equity share capital	<u>Other equity</u>		Total equity attributable to equity holders of the Company
		Reserves and Surplus	Other comprehensive income	
		<u>Other income</u>	Other items of other comprehensive income	
Changes in equity for the year ended March 31, 2025	500,000			500,000
Profit / (Loss) for the year 2024-25	--	(9,484)		– (9,484)
Balance as of March 31, 2025	500,000	(9,484)		– 490,516

The accompanying notes form an integral part of the financial statements.
As per our report of even date attached.

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For and on behalf of the Board of Directors of
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Ramco Middle East for Information Technology
Statement of Cash Flow for the Year Ended 31 March 2025

In SAR	
Particulars	Year ended March 31, 2025
Cash flow from operating activities :	
Profit / (loss) for the year	7,304
Changes in assets and liabilities	–
Trade payables / Other liabilities	1,736,410
Trade receivables/Other assets	(281,620)
Cash generated from operations	1,462,094
Income tax paid	(16,788)
Net cash generated / (used) in Operating activities	–
Net cash generated / (used) in Investing activities	--
Share capital	500,000
Net cash generated / (used) in Financing activities	500,000
Net increase / (decrease) in cash and cash equivalents	1,945,306
Cash and cash equivalents at the beginning of the year	–
Cash and cash equivalents at the end of the year	1,945,306

The accompanying notes form an integral part of the financial statements.
As per our report of even date attached.

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For and on behalf of the Board of Directors of
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V. Hari
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Corporate information, significant accounting policies and notes to the financials

1. LEGAL STATUS

- 1.1 M/s. Ramco Middle East for Information Technology, Saudi Arabia ("the company") is a wholly owned subsidiary of M/s. Ramco Systems Limited, India. The company was incorporated on 1st April 2022. There are no transactions between 1st April 2022 till March 31, 2024, and this is the first year of operation, accordingly, no comparative figures reported.
- 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 Hamad Tower, 4th Floor, King Fahd Branch Road, Al Olaya, Riyadh 12212, Kingdom of Saudi Arabia.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared under the Indian Accounting Standards Ind AS, as prescribed under section 133 of the Companies Act, 2013 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:

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 an accrual basis.

2.3 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.

2.4 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.

2.5 Foreign Currency Conversion

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

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

2.6 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 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 the 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 recognising revenues depends on the nature of the products sold / services rendered:

2.6.1 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 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 customised software, are recognized as revenue ratably on straight line basis, over the term of the support arrangement.

2.6.2 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 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 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 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.

(b) **Managed Services**

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

2.6.3 Revenue from Resale of Hardware & Software

Revenue from the 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 recognized 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 recognized 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
- (c) Saudi Arabia has implemented VAT at a standard rate of 15%. It applies to most goods and services, with certain exemptions

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

2.7 Cost of Sale

Cost of sales includes purchases and other direct expenses.

2.8 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.

2.9 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 been reduced. The resultant impairment loss or reversals are recognized immediately in the profit and loss account.

3. Contingent liabilities

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

4. Comparative figures

Comparative figures have been regrouped/reclassified wherever necessary to confirm the current year's classification. However, there are no comparative figures reported for the period from April 1, 2022, to March 31, 2024, as this is the first year of operation. Accordingly, no comparative figures are presented.

5. Taxation:

The company's financial period spans from January to December. In accordance with Saudi Arabian law, this specific period has been utilized for the calculation of taxation purposes for the period 1st January 2024 to 31st December 2024. This ensures compliance with local tax regulations and accurate financial reporting.

Ramco Middle East for Information Technology, Saudi Arabia			
Currency: SAR			Jan-24 to Dec-24
S. No.	Particulars	Currency	Amount
1	Revenue	SAR	486,525
2	Expense	SAR	402,585
	Profit before tax (1-2)		83,940
	Income tax-20% on profit due and payable		16,788

6. 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).

TRANSACTIONS WITH RELATED PARTIES (continued)	
a) <u>Transactions with Related Parties :</u>	<u>31.03.2025</u>
Royalty to related parties	35,768
Employee benefits expense	284,860
Service fees to related parties	375,986
Travelling and conveyance	108,374
Rent & hosting charges	11,855
Audit accountancy and Legal charges	23,865
Other fee & taxes	146,040
b) <u>Outstanding Balances with Related Parties</u>	
M/s. Ramco Systems FZ-LLC, Dubai	570,217
M/s. Ramco Systems Corporation, United States of America	11,855
M/s. Ramco Systems Limited, India	488,624
	<u>1,070,695</u>

7. ZAKAT

Zakat The Company is subject to Zakat in accordance with the regulations of the Zakat, Tax and Customs Authority ("ZATCA"). Zakat is provided in accordance with the Regulations of the ZATCA on accruals basis. The provision is charged to the statement of profit or loss and other comprehensive income. Additional amounts payable, if any, at the initialization of final assessments are accounted for in the period in which these are determined.