

THE YEAR THAT STRENGTHENED

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ANNUAL **2001** REPORT



A section of our development center



Information center

Contents

Letter to Shareholders	-	2
Letter from the President	-	4
Corporate Capsule	-	6
Directors' Report	-	18
Report on Corporate Governance	-	23
Shareholders' Information	-	25
Management Discussion and Analysis	-	28
Auditors' Report	-	30
Accounts of Ramco Systems Limited, India	-	32
Independent Accountants' Report and Consolidated Financial Statement under US GAAP	-	47
Annual Reports of Subsidiary Companies		
Ramco Systems Corporation, USA	-	63
Ramco Systems Ltd., Switzerland	-	73
Ramco Systems Pte. Ltd., Singapore	-	85
Ramco Systems Sdn. Bhd., Malaysia	-	97



Letter to Shareholders

Dear Shareholders,

The year that passed has been a challenging year for the company. The beginning of the year witnessed a change in the top management which resulted in a significant slowdown of the momentum during the first quarter. During the latter half of the fiscal, the slowdown in the US economy affected our business significantly. Against the backdrop of these two events during the fiscal year 2001, the company managed to increase its global revenues by 15% over the previous year (FY 2000) to USD 45.36 million.

In the fiscal 2001, which is the second year of our operations as an independent company, we have embarked on a host of short-to-medium term growth initiatives. In order to increase the focus on our customers' needs as well as to enhance profitability, we have restructured the company into various Strategic Business Units (SBU's).

We have aggressively expanded our suite of offerings to our customers and have transformed into an enterprise solutions provider for global corporations. While our flagship ERP product Ramco e.Applications™ continues to be at the core of our offerings today, we also offer a basket of products and services which includes e-Business, Customer Relationship Management (CRM), Supply Chain Management (SCM), Process Solutions and Emerging Practices.

We firmly believe in "Growth through Partnerships" and have initiated a world wide partnership program - Ramco Value Net. Quite a few strategic partnership agreements have been inked with global corporations, the most significant of them being, The Boeing Company.

The partnership with Boeing is a global recognition of our ability in developing and implementing world class Enterprise Application

Solutions. Under the global agreement, Boeing will market our Aviation Solutions integrated with Boeing's modules, under the brand name - **Enterprise One**.

As providers of enterprise solutions, Ramco Systems has added many new customers during the year, taking the total number of customers to over 1000 worldwide.

In recent months, there has been high turbulence in the technology sector in the US and consequently, the overall US economy has also slowed down. These are indeed challenging times for IT companies operating in the US market as customers are increasingly looking for "value for money" and are in the integration / consolidation mode with respect to their IT initiatives. The sales cycles are getting longer and the customers are closely monitoring their IT budgets. There is also an apprehension that the slowdown might spread to Europe in the coming months.

In these challenging times, your company will succeed by providing cost-effective solutions with the latest technology to its customers. We have a wide customer base and will aggressively market our range of solutions to the existing and potential customers.

With the company restructured into SBU's, aggressive investments in people, marketing and strategic partnerships, the company has transformed itself into a one-stop solutions provider with a bright future.

Warm Regards,



P.R. Ramasubrahmaneya Rajha
Chairman



P.R. Venketrama Raja
Vice-Chairman,
Managing Director and CEO





Letter from the President

Dear Shareholders,

The last fiscal has been a milestone year for our company in many respects. Focus on business, customers and partnerships were the key initiatives during the year with potential long term impact on growth and profitability. The year saw us successfully transform from a predominantly ERP company to a solutions company with a portfolio of products and services providing one-stop solutions to our customers. The year also witnessed our venturing into long term strategic partnerships with global corporations, the biggest being our 15-year contract with the leader in the global aviation business, The Boeing Company.

The operations of the company have been streamlined into five Strategic Business Units (SBU's) - Enterprise Applications; Projects, Consulting & CRM; Emerging Practices; Systems Integration and Enterprise Process Solutions. These provide customers with a range of products and services across the value chain.

Business is becoming more complex and competitive. Solutions that are adaptable and evolvable, and which provide "Value for money" will impact the future of all businesses. To survive and succeed in this dynamic environment, corporations are re-inventing the way they run their business, consolidating on their core strengths and outsourcing non-core areas of operations. They are transforming themselves from traditional 20th century corporations to virtual enterprises. With a rich product heritage and state-of-art technology framework (RamcoVirtualWorks™), we are at the very heart of this worldwide transformation. Our software solutions are agile and help global corporations transform themselves into adaptable and evolvable enterprises.

During the year, significant advances have been made in the development of the next generation of Ramco e.Applications using our technology framework, RamcoVirtualWorks™. The results of these investments would be reaped in the coming years.

Being high up on the value chain and having a wide geographical presence has helped our company minimize the impact and withstand the tough times. Our visionary approach towards predicting customer and business needs has resulted in the addition of 571 employees during the year and opening up of a branch office in Germany.

The outlook for the company is very positive. We have achieved a successful transformation and the organization is well placed to meet the business challenges of the future. With over a 1000 satisfied and happy customers across the globe and strategic partnerships in place, we look forward to an exciting growth phase in the years to come.

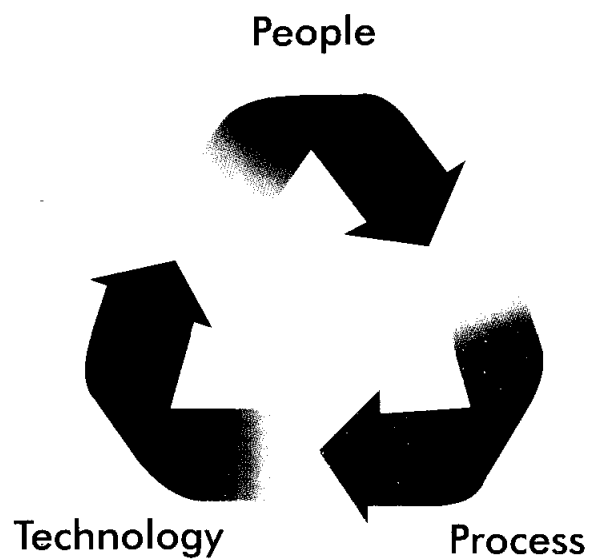
Warm regards,

Lakshmi Narasimhan (Mohan)

President

OUR MISSION

**"We will provide agile
business solutions through
superior engineering and
best-in-class people"**



The company firmly believes in progress and profitability through partnerships. Strategic partnerships with global corporations and the company's ability to seamlessly integrate a variety of solutions across different platforms help in providing customers with the best-of-breed solutions.

Ramco Systems initiated its Ramco Value Net Partner Program during the year. To attract world class partners, the launch strategy included a series of road shows in 8 locations across North America, Europe and Asia.

Some of the strategic partnerships the company concluded this year are with Boeing, Sun Microsystems, Siebel and Nortel Networks.

The partnership with Sun Microsystems has helped the company in developing highly scalable state-of-art solutions in the Sun/Java application development space. This partnership has enabled Ramco Systems to increase its technology bandwidth.

The partnership with Nortel Networks enables the company to provide leading-edge technology for Call Center Solutions. With rich project management experience in Systems Integration and in deploying CRM solutions, Ramco Systems is well placed to design, build and implement Call Centers on a global scale.

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The partnership with Siebel spans the areas of Consulting, Professional Services and Mid-Market solutions. Siebel is the world leader in Customer Relationship Management (CRM) software and Ramco Systems provides a wide range of services including Business Process Redesign, Project Management, Systems Integration and a few more. Our proven strengths in developing, implementing and marketing our own software products in the global market were decisive in forging this partnership.

Ramco Systems has signed an exclusive agreement with The Boeing Company to jointly develop and market Enterprise Maintenance Solutions for the global aviation industry. Under the agreement, Ramco Systems will function as the technology, applications and services provider to Boeing for this initiative. The applications supplied by Ramco are built on its premier component-based software development platform called RamcoVirtualWorks™, which helps in delivering high quality, customer-focussed solutions.

Boeing evaluated more than 50 products across 3 continents before choosing Ramco Systems. Ramco was chosen primarily due to a strong and proven global product, customer commitment, superior technology, an energetic team and the strategic vision of the company.

CORPORATE

CAPSULE

NEARSHIP

Ramco Systems' strategy for accelerated growth rests on five pillars. These are :

1. Expand the portfolio of Products and Services

The company has transformed itself from a product company to a company offering a suite of products and services ranging from Ramco e.Applications to e-Business to Systems Integration and Emerging Practices. This creates an opportunity for customers to experience a wide range of Ramco's world-class solutions and services.

Significant investments have been made in the development of RamcoVirtualWorks™ - a component based platform for design, development, deployment, testing and maintenance of complex business systems. Emerging Practices using RamcoVirtualWorks™ is a new and unique offering which is expected to boost the company's revenues significantly.

2. Tap new markets

Ramco Systems is already present in seven countries and servicing over 1000 customers across 10 countries. We have opened a branch office in Germany and consolidated Asean operations by declaring Singapore as the headquarters for the region. These initiatives are expected to further boost our global reach and help tap new opportunities.

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3. Strategic Partnerships/Alliances with global corporations

In the era of core competencies and best value for customers' money, the company strongly believes in "Strategic Partnerships" as the best route to growth and profitability. The company has entered into several strategic tie-ups across business lines and geographies. Some of the significant tie-ups are with Boeing, Nortel Networks and Sun Microsystems.

4. Enhance business volumes with existing customers

The company enjoys a formidable base of over 1000 customers worldwide. With the transformation of the company into a products and services company, there are multiple opportunities to service the requirements of existing customers.

5. Adaptability and Evolvability

Business processes are continually changing. It follows that software solutions should have the ability to quickly adapt to these changes. We appreciate this need and employ superior engineering practices to provide agile solutions.

REPORT

