

ramco erp on cloud



Redefining IT



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P R Ramasubrahmaneya Rajha



P R Venketrama Raja

## Letter to Shareholders

*A single dream is more powerful than a thousand realities.*

### Dear Shareholders,

It's been a while since we began our ERP journey way back in 1993, launching Marshall, our first ERP product. Since then, we've launched some highly successful products, and we've made the world take notice.

Looking back, the year 2011-12 has been an eventful one. We've had our share of product launches, new order wins, and customer acquisitions. Our R&D efforts have been paying off. We've had several repeat order wins from our existing customers, and that speaks volumes about our products and services. The industry too has acknowledged our efforts with prestigious awards and recognitions, and this has boosted our morale.

Our greatest achievement has been our Cloud presence, enabling mobility on platforms like the iOS, Android and Windows. Now, organizations need not be constrained by age-old rigid applications. Instead, they have the option of working from anywhere if their mobile devices are connected to their enterprise software.

All our modules, even the ones that are traditionally available only on the on-premise model, are now available on Cloud. In-depth vertical capabilities are also available on Cloud, even for organizations having complex operations. Several of our customers, worldwide, have already started phasing out their legacy applications, simply because they've found that Ramco ERP on Cloud is able to meet their most complex needs without any capital commitments.

The future does look bright for the Cloud and we're proud to find ourselves among the pioneers. At a time when some of the global giants are just waking up to the benefits of the Cloud, we are fully ready! After having redefined the Indian IT market space, our product has now matured enough to be deployed in other markets. In the coming year, we intend to consolidate our position in the APAC region, as well as in the Middle East and Africa. We are also stepping up our efforts in the North American and European markets. While the recession may appear to be a deterrent, it has in fact increased demand because companies are now looking for alternative technologies that are more cost-effective and that will also help them achieve greater flexibility. With its powerful enterprise framework, Ramco ERP on Cloud can cater to these demands.

Cloud opens up many opportunities, and in order to reach the global market effectively, we plan to step up our partner network. This will give us the right impetus to grow multifold and expand into new markets. Ramco's core focus will be to empower partners to drive sales and service customer needs.

With so many activities planned for every quarter in the coming year, there is a palpable sense of excitement at Ramco regarding the year ahead. To all our supporters—our shareholders, clients, partners and employees—thank you for your continuing support.

**P R Ramasubrahmaneya Rajha**  
Chairman

**P R Venketrama Raja**  
Vice Chairman & Managing Director

## **Corporate Theme**

### **Value Co-creation**

At Ramco, we believe that the best way for a company to differentiate itself from the others is to adopt 'value creation' as a way of life rather than treating it as a yet another management program. Creating value for all the stakeholders has become part of our culture and not just a one-off initiative. In an environment where partnerships are built on trust, where focus is on providing superior services and driving innovation, value creation has become a must. Our management is pursuing strategies that aggressively promote such value creation at all levels.

### **Customers**

Today, we can proudly say that we are moving away from the traditional assumption that the company and customers have distinct roles, and the latter plays a passive role while evaluating software products and services. At Ramco, a customer is actively engaged and is welcomed with qualified expertise, insights, answers and solutions that are right for his business. Our software products and services are built over years of R&D ensuring that our customers find them evergreen. This is possible because of our collaborative solution innovation platform, Ramco VirtualWorks® and Ramco DecisionWorks™, which enables us to undertake product and process innovation, and address unique customer needs with ever-increasing speed and precision. We are trying to deliver value by offering solutions that inspire our customers' ideas and extend their capabilities to compete and win in their respective markets.

### **Employees**

Ramco is constantly trying to ensure that all Ramcoites understand their role in creating value for the organization. This begins at the top and cascades down the entire organization so each individual understands the big question, "How does our company create value?" and the more relevant question, "How do my role and the daily decisions that I make impact value?" It is imperative that all individuals understand their role in value creation.

Working our way towards better employee welfare, Ramco increased compensation for those who showed commitment and exemplary skills, trained those who needed that extra push, and recruited fresh faces from premier engineering and business schools.

### **Partners**

We value the importance of partners and associates in today's globalized business environment. Ramco's ecosystem of partners brings together diverse relationships, resources and communities to help us develop and deliver the next-gen solutions. Fostering collaboration around this need ensures ongoing innovation and value for everyone. Ramco periodically undertakes training and skill transfer programmes for its partners, to equip them to deliver the right solutions to customers. During the year Ramco conducted many such programmes. We are glad to mention that Ramco ERP on Cloud business has created a good ecosystem with 51 partners, who are relentlessly pursuing the business across India.

We believe it is a combination of everything which creates an environment where all entities exist harmoniously. We firmly believe that the path to success is by Co-creating Value and we are glad our customers, partners and employees have all along Co-created our success in every way.

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## **RAMCO SYSTEMS LIMITED**

### **BOARD OF DIRECTORS**

Shri P R RAMASUBRAHMANEYA RAJHA  
Chairman

Shri P R VENKETRAMA RAJA  
Vice Chairman & Managing Director

Shri S S RAMACHANDRA RAJA  
Shri N K SHRIKANTAN RAJA  
Shri M M VENKATACHALAM  
Shri V JAGADISAN  
Shri A V DHARMAKRISHNAN  
Shri R S AGARWAL

### **AUDITORS**

Messrs CNGSN & ASSOCIATES  
Chartered Accountants, Chennai

### **BANKERS**

AXIS Bank Limited  
IDBI Bank Limited  
Kotak Mahindra Bank Limited  
Punjab & Sind Bank  
The Karur Vysya Bank Limited  
HDFC Bank Limited  
Corporation Bank  
IndusInd Bank

### **REGISTERED OFFICE**

47, P.S.K. Nagar, Rajapalayam - 626 108

### **CORPORATE OFFICE & RESEARCH AND DEVELOPMENT CENTRE**

No.64, Sardar Patel Road, Taramani, Chennai - 600 113

### **WEBSITE**

[www.ramco.com](http://www.ramco.com)

### **SUBSIDIARIES**

Ramco Systems Corporation, USA  
Ramco Systems Ltd., Switzerland  
Ramco Systems Pte. Ltd., Singapore  
Ramco Systems Sdn. Bhd., Malaysia  
RSL Enterprise Solutions (Pty) Ltd., South Africa  
Ramco Systems Canada Inc., Canada  
Ramco Systems FZ-LLC, Dubai

### **REGISTRAR AND SHARE TRANSFER AGENT**

Messrs Cameo Corporate Services Limited  
Subramanian Building, No.1, Club House Road, Mount Road, Chennai - 600 002

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## DIRECTORS' REPORT

Your Directors have pleasure in presenting the Fifteenth Annual Report together with the Audited Accounts of the Company for the year ended 31<sup>st</sup> March, 2012.

### 1. FINANCIAL RESULTS

The standalone and consolidated audited financial results for the year ended 31<sup>st</sup> March, 2012 are as follows:

Particulars	Standalone for the year ended 31 <sup>st</sup> March, 2012		Consolidated for the year ended 31 <sup>st</sup> March, 2012	
	2011		2011	
	(in Rs. Million)		(in USD Million)	
Revenue from Operations	1,518.24	1,504.02	47.26	45.16
Other Income	56.64	73.37	2.37	2.25
<b>Total Revenue</b>	<b>1,574.88</b>	<b>1,577.39</b>	<b>49.63</b>	<b>47.41</b>
Expenditure				
- Changes in Inventories of Finished Goods, Stock-in-process and Stock-in-trade	(15.90)	(0.55)	(0.31)	(0.01)
- Purchase of stock-in-trade	29.37	10.28	0.64	0.23
- Employee Benefit Expense	718.02	561.34	24.32	19.82
- Finance Costs	25.64	134.93	0.54	2.99
- Depreciation and Amortisation Expense	273.36	239.98	5.94	5.49
- Other Expenses	573.97	571.33	20.44	18.02
<b>Total expenses</b>	<b>1,604.46</b>	<b>1,517.31</b>	<b>51.57</b>	<b>46.54</b>
<b>Profit / (Loss) Before Tax</b>	<b>(29.58)</b>	<b>60.08</b>	<b>(1.94)</b>	<b>0.87</b>
Tax Expenses				
- Current Tax	-	12.38	(0.10)	0.37
- Deferred Tax	-	-	-	0.06
<b>Profit / (Loss) After Tax and Before Minority Interest &amp; Equity in Earnings</b>	<b>(29.58)</b>	<b>47.70</b>	<b>(1.84)</b>	<b>0.44</b>
Minority Interest	-	-	0.04	(0.01)
Equity in Earnings of Affiliates	-	-	(0.09)	0.08
<b>Profit / (Loss) for the year</b>	<b>(29.58)</b>	<b>47.70</b>	<b>(1.89)</b>	<b>0.51</b>

### 2. BUSINESS OPERATIONS

At a time when customers, globally, are looking for solutions to empower their businesses and achieve greater economies of scale, our years of investment in Cloud technologies has ensured that we have the right set of solutions delivered on the most appropriate Cloud model—public or private, to tap into this growing demand. Our products have matured over the years and customer feedback has been encouraging. We believe this will open up a multitude of opportunities for us in the coming years and we shall be known as the most versatile and strong 'Cloud' company.

Our success on the Cloud has been mainly because of Ramco VirtualWorks® and Ramco DecisionWorks™ our revolutionary enterprise application and analytics assembly and delivery platform on the Cloud. This is helping us enable our customers gain the crucial competitive edge they need in this demanding business environment by going on-board with a full-featured ERP solution within a few weeks.

Looking back, the year 2011-12 has been an eventful year for us marked by product launches, new order wins, and customer acquisitions. We consolidated our existing strengths in the Cloud Application and Analytics domain to make our presence felt. Overall, we recorded a modest growth this year. We've also won several repeat orders from our existing customers, which speaks volumes about the service that we have been able to deliver to them.

It is owing to the prowess of our solutions that we bagged the esteemed Watts S Humphrey award for Software Quality and Process Improvement at the SPI Conference 2011, organised by Software Process Improvement Network (SPIN), Chennai. The PCQuest Users' Choice Awards 2011 also ranked Ramco ERP as enjoying the highest brand loyalty amongst its SME customers.

## Ramco Systems Limited, INDIA

Our Cloud ERP offering has continued to garner the market momentum. We are witnessing good interest among some of the larger companies. The key differentiator for Ramco ERP on the Cloud, which sets it apart from the other Cloud-based ERP solutions, is its comprehensiveness and ability to automate just about every process of a business—end-to-end. It is the single instance of software that is fully competent to serve a range of industries and verticals.

After its success in the Indian market, we are now all set to take it to the global markets.

We have also entered into strategic business tie-ups with large telecom companies like Airtel.

A Key product Ramco Enterprise Series (RES), the traditional ERP solution, continued to grow at a satisfying pace. We have received good orders for RES from India and Africa. Despite the slowdown, we have received good traction for this product in the US market as well. In addition to this, our strategy to focus on high-growth, high-potential verticals such as Logistics, Banking and Cement is paying results. This product line is now completely on the cloud and will play a Key role in enabling the Cloud strategy of large companies.

Ramco Aviation Suite, which is one of our strongest product lines, continued to expand its reach globally with significant wins. Mature markets such as the US and European nations are slowly coming out of the recession mode and we are hopeful that this sector will open up a huge opportunity area for us.

Another breakthrough that we'd like to celebrate is the order win that we've had in Banking Analytics. We have closed some very prestigious orders in the year gone by. In light of the Reserve Bank of India's ADF (Automated Data Flow) mandate, we are uniquely positioned to offer a comprehensive, flexible ADF solution and in the coming days, we can expect good traction for our ADF solution. Apart from this, we are looking forward to making significant forays in the Middle East and APAC markets.

As regards our managed services business, we are receiving good interest from big leaders, especially for HR and payroll. Ramco's BPO operations once again secured an award for Operational Excellence & Quality at the event hosted by Employer Branding Institute; World HRD Congress & Stars of the Industry Group, with CMO Asia as Strategic Partner and held at Singapore.

Going forward, our focus would be to increase our footprint, globally, especially with our Cloud offering. Considering we have a broad array of solutions to address the latent market demands, we are confident of many strategic wins and growth in the years ahead.

### 3. INFORMATION ON SUBSIDIARIES

During the year the Company incorporated a wholly-owned subsidiary in Dubai named Ramco Systems FZ-LLC. The Company is in the process of incorporating another wholly-owned subsidiary in Sudan named RSL Software Company Limited and as on 31<sup>st</sup> March, 2012, the Company has not made any capital contribution. In addition to this, the Company has the following six subsidiaries, Ramco Systems Corporation., USA; Ramco Systems Limited., Switzerland; Ramco Systems Pte. Ltd., Singapore; Ramco Systems Sdn. Bhd., Malaysia; RSL Enterprise Solutions (Pty) Ltd., South Africa and Ramco Systems Canada Inc., Canada (step down subsidiary of Ramco System Corporation., USA).

There has been no material change in the nature of the business of the existing subsidiaries during the year. A statement containing the brief financial details of the subsidiaries is included in the Annual Report.

### 4. PARTICULARS REQUIRED UNDER SECTION 212 OF THE COMPANIES ACT, 1956

The Global consolidated financial statement for the year ending 31<sup>st</sup> March 2012 in accordance with the Notification No. 2/2011 dated 8<sup>th</sup> February, 2011 issued by the Ministry of Corporate Affairs (MCA) together with the Auditors Report thereon is presented in this Report.

MCA had issued a General Circular No. 2/2011 dated 8<sup>th</sup> February, 2011, granting exemption to all companies from the provisions of Section 212, subject to compliance with conditions mentioned in the said circular. Among other things, the said circular requires the presentation of Audited consolidated financial statement of the holding company and all the subsidiaries in compliance with the applicable Accounting Standards and Listing Agreement in the Annual Report. In