

ramco



CHRYSLIS: REIMAGINE EVERYTHING

Ramco Systems Limited ■ Annual Report 2014-15

Tangrams

Seven Boards of Skill.



To develop...
Logic... Thinking... Dexterity...

Form a white figure.



Form a black counterpart.



They both use 7 pieces
Yet - both look different

Amazing !

Last year we too played...
With the 7 pieces in our mind.

We re-arranged...

We re-imagined...

We re-engineered...

Used our problem solving and
design skills to create products
that will inspire you to say...

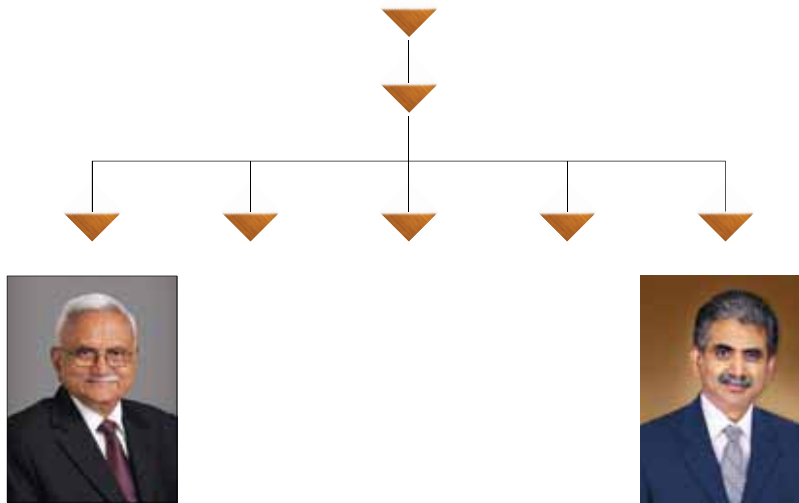
AMAZING !



CONTENTS

Letter to Shareholders	2
CEO's Desk	5
Report of the Board of Directors	6
Standalone Financial Statements	96
Consolidated Financial Statements under AS – 21	125

BOARD OF DIRECTORS



Shri P R Ramasubrahmaneya Rajha
Chairman

Shri P R Venketrama Raja
Vice Chairman & Managing Director

- **Shri M M Venkatachalam**
- **Shri V Jagadisan**
- **Shri A V Dharmakrishnan**
- **Shri R S Agarwal**
- **Smt. Soundara Kumar**

Auditors: Messrs CNGSN & Associates LLP Chartered Accountants, Chennai

Bankers: ICICI Bank, ING Vysya Bank, Kotak Mahindra Bank Limited, IDBI Bank Limited, AXIS Bank Limited, Deutsche Bank AG, Karur Vysya Bank, Tata Capital Financial Services Limited, Aditya Birla Finance Limited

Registered Office: No. 47, P. S. K. Nagar, Rajapalayam - 626 108, CIN: L72300TN1997PLC037550

Corporate Office & Research and Development Centre: No. 64, Sardar Patel Road, Taramani, Chennai - 600 113

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, RSL Software Company Limited, Sudan, Ramco Systems Australia Pty Ltd, Australia

Registrar and Share Transfer Agent: Messrs Cameo Corporate Services Limited, Subramanian Building, No.1, Club House Road, Chennai - 600 002

www.ramco.com

Dear Shareholders/Members,

I am pleased to report a year of strong performance and profitable growth. On a consolidated basis, revenues have grown 36% to \$59.47 million driven by robust international performance. Our efforts to focus on Cloud, Mobile and Analytics across three core product lines – ERP, Aviation, HCM - have started to pay off, with your company turning profitable for the financial year ended March 31, 2015.



'Project Chrysalis' heralds a new dawn of user experience and its essence is simplicity. The ability to simplify means you have to eliminate the unnecessary so that the necessary may speak. It's been part of our metamorphosis from 2014 to 2015.



In the journey of innovation, 'disruption' is a natural process and as a company, we have always strived to take advantage of it. Our journey from client-server to web-based ERP has been a challenging but rewarding one. With the world of technology changing at a rapid pace, only those who adapt and are nimble can prevail.

Having the right 'culture' where you are open and responsive to market changes is key to success. We are in a knowledge economy where 'people' and not 'resources' decide where you reach. With start-ups mushrooming across the globe, the climate is finally turning conducive for product firms. This is a healthy start, and we will see many 'disruptions' across sectors in the coming years. Your company is investing in building a strong culture where we are able to address disruptions ahead of time.

On the operations front, after realigning businesses into three Strategic Business Units (SBUs) which take complete responsibility of P&L within their Line of Business (LoB), the thrust was to ensure consolidation of operations within each SBU to make them self-sufficient and completely accountable. This has helped build healthy competition within SBUs enabling a thrust on faster growth and thirst of helping company to grow.

With the geo-political climate getting the arc lights on India, there is a lot of interest in companies building IP and working on new technologies. We are glad to say, your company is a true testament of a 'Made in India' software product which has been recognized and well received, globally.

The strategy to position HCM as an independent product line and focus on building features to address the HR market has paid off very well. Ramco HCM grew 113% YoY clocking in one new customer a week, on an average. Built-in analytics, insightful dashboards, multi-country and currency payroll functions and the ability to integrate HCM into standard ERP product is helping us create a dent in the market. In the coming year, the product is getting ready for its launch in matured and established markets such as the US. This will be a key milestone to cross for us on the HCM front.



While the HR market is seeing a natural refresh cycle, ERP is yet to see widespread refresh and a move to the Cloud. This is primarily due to heavy sunk cost and dependence that companies have on their existing legacy applications. While many are looking to de-risk and leverage new-age systems, the need is moving towards applications which can deliver tangible performance improvements and operational efficiency. It is here that our investment in building an agent based in-memory engine that makes the application more adaptive and intuitive is starting to pay off. Market analysts predict this technology to be a game changer and gain greater demand in the coming years. We are giving a lot of focus on ease of use and are working on various initiatives that will reduce clutter and make the application more cognitive and decision-oriented rather than a mere transaction system.

Our aviation story continues to be in the limelight with latest innovations being rolled out at regular intervals. Ramco Aviation continues to be our 'best find' as very few players are able to address the unique and complex needs of the industry. We continue to expand into multiple allied segments within Aerospace and Defense to further enhance our portfolio and maintain our leadership status.

In a nutshell, we have had a good year on all fronts and hope to better this in the years ahead. This would not have been possible without the support of our stakeholders – shareholders, clients, partners and employees. Your confidence in the company is indeed a great motivation to all of us, as we progress on the path to strengthening our position across all three product lines, in markets worldwide.

Thank you,

A handwritten signature in black ink, which appears to read 'P R Venketrama Raja'.

P R Venketrama Raja
Vice-Chairman & Managing Director

THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK



Virender Aggarwal
CEO

Business Transformation.
It's like a Tangram puzzle.
Multiple solutions - with just seven tans.

I picked up the 'tans' to choose and map
Ramco's requirements.

Business Goals ► Realistic Plans ► Tangible Results


How did the tans work for me?
They helped me get the employees to work as a team
The tans said, " Find clear, engaging,
exciting ways to involve stakeholders".
Balance the limited resources - and people.
Use the 'tans' to move the right people into the right positions.
Build a culture of shared goals, attitudes and beliefs.
And face issues head-on
We set the bar - we raised the bar.

Process Tangram changed the shape of Ramco.
Technology now integrates with any legacy software.
Attitude has turned proactive and customer-centric.
Culture has become flexible and contemporary.
Products have become truly global.
User Interfaces have changed shape dramatically.
Chrysalis! HUB! Genie! QSS!
Speed of implementation has turned phenomenal.
Mobility is seen on new wearables.

Ramco has changed shape
Ramco has been 'tangrammed'!

 Tan 1
Triggers

 Tan 2
Goals

 Tan 3
Tools

 Tan 4
Technology

 Tan 5
Culture

 Tan 6
Communication

 Tan 7
Success Factors

Ramco Systems Limited, INDIA

REPORT OF THE BOARD OF DIRECTORS

Your Board has pleasure in presenting the Eighteenth Annual Report together with the Audited Accounts of the Company for the year ended 31st March 2015.

1. FINANCIAL RESULTS

The standalone and consolidated audited financial results for the year ended 31st March 2015 and 31st March 2014 are as follows:

Particulars	Standalone for the year ended 31 st March,		Consolidated for the year ended 31 st March,	
	2015	2014	2015	2014
	(in Rs. Mln.)		(in USD Mln.)	
Revenue from Operations	2,229.72	1,608.08	59.47	43.85
Other Income	17.94	66.71	0.79	1.60
Total Revenue	2,247.66	1,674.79	60.26	45.45
Expenditure				
- Changes in Inventories of Finished Goods, Stock-in-process and Stock-in-trade	0.05	-	-	-
- Purchase of Stock-in-trade	9.58	20.25	0.34	0.39
- Employee Benefits Expense	924.18	742.77	26.72	22.55
- Other Expenses	729.97	618.88	21.33	18.13
Total Expenses	1,663.78	1,381.90	48.39	41.07
Profit / (Loss) Before Interest, Depreciation & Amortisation, and Taxes	583.88	292.89	11.87	4.38
Depreciation and Amortisation Expense	444.49	371.18	7.41	6.28
Finance Costs	120.07	114.46	1.98	1.92
Profit / (Loss) Before Tax	19.32	(192.75)	2.48	(3.82)
Tax Expenses				
- Current Tax	3.75	-	0.40	0.14
- Deferred Tax	-	-	-	-
Profit / (Loss) After Tax and Before Minority Interest & Equity in Earnings	15.57	(192.75)	2.08	(3.96)
Minority Interest	-	-	(0.02)	(0.02)
Equity in Earnings / (Losses) of Affiliates	-	-	0.03	0.02
Profit / (Loss) for the year	15.57	(192.75)	2.09	(3.96)

2. BUSINESS OPERATIONS

The details of the business operations appear in the following pages.