



ANNUAL REPORT



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ODC - Offshore Development Center

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LETTER TO SHAREHOLDERS

Dear Shareholders,

It was a year of turbulence. The recession and slowdown in the global economy had adversely impacted our first quarter earnings in 2001-02. The 9/11 terror attacks and subsequent events resulted in an adverse impact on many types of businesses the world over and our business was no exception. Against the backdrop of these developments, the company's operations were constrained greatly and we were able to post only USD 36.34 million in global revenues.

In our third year as an independent company, several initiatives were taken to streamline our operations and to lend greater focus to our top line. Our next generation ERP-II product is readying for a global launch in the current fiscal 2002-03. Great energy was spent in putting systems and processes in place, which demand high investments and time, especially so for software product companies as compared to those in the projects domain.

In the product space our flagship ERP product, Ramco e.Applications has matured into a stable, feature-rich offering, expanding its presence in the Manufacturing and Human Resources vertical markets. Some prominent names were signed up as customers during the year. Existing customers are getting prepared to migrate to our next generation ERP-II suite, Ramco iEnterprise Series 4.0, which promises even greater flexibility to adapt to business processes and systems.

In its first full-year as a Custom-built solutions provider, supported by an ODC delivery model, your company provided solutions in education, healthcare, public service, logistics and hospitality areas. We have also used the year 2001-02 to prepare our business process modeling and software delivery platform, Ramco iEnterprise Foundation, for the global market.

Our partnership with Boeing to develop and market Enterprise One, a world-standard product for Aviation Maintenance, has met with promising response from airline companies. The current year ahead should witness some resurgence in this market, on account of airline companies rebounding from their poor results in 2001-02.

The year just over could be termed as the Year of Alignment for the IT industry. Especially with long sales cycles and focus on low Total Cost of Ownership, IT companies have been looking to partner with organizations having either market reach or domain expertise. Likewise, your company has entered into partnership with Triamun to expand our European presence, and more specifically, the healthcare segment. In the area of manufacturing, scheduling and optimization, your company entered into a partnership with Rockwell Automation in India.

Your company is now restructured into three BU's (Business Units) assigned with revenue and profitability targets to ensure cost-effective and profitable operations in respective domain and identify appropriate partnerships to extend our broad global market presence in this fiscal (FY2002-03). Whilst the year ahead promises to be challenging, our increased efforts in the software product and custom solutions space will help your company derive major gains.

Warm regards,



PR Ramasubrahmaneya Rajha
Chairman



PR Venketrama Raja
Vice Chairman,
Managing Director and CEO.



CORPORATE CAPSULE

We believe partnerships are the way to grow, especially from a strategic viewpoint. The company has entered into partnerships with global corporations to extend our reach and our offerings to provide our customers with best-of-breed solutions.

Some of the strategic partnerships the company concluded this year were with Triamun, Rockwell Automation, Bharat Earth Movers Limited (BEML), Enterasys Networks and Stonesoft Corporation.

The partnership with Triamun will help us expand our presence in the healthcare segment in Switzerland. Several joint programmes have been organized to showcase our solutions to government, NGOs and private corporations. This partnership will enable greater penetration in Western Europe.

EXTENDING WITH



RELATIONSHIPS

The partnership with Rockwell Automation will expand our presence in the area of manufacturing, scheduling and optimization for our Enterprise Products business.

The partnership with Enterasys Networks will enable Ramco to enhance our portfolio and offerings to emerge as a one-stop shop for best-of-breed networking solutions. Another partnership with Stonesoft Corporation will enable Ramco to offer Stonegate - a high availability and high security firewall/VPN solution, to our customers.

The partnership with BEML will enable Ramco to expand our ERP presence in defense and civilian sectors. This partnership would leverage the domain know-how of BEML.

In addition, our existing partnerships with Boeing, Sun Microsystems, Siebel and Nortel Networks have been instrumental in giving us an edge over competition in various markets.

"The teaming of Boeing and Ramco Systems results in a synergy that will deliver a total enterprise maintenance solution to the airline industry. We have built Enterprise One using Ramco's technology and domain knowledge, as well as Boeing's expertise in system integration, innovative design and world class customer service."

- Richard Higgins, V.P.- Maintenance, Engineering & Publications, Boeing

Operations of the company have been restructured into three Business Units (BU) to increase customer satisfaction, leverage technology advancements and to enhance profitability.

- BU I Enterprise Products
- BU II Enterprise Solutions
- BU III Enterprise Services & Systems Integration - Networking & Information Security Solutions, CRM, Process Solutions and Consulting

Enterprise Products remains our mainstay and we will continue to expand our presence as a serious ERP vendor. Enhancements to our existing product suite, have earned recognition from Analysts. Significant investments have been made in **Ramco iEnterprise Series 4.0**, our next generation ERP-II suite of products. It is developed using our unique business process modeling and software delivery platform - **Ramco iEnterprise Foundation**. **Ramco iEnterprise Series 4.0** is a family of packaged applications, which include Corporate Solutions, Discrete Manufacturing, Process Manufacturing, EAM, Aviation Solutions, Human Resources and Business Decisions. These products are scheduled for launch in FY 2002-03.

Enterprise Solutions will provide value-added software solutions by successfully leveraging on our rich software product development experience gained over the past decade. The key differentiator would be offering solutions that will have a high degree of predictability in terms of cost, quality and time to market. This is enabled through our unique business process modeling and software delivery platform - **Ramco iEnterprise Foundation**.

Enterprise Solutions offer business solutions using the best of breed technology and solutions.

ALIGNING TECHNOLOGY WITH BUSINESS

These solutions are modeled through an Offshore Development methodology and support collaborative processes. Competency Centers on IBM, Sun and Web Methods provide us the cutting edge in customized solutions for discerning customers. This BU witnessed reasonable growth during the last fiscal, and buoyed by greater focus is expected to generate substantial business this year.

Enterprise Services & System Integration comprise of four business areas:

1. Networking & Information Security Solutions
2. CRM
3. Process Solutions
4. Consulting

Our Networking & Information Security Solutions span a wide range extending from a few nodes to building large networks as in the The Stock Exchange, Mumbai to high-performance firewalls and VPN solutions for banks. During this year, we increased our presence in the high-margin areas to improve profitability of this unit. Today, it commands an impressive list of blue chip clients and is a leader in the networking and information security business in India.

Enterprise Process Solutions (EPS) business provides optimization solutions, apart from control and automation solutions to the process industry. Over the last year, this business unit has successfully implemented its solutions across many cement plants in India and made a debut in the power vertical. During this fiscal, EPS intends to expand its offering geographically and into other verticals. We are one of the very few Indian companies to offer such services and solutions.

CRM Solutions are offered specifically to banks, financial services, telecom and hi-tech industries. These solutions leverage our partnership with Siebel and our talent pool of Certified CRM professionals. We have established a Siebel Competency Center and will offer our services to a wider base of customers this year.

"Maintenance is of strategic value to us. Ramco offered us the flexibility we needed and meets our critical requirements."

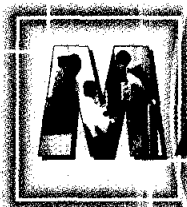
- Scott McClure, Columbia Helicopters

CORPORATE CAPSULE

The year 2001-02 was a challenging period. Our focus was to effectively manage the downturn in the global economy and at the same time maintain a high employee morale.

The year began with a critical re-assessment of Human Resources requirements and the action-plan was to re-deploy rather than recruit to fill the critical requirements. In our process of consolidation and redeploying resources, we ensured that we could effectively right size the head-count. From a peak strength of almost 1700 at the beginning of the year we have stabilized at around 1525 employees at the end of the year.

The recommendations of the international HR consultants - Mercer Consulting on the Job description and Position Evaluation were analyzed at length and are being implemented across the organization.



MANAGING THROUGH PEOPLE

Report

As a follow-up action, workshops on Key Result Areas (KRAs) and finalizing performance parameters and metrics were undertaken across all managerial grades. We propose to take this forward to all levels across the organization to meet the overall objectives in the year ahead.

Ramco's strategy of attracting the right mix of professional talent from the premier management and engineering institutions continues to pay rich dividends and we have been one of the few corporates' which has honored the commitment made to the students and taken them on board, even during the most challenging times.

The company continues to invest time and effort in employee skills enhancement, competency building and developing of human resources through a well-planned, need-based training, both in the technical and behavioral areas.

Further, as an incentive for performing employees, the company has covered 60% of the employees in the ESOP scheme.

"...both in terms of delivery of promises and levels of competence, we could not have asked for a more professional or committed partner."

*- Jasinder Singh, Chairman,
Radisson Edwardian Hotels,*

Customers continue to get our unstinted attention and no efforts are spared to provide the best value and support to customers.

In today's complex and fast changing business world, there is an ever-increasing need for software solutions to adapt and evolve to the business processes of the organizations. We appreciate this need and employ superior engineering practices to provide agile solutions to our customers.

This year witnessed several new customers across the different lines of business. Ramco Systems now has more than 1000 customers worldwide. Some of the prestigious customers gained during the year are Cavin Kare, Chennai Petroleum, JK Ansell, Indian Airforce, Shoppers Stop, Steelage(Minimax), Northern Coal Fields, ICICI Infotech, ITC Greeting Cards, Reebok, AVT McCormick, Concor, Moser Baer, Central Bank of India, AFL Wiz, ICI-Uniqema, Centurion Bank, NTPC, South Indian Bank, TCS, NIC, I-Flex, Karnataka Bank, Verizon, ING Vysya, GE Capital, IT&T, APL Engineered Materials, MOC Products, Silver Spring, Essex Crane, Symantec, IDT Corp, Curt Bean,

FOCUSING ON CUSTOMER SATISFACTION

JWM Partners, Wexford Capital, Bentley, Hughes Network Systems, Triamun, Bixi, ATU, Optospeed, Seagate, Agilent, Panasonic, People's Association, PUTRA and JTC.

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Here's what one of our major customer have to say:

"The installation has been LIVE for more than two years with a very high availability. We have been successful in reaching our goal of uninterrupted business operations and our deliveries have never been delayed on account of system failure or breakdown. The system uptime is almost to the tune of 100%. This speaks very highly of the product and the people behind the system.

The flexibility and openness of the applications allowed us to adapt the business processes reflecting the changes in the market conditions at any given time. We have been successful, mainly because of the support and the competence level of the Ramco employees working at site together with the Euro Desk team at Chennai (India). Ramco guaranteed the high quality resources required for extensions anytime we wanted...

- Urs Kleiber,

Head-MIS Organisation, Swatch AG

"Galaxy V 5.0 is a quality software, developed within schedule and within budget."

Louis Moser, CEO, Bixi Systems AG

(Galaxy V 5.0 is the next software version for Bixi Systems AG, developed offshore by Ramco Systems)

CORPORATE CAPSULE

Enhancing product portfolio and solution offering

Our products have matured through 3500 person years of development and implementation experience. Today we are reaping the advantage of this domain know-how, to develop next generation products and solutions. The global launch is slated for this year. These products provide our future customers agile solutions that can easily adapt to business process/technology changes and ensure rapid delivery. Our future product, based on componentized architecture and platform independence, improves our acceptance and entry into the discerning large enterprise segment.

Tapping new markets

Ramco Systems is already present in seven countries and servicing over 1000 customers across 12 countries. We have set up an office in

INVESTING IN OPPORTUNITY

Cyberjaya in the Malaysian Super Corridor to develop solutions specifically for the Malaysian Government and other customers in the region. We are actively evaluating and exploring new markets to enter.

Strategic Partnerships/Alliances with global corporations

We believe partnerships are the way to grow, especially, from a strategic viewpoint. The company has entered into partnerships with global corporations to extend our reach and the offerings envelope, to provide our customers with best-of-breed solutions.

Some of the strategic partnerships the company concluded this year were with Triamun, Bharat Earth Movers Limited (BEML), Enterasys Networks and Stonesoft Corporation.

Enhanced Business from existing customers

The company enjoys an enviable base of over 1000 customers worldwide. We are looking to extend our basket of solutions and services to our existing customers. We have also entered into partnerships with our existing customers to draw their domain strength and market presence.

"software to adapt fast to our dynamic business processes... We appreciate and place on record the efforts and support provided by your on-site personnel."

-Willi Rossi, MIGROS

OUR MISSION

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

QUALITY POLICY

We will achieve excellence in quality through continuous process improvement to deliver solutions that exceed customer expectations, on-time and within budget.

"We wish to record that we are happy with the quality of your (Ramco's) personnel at the site and that we appreciate their sincerity and hard-working nature..."

Dr E Martin, ETA SA (Swatch Group)

RAMCO SYSTEMS LIMITED

BOARD OF DIRECTORS

Shri. P.R. RAMASUBRAHMANEYA RAJHA
Chairman

Shri. P.R. VENKETRAMA RAJA
Vice-Chairman, Managing Director & CEO

Shri. S.S. RAMACHANDRA RAJA
Shri. N.K. SHRIKANTAN RAJA
Shri. M.M. VENKATACHALAM
Shri. V. JAGADISAN

AUDITORS

Messrs. S. VISWANATHAN
Chartered Accountants, Chennai

BANKERS

State Bank of India
HDFC Bank Ltd.
Citibank N.A.
ICICI Bank Ltd.

REGISTERED OFFICE

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

CORPORATE OFFICE & RESEARCH AND DEVELOPMENT CENTRE

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

SUBSIDIARIES

Ramco Systems Corporation, USA
Ramco Systems Limited, Switzerland
Ramco Systems Pte. Ltd, Singapore
Ramco Systems Sdn. Bhd., Malaysia