



Co-creating success

Annual Report 2010 - 2011



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P R Ramasubrahmaneya Rajha P R Venketrama Raja

Letter to Shareholders

Dear Shareholders,

The Cloud, as a platform, is revolutionizing the way software applications are used by organizations for running their businesses. Ramco continues to invest in cloud technologies which bring significant business benefits to customers.

On that note, we are glad to announce that our Company has maintained breakeven across all Quarters this year, despite investing towards marketing initiatives and are adapting our strategies to usher in improvements during the coming year. Over the last year, we have acquired new orders across the globe, implemented projects successfully, and expanded our offerings.

Buoyed by the excellent pan-India success, we have worked our way towards showcasing our technology and products on a larger scale in the international market. We have the advantage of being one of the few companies in the world to provide large, complex solutions in a simple, powerful, easy and cost-effective manner. Moreover, we have been able to deliver our offering on the most appropriate cloud model – public or private – depending upon the need.

One of our main agendas during the year has been embracing change through verticalization. Through this move, we expect to leverage our experience in developing end-to-end solutions for specific domains and to reduce sales cycle time. By making each unit a self-contained entity with the domain expertise to handle the solution end-to-end, we also assure better focus.

Our reputation as a leading enterprise applications provider got a boost with the launch of the SaaS ERP offering late last year. We have also continued to win many strategic orders in Manufacturing, HCM, Banking, Insurance, e-Governance and Logistics verticals and is now concentrating on emerging markets in India, North & South Africa, and South East Asia.

Many global clients and industry influencers have commended the success of our Company's business models and recognized its delivery capabilities. Appreciation from customers, industry bodies and the media serve to corroborate our own confidence in our strengths and capabilities. Three prestigious award-wins during this fiscal year have also given us much encouragement—we know that we are poised for growth and that we are on the right path. At this stage, we need to keep innovating, show utmost perseverance in winning orders, rationalize costs to change, and sustain momentum.

We believe it is a combination of all these factors that have contributed towards creating an environment where the people feel that they own the Company. Our customers, partners and employees have co-created our success in every way.

Overall, it has been a year inspiring positive growth, and we raise a toast to all our stakeholders who have stood by us: you, our shareholders, clients, partners and employees. We thank you for your continued support and look forward to the same in the future.

P R Ramasubrahmaneya Rajha
Chairman

P R Venketrama Raja
Vice Chairman, Managing Director and CEO

Corporate Theme

Value Co-creation

Ramco believes 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. At Ramco, 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 play 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 customer's ideas and extend their capabilities to compete and win in their markets.

Employees

Ramco is constantly trying to ensure that everyone in the Organization understands his or her role in creating value for the Organization. This begins at the top and cascades down the entire Organization so that 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 declared stock options to employees, 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 now glad to mention that Ramco's OnDemand business has created a good ecosystem with 61 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. Our customers, partners and employees have co-created our success in every way and we believe that the path to success is by Co-creating Value.

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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 & CEO

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

Canara Bank

Punjab & Sind Bank

Kotak Mahindra Bank Limited

Indian Overseas Bank

The Karur Vysya Bank Limited

HDFC Bank Limited

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

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

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 Fourteenth Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2011.

1. FINANCIAL RESULTS

The consolidated and standalone audited financial results for the year ended 31st March, 2011 are as follows:

Particulars	Standalone for the year ended 31 st March,		Consolidated for the year ended 31 st March,	
	2011	2010	2011	2010
	(In Rs. Lakhs)		(In USD Million)	
Net Sales/Income from Operations	15,040.20	10,346.15	45.16	35.50
Other Operating Income	733.72	508.88	2.25	1.59
Total Income	15,773.92	10,855.03	47.41	37.09
Expenditure				
- Cost of resale material	600.49	662.47	1.61	1.80
- Staff Cost	6,032.86	3,571.59	20.75	15.94
- Sales & Marketing expenses	1,326.90	700.67	3.85	1.87
- Administration & Other Expenses	3,463.75	2,584.35	11.86	9.50
Total Expenditure	11,424.00	7,519.08	38.07	29.11
Profit / (Loss) Before Interest, Depreciation, Exceptional Items & Tax	4,349.92	3,335.95	9.34	7.98
Interest & Finance Charges	1,349.34	1,184.63	2.99	2.52
Depreciation	2,399.75	2,155.99	5.49	4.74
Exceptional Expenditure / (Income)	-	105.15	-	0.22
Profit / (Loss) Before Tax	600.83	(109.82)	0.86	0.50
Provision for Taxation	(123.81)	-	(0.42)	(0.04)
Minority Interest and Equity in Earnings / (Losses) of Affiliates	-	-	0.07	(0.06)
Net Profit/(Loss) After Tax	477.02	(109.82)	0.51	0.40

2. BUSINESS OPERATIONS

Organizations across the world have seen seismic shifts in the way they perceive business processes and growth possibilities. This, coupled with the continuous development of technology, has changed the way we deal with business partners. The year 2010-11 has been marked by product launches, new order wins, and customer acquisitions. We have also made significant progress in strengthening our products and technology. Overall, we have sustained the profitability and positive trend that we witnessed during the previous year.

Our focused approach on key market sectors with matured and proven technologies and significant cost rationalization has ensured that we are on a path of sustainable growth. Our strategy to expand our engagements, invest steadily in R&D, and constantly innovate and improve our cloud-based offering, is helping the Company move up the value chain, resulting in good growth and improved profitability.

Our sustained efforts and investments toward our OnDemand offering have started yielding the desired results, with consistent traction and addition of customers. We are glad to report that we have continued to breakeven for the second consecutive year.

The year began on an optimistic note with the BPO division of Ramco launching the IP3 Framework — Infrastructure, Product, Process and People — to business houses across the globe, to suit their right costing exercise. Within a year of the launch of the framework, our BPO division won recognition at the BPO Excellence Awards 2010-11, held at Mumbai. We received an award for 'Operational Excellence and Quality', for exhibiting successful implementation of the framework, bringing operational excellence and quality to customers. This further reinforces our belief and commitment to quality through our continuous investments in R&D and innovation. Ramco's BPO division has been offering the best of services to customers and helping them in their growth with a robust technology. This award is a testimony to our customers' belief in Ramco and its offerings.

Ramco Systems Limited, INDIA

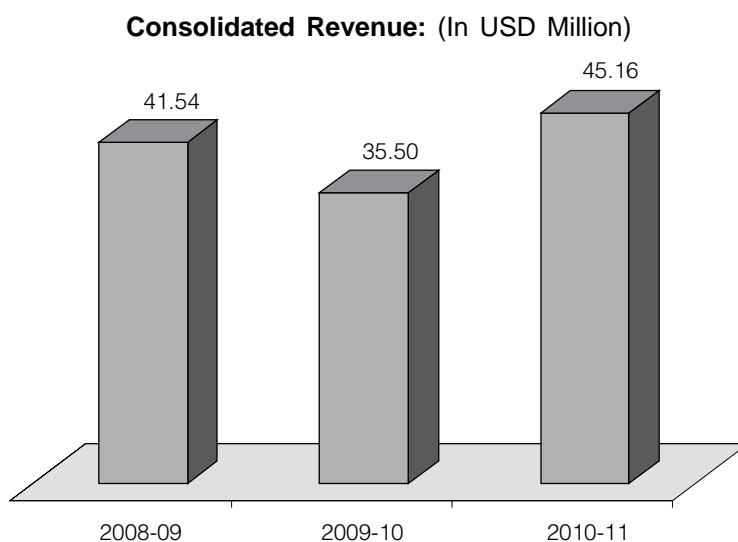
Ramco's **Aviation business** has been picking up momentum this year. Earlier in the year, we entered into a global partnership with IDBLUE™ to provide end-to-end Radio Frequency Identification (RFID) solutions within the aerospace sector. The end of the second Quarter saw us seal some prestigious wins in the Indian aviation sector with National Aviation Company of India Limited (NACIL) (now Air India Limited), and MAS GMR Aerospace Engineering Co. Ltd., for our Airframe Maintenance, Repair & Overhaul (MRO) suite of aviation software offerings. This has given us a significant morale boost. The Series 5 Aviation MRO software has a new client in Aveos, a leading, independent, global provider of MRO services to the aviation industry. Overall, global aviation is progressing with numerous implementations in the US, Europe, India, and Middle East.

With the successful launch of **Ramco OnDemand ERP 2.0**, the Company's venture into cloud computing is on an all time high with notable order wins. With a rich user interface and a unique set of extension/customization capabilities, this powerful ERP addresses the needs of growing businesses across multiple verticals, and is sold and served through an ecosystem of sales and implementation partners. We have been aggressively marketing this offering across India and the brand has gained impressive footing. In a short span of time, Ramco OnDemand has garnered over 3000 users, and is expected to proliferate itself in the coming fiscal.

The **Analytics business** has moved up a significant notch by continuing to grow in the market. Ramco's Banking Analytics, built and delivered on Ramco DecisionWorks, reduces the time and effort needed to integrate and analyze voluminous data. It gives banks a competitive advantage by enabling them to make the right decisions. We also witnessed good traction for Ramco Enterprise Analytics, delivered on the Cloud.

The third Quarter brought good tidings with the prestigious award for 'Innovation in IT Applications' at the 3rd India Power Awards, held at New Delhi. Power is a fast-growing sector, and IT plays a crucial role in helping utilities innovate and transform in a deregulated environment. Ramco has been at the leading edge in offering business applications, technology platforms and powerful delivery models, which add significant value to organizations, enable innovation and bring transformation.

Overall, our relevant expertise and experience, backed by advanced technology, has helped us leverage global opportunities and grow significantly. Post the global economic slowdown of the last two years, Ramco Systems revenue has now resurged and grown 27% over the previous year. The knowledge and experience gained over the last few decades in the domestic and global markets has put us in a position to capitalize on the new opportunities that are emerging out of the current market conditions.



Business Associates

During the year, the Company entered into several partnerships for Sales and Implementation of our Cloud offering. Some of our associates are Aircel, e-People Bespoke Consulting, Vetril Systems, and IRIS UNIPRO, among others. Last year, we entered the growing Bangladesh market, beginning with a partnership with Computer Source Ltd (CSL), a leading technology distributor in Bangladesh.