



Formula For Success

Annual Report 2015-16

We had a vision.
We had a dream.
To create the best software products
the world has seen.

We have dedicated the last
few years to this dream
to two critical factors -
Innovation and Culture

The year 2015-16
It marks the arrival of a
successful cloud-based enterprise
software company from India.

Numbers are a sign of business performance -
But the real measure of success is
the non-measurable component -
Innovation and Culture

We've discovered a new
Formula for Success.

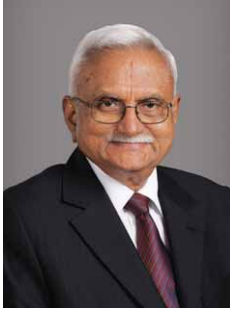
Culture
+
Innovation
=
Business Performance



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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: Axis Bank Limited, ICICI Bank Limited, IDBI Bank Limited, Kotak Mahindra Bank Limited, Yes Bank Limited

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

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, Ramco System Inc., Philippines

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,

Happy to share that your company has achieved yet another year of strong performance and growth. The year witnessed heightened momentum building towards two critical success factors – Innovation & Culture. These two pillars have played a pivotal role in the transformation we have witnessed in the organization. Let me share some thoughts around what they mean for us, at Ramco.

As an R&D focused organization, we have always placed a lot of thrust around embracing new technologies. From Mobile to Wearables, In-memory computing to Natural Language Processing, many technologies are tried and tested in our R&D labs on an ongoing basis. It is this appetite to try new things that led to Singapore Government funding the setting up of The Innovation Lab.

But, one may wonder, WHY INNOVATION?

With businesses changing at the speed of light, organizations which innovate, adapt and grow are the real 'disruptors'.

Your company aims to be the Disruptive Enterprise Applications player helping end-user organizations to challenge the status quo in their respective industries.

Then came the big question... Is this Innovative streak sustainable? We realized Innovation is driven by individuals. Long term survival can only be ensured if we are able to diffuse innovation into every nook and corner of the company and this is possible only by developing the right CULTURE. Culture is also more overpowering as it cannot be copied easily and hence ensures longevity of an enterprise.

Talent is the raw material for our business. If we cannot hire the best, provide them a conducive environment where ideas can flourish, we would not be able to thrive. The year 2015-16, has helped us arrive at the right formula for success:

Culture + Innovation = Business Performance

The merger of Innovation with the right Culture has been a key factor in your company recording stellar performance in the last few years. Operationally, all three SBUs – Aviation, ERP & HCM – continue to grow their business footprint. The focus on Logistics as a vertical has given a fresh lease of life to our ERP business. This coupled with the other focus area of Asset Management will be an area to watch out for in the near future.

Our HR & Payroll application continues to be the poster child recording 63% YoY growth in revenue. With Global payroll engine and new-age features developed around mail-based

transactions and capturing employee moods through EMPSENSE, there are lot of interesting features getting rolled out. The multi-country payroll capability is attracting many large consulting firms and organizations wanting to leverage our platform to offer services to end customers. PaaS (Platform as a Service) is a hot segment and we hope to build a strong clientele here in the coming years.



With cost pressures looming heavily on the Aviation industry, we have been focusing on rolling out features which not just help in operational excellence but focus on business transformation. From Anywhere Apps that simplify life of maintenance users to in-memory based Optimization engine to help reduce TAT (Turnaround Time), a number of powerful add-ons have been brought to the field.

With Technology changing at breakneck speeds, one is left astonished with the innumerable options in hand. Your company has been investing in keeping pace with technological changes and delivering business-aligned innovations which can bring tangible benefits to end customers.

The success of our products in mature markets is a sign of stability we have reached. We are seeing both large conglomerates and fast-growing organizations looking for disruptive technology to improve their operational efficiency.

Overall, we have had a good year and are looking forward to take greater strides in the years to come. We thank you, our shareholders; clients; partners and employees for the TRUST placed on the company. It is this secret potion that gives us the power to take on competition with great vigor.

Thank you,

P. R. Venketrama Raja
Vice Chairman & Managing Director

Ramco Systems Limited, INDIA

REPORT OF THE BOARD OF DIRECTORS

Your Board has pleasure in presenting the Nineteenth Annual Report together with the Audited Accounts of the Company for the year ended 31st March 2016.

1. FINANCIAL RESULTS

The standalone and consolidated audited financial results for the year ended 31st March 2016 and 31st March 2015 are as follows:

Particulars	Standalone for the year ended 31 st March,		Consolidated for the year ended 31 st March,	
	2016	2015	2016	2015
	(in Rs. Mln.)		(in USD Mln.)	
Revenue from Operations	2,626.61	2,229.72	68.94	59.47
Other Income	46.02	17.94	1.03	0.79
Total Revenue	2,672.63	2,247.66	69.97	60.26
Expenditure				
- Changes in Inventories of Finished Goods, Stock-in-process and Stock-in-trade	(2.13)	0.05	(0.03)	-
- Purchase of Stock-in-trade	23.14	9.58	0.39	0.34
- Employee Benefits Expense	1,042.64	924.18	29.05	26.72
- Other Expenses	813.46	729.97	25.56	21.33
Total Expenses	1,877.11	1,663.78	54.97	48.39
Profit Before Interest, Depreciation & Amortisation and Taxes	795.52	583.88	15.00	11.87
Depreciation and Amortisation Expense	454.60	444.49	7.11	7.41
Finance Costs	35.69	120.07	0.55	1.98
Profit Before Tax	305.23	19.32	7.34	2.48
Tax Expenses				
- Current Tax	65.14	3.75	1.37	0.40
- Deferred Tax	-	-	-	-
Profit After Tax and Before Minority Interest & Equity in Earnings	240.09	15.57	5.97	2.08
Minority Interest	-	-	-	(0.02)
Equity in Earnings of Affiliates	-	-	0.06	0.03
Profit for the year	240.09	15.57	6.03	2.09

2. BUSINESS OPERATIONS

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



Innovation

**Era of Innovation dawns upon the Aviation Industry –
First Co-Innovation Lab launched**

Despite rapid innovation in the last few decades – from aerodynamics and composite materials to making planes lighter yet stronger – the technology to support on-ground engineers maintaining and certifying aircraft is yet to enter the 21st century.

The result: A great deal of certification is still done using pen and paper, and parts and logs are checked manually after landing and before take-off.

In an industry where Time is Money, grounded aircraft due to delays have led to excessive wastage, globally. The time has come for MRO innovation to shift gear and bring about a major improvement in productivity.

Supported by EDB, Singapore, Ramco Systems, with Air France Industries KLM Engineering & Maintenance as the first anchor partner, launched an engineering lab in Singapore – the first of its kind in Asia. **The MRO Lab** combines engineering and innovative research talent from Ramco and their first co-innovation partner AFI KLM E&M. The lab is an essential platform for the softer elements of the aviation industry, where employees can work on next-generation applications, to develop intellectual property that can solve major problems, in back-end aviation.

The Lab would focus on disruptive solutions around Resource Optimization, adoption of Wearables & IoT, Advanced Analytics and Mobility Anywhere solutions. Additionally, the Lab would possess Design & Development capabilities in areas like Additive Manufacturing / 3D Printing, Augmented Reality & Virtual Reality aiding Mechanics and Technicians, Unmanned Aerial Vehicles etc.

Initial disruptive initiatives include;

- A Robot that could sense the emotions of people and also be able to perform inspections in inaccessible areas
- **Gesture computing** which enables field staff to perform operations without touching the screens
- **Wearable devices** that capture the stress levels of staff on the ground and air
- Accessing data from IoT Sensors and turning it into meaningful information.
- Mobility Anywhere solutions and **drones** that auto-capture component images etc.

The Lab's future innovations will revolve around Predictive Maintenance (with the help of Big Data, Deep Learning etc) that can predict the component failures, Natural Language Processing Sensing and Processing Unstructured Data Feeds, Voice Technology solutions for controlling systems using voice, Robotics to improve process efficiencies, Touch Sensing technologies that aid field force, Bots – single delivery channel to deploy & manage suite of applications, leveraging Enhanced Unmanned Aerial Systems for logistics and inspection of related activities.

