

## BOARD'S REPORT

Dear Members,

Your Directors are pleased to present the Twenty Fourth Report of the Board of Directors ("Board") on the business and operations of the Company ("Ramco Systems" or "Ramco" or "RSL" or "Company"), together with the Audited Standalone and Consolidated Financial Statements for the year ended March 31, 2021.

### SUMMARY OF PERFORMANCE

In the FY 2020-21, your Company continued its growth momentum, with a consolidated turnover of Rs.6,263.06 Mln., as against previous year's turnover of Rs.5,689.16 Mln., recording a growth of 10% over the previous year. The consolidated Profit after tax for the FY 2020-21 was

Rs.557.77 Mln. as against Rs.101.74 Mln. for the previous year. Consequently, the consolidated earnings per share improved to Rs.18.20 for the year, as against Rs.3.32 for the previous year.

The standalone turnover registered a growth of 12.8% and stood at Rs.3,450.05 Mln. in the FY 2020-21, as against previous year's turnover of Rs.3,058.48 Mln. The standalone Profit after tax for the FY 2020-21 was at Rs.442.25 Mln. as against Rs.248.91 Mln. for the previous year.

Amongst the business units, Aviation registered a growth of 43% in terms of consolidated revenue. Amongst the geographies, Europe recorded a growth of 99%. Cost optimization measures and improvement in the operating efficiencies had enabled repayment of loans of Rs.962.50 Mln. during the FY 2020-21, resulting in making the borrowings zero at the end of the year.

### FINANCIAL HIGHLIGHTS

Your Company's financial highlights for the year ended March 31, 2021 and March 31, 2020 are as follows:

Rs. Mln.

Particulars	For the year ended March 31					
	Standalone			Consolidated		
	2021	2020	Inc./ (Dec.)	2021	2020	Inc./ (Dec.)
Revenue from Operations	3,450.05	3,058.48	12.80%	6,263.06	5,689.16	10.09%
<b>Total Income</b>	<b>3,543.58</b>	<b>3,197.56</b>	<b>10.82%</b>	<b>6,408.71</b>	<b>5,780.87</b>	<b>10.86%</b>
Finance Cost	75.91	107.56	(29.43%)	88.25	122.05	(27.69%)
Depreciation & Amortization	629.52	606.08	3.87%	691.46	664.65	4.03%
<b>Total Expense</b>	<b>2,731.21</b>	<b>2,584.70</b>	<b>5.67%</b>	<b>5,329.84</b>	<b>5,445.78</b>	<b>(2.13%)</b>
Profit before Interest, Tax & Depreciation (EBITDA)	1,517.80	1,326.50	14.42%	1,858.58	1,121.79	65.68%
<b>Profit before Tax</b>	<b>812.37</b>	<b>612.86</b>	<b>32.55%</b>	<b>1,079.22</b>	<b>337.15</b>	<b>220.10%</b>
Provision for Tax	370.12	363.95	1.70%	512.24	227.97	124.70%
<b>Profit after Tax Attributable to Owners of the Parent</b>	<b>442.25</b>	<b>248.91</b>	<b>77.67%</b>	<b>557.77</b>	<b>101.74</b>	<b>448.23%</b>

### BUSINESS HIGHLIGHTS

Over a period of time, we have built a legacy of expertise and executional excellence. We have simplified the digital transformational journey of our clients across the world and made them more agile. Today, we are fast-growing enterprise software player disrupting the market with our multi-tenant cloud and mobile-based enterprise software and solutions. We have built the next generation, end-to-end enterprise solutions that render complete transformation of the business in real time. Our solutions are further simplified through an extensive deployment of AI/ML and delivering measurable outcomes.

Companies' world over are adapting digitization in their processes and are looking forward to having a platform/solution with latest technologies driven by AI/ML, multi-geographical coverage, cloud hosting capability with real time connected system and complete virtual or remote implementation. Post pandemic, the digital implementation has accelerated across the world. Our solutions are enabling clients to embrace this remarkable change by helping them in reducing cost, saving manhours, transforming their core business operations and realigning their goals with the renewed focus.

**Board’s Report (Contd.)**

Detailed review of operations of the various Business Units has already been covered under business review portion of this Annual Report.

**DIVIDEND AND APPROPRIATIONS**

In accordance with Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (hereinafter referred to as “SEBI LODR”) the Board approved and adopted the Dividend Distribution Policy and the same is available at the Company’s website, at the following <https://www.ramco.com/hubfs/investor-relations/DIVIDEND-DISTRIBUTION-POLICY.pdf> .

Your Directors have decided to conserve the funds for future growth opportunities and had not recommended any dividend for the FY 2020-21. Hence no appropriations have been made to General Reserves.

**CAPITAL STRUCTURE**

During the year, the issued and paid up capital of the Company has increased upon exercise of stock options by various option grantees and allotment of shares pursuant to the same. The issued and subscribed capital of the Company stood at Rs.310.63 Mln. and paid up capital stood at Rs.307.49 Mln. as on March 31, 2021 as against Rs.309.52 Mln. and Rs.306.39 Mln. respectively as at the end of the previous year. The Securities Premium has also increased to Rs.6,633.66 Mln. from Rs.6,585.58 Mln. and other than this, the Company has not made any fresh issue of shares or convertible securities during the year.

The number of shares and date on which such allotments were made by the Company under various Employee Stock Option Schemes (“ESOS”) are given below:

Particulars	No. of equity shares (face value of Rs.10 per share)
<b>Paid up Opening as at April 01, 2020</b>	<b>30,603,181</b>
May 25, 2020	1,752
August 08, 2020	1,312
September 24, 2020	40,202
November 16, 2020	10,024
December 18, 2020	17,462
February 03, 2021	30,873
March 19, 2021	9,276
<b>Paid up Closing as at March 31, 2021</b>	<b>30,714,082</b>

**DEPOSITORY SYSTEM**

Your Company’s shares are in compulsorily tradable securities in electronic form. As on March 31, 2021, 99.59% of the Company’s total paid up capital representing 307,494,710 shares are in dematerialized form. To avoid fraud/delicacy of shares, the Members holding shares in physical mode are advised to avail the facility of dematerialization from the depositories.

**CREDIT RATING**

During the year, there has been no change in the rating provided by ICRA Limited. Vide its credit rating letter dated April 29, 2021, ICRA has revised the ratings for the Bank Facilities of the Company. The Outlook on the long-term rating is upgraded from A – (Positive) to A (Stable). The details of said revision in the rating is available at the Company’s website, at the following <https://www.ramco.com/hubfs/investor-relations/CreditRatingIntimation-30-04-2021.pdf> .

Facilities	Amount (Rs.Mln.)		Existing Rating	Revised Rating
	Existing	Revised		
Long term Fund based/CC (Upgraded)	350	350	A- (Positive)	A(Stable)
Long term Fund based/Term Loan	100	NIL	A- (Positive)	Not Applicable
Short term fund based facilities (Reaffirmed)	1,375	1,375	A2+	A2+
Short term Non-Fund based facilities (Reaffirmed)	305	305	A2+	A2+
Unallocated (Reaffirmed)	15	115	A- (Positive) / A2+	A(Stable)/ A2+
<b>Total</b>	<b>2,145</b>	<b>2,145</b>		

## Board's Report (Contd.)

### MANAGEMENT DISCUSSION AND ANALYSIS

In accordance with Regulation 34 of SEBI LODR, the Management Discussion and Analysis is set out in this Annual Report.

### BUSINESS RESPONSIBILITY REPORT

Your Company is one of the Top 1,000 listed entities as per Market Capitalization data issued by Stock Exchanges as on March 31, 2021. In accordance with Regulation 34 of SEBI LODR, the Business Responsibility Report ("BRR"), has been prepared and is set out in this Annual Report.

### INFORMATION ON SUBSIDIARIES AND ASSOCIATE

Your Company has fourteen (14) subsidiaries and one (1) associate entity as on March 31, 2021. In accordance with Section 129(3) of the Companies Act, 2013 (hereinafter referred to as "the Act"), read with Rule 5 of Companies (Accounts) Rules, 2014, a statement containing the salient features of the Financial Statements of our subsidiaries and associate and their contribution to the overall performance of the Company are available in FORM AOC-1 (is enclosed as Annexure I to the Board's Report) and Statutory group information (under note no. 30 to the Consolidated Financial Statements). In accordance with Regulation 46(2)(s) of SEBI LODR, Separate Audited/ Reviewed Financial Statements of the above subsidiary companies are placed on the website of the Company.

The Audit Committee reviews the Financial Statements of subsidiaries, including the investments made in the subsidiaries, on a quarterly basis and minutes of the Meetings of the subsidiary are placed before the Board Meetings.

Subsequent to the close of FY 2020-21, the Company has incorporated a wholly owned subsidiary in Japan – Ramco Software Japan Kabushiki Kaisha (Ramco Software Japan Limited – In English) on April 01, 2021. However, as per the local regulations in Japan, the share capital of JPY 9.50 Min. (Rs.6.42 Mln.) was remitted on March 25, 2021 in advance, before incorporation.

As on March 31, 2021, the Company has 5 overseas branch offices at UK, Germany, UAE, Australia and Spain.

#### Material Subsidiaries

Based on the financials of FY 2019-20, following subsidiaries were identified as material subsidiaries for the FY 2020-21 in accordance with Regulation 16(1) of SEBI LODR:

1. Ramco Systems Corporation, USA
2. Ramco Systems Pte. Ltd., Singapore
3. Ramco Systems FZ-LLC., Dubai
4. Ramco System Inc., Philippines

Based on the financials of FY 2020-21, following will be the material subsidiary for the FY 2021-22 in accordance with Regulation 16(1) of SEBI LODR:

- Ramco Systems Corporation, USA

Since the income of this material subsidiary is more than 20% of the consolidated income, it warrants the appointment of an Independent Director of the Company in that subsidiary in accordance with Regulation 24 of SEBI LODR. Since the Company had already appointed Mr. M M Venkatachalam, Independent Director of the Company as a Director of that subsidiary on May 22, 2019, he continues to be a Director of that subsidiary, thus fulfilling the requirements.

In accordance with Regulation 46(2) of SEBI LODR, the policy for determining material subsidiaries formulated by the Board is available at the Company's website, at the following <https://www.ramco.com/hubfs/investor-relations/ramco-material-subsiidiary-policy.pdf>.

#### Consolidated Financial Statements

In accordance with Section 129(3) of the Act and Regulation 33 and 34 of SEBI LODR, the Consolidated Financial Statements incorporating the accounts of subsidiary Companies and associate Company along with the Auditors' Report thereon is set out in this Annual Report and are available at the Company's website, at the following <https://www.ramco.com/investor-relations/annual-reports>.

In accordance with Section 136(1) of the Act, Separate Audited/ Reviewed Accounts in respect of the subsidiary companies are also made available at the Company's website, at the following weblink: <https://www.ramco.com/investor-relations/annual-reports>. The Company shall provide a copy of the same to any Member of the Company who asks for it.

#### BOARD OF DIRECTORS

As on March 31, 2021, your Board comprises of eight (8) Directors, out of which, four (4) are Independent Directors including an Independent Woman Director, three (3) Non-Executive & Non-Independent Directors and an Executive Director. Chairman of the Board is a Non-Executive & Non-Independent Director.

Mr. P R Venketrama Raja, (DIN:00331406), Chairman is a Promoter Director and Mr. P V Abinav Ramasubramaniam Raja (DIN:07273249), Manager designated as Whole Time Director, belongs to Promoter Group.

During the year, no appointment / re-appointment (except the retirement by rotation and re-appointment of Mr. A V Dharmakrishnan, (DIN:00693181), Non-Executive & Non-Independent Director) / resignation of Directors took place.

**Board's Report (Contd.)**

The Company had formulated a Code of Conduct for the Directors and Senior Management Personnel and the same has been complied with. The said Code is available at the Company's website, at the following weblink: <https://www.ramco.com/hubfs/investor-relations/code-of-conduct-business-ethics.pdf> .

**Retirement by Rotation and Re-Appointment**

In accordance with Section 152 of the Act and Articles of Association of the Company, Mr. Sankar Krishnan (DIN:01597033) Director retires by rotation and being eligible, offers himself for re-appointment at the ensuing Annual General Meeting ("AGM") of the Company.

A brief resume of the Director being re-appointed, the nature of expertise in specific functional areas, names of companies in which he holds Directorships, Committee Memberships/ Chairpersonships, his shareholding in the Company, etc., have been furnished in the explanatory statement to the notice of the ensuing AGM.

**Independent Directors**

Independent Directors of the Company provide declarations, both at the time of appointment and annually.

The Company has received necessary declaration as laid down in Section 149(7) of the Act from all the Independent Directors confirming that they meet the criteria of independence as provided in Section 149(6) of the Act and SEBI LODR. Independent Directors have also complied with the Code for Independent Directors prescribed in Schedule IV to the Act.

In accordance with Companies (Appointment and Qualification of Directors) Rules, 2014, the Company has received declarations from Independent Directors confirming that they have registered with the Independent Directors Data Bank through Indian Institute of Corporate Affairs. Amongst them, Mr. M M Venkatachalam and Mr. R S Agarwal have been exempted from passing the online proficiency self-assessment test conducted by IICA. Mrs. Soundara Kumar has passed the proficiency self-assessment test, for Justice Mr. P P S Janarthana Raja (Retd.), time is available upto February 26, 2022 for passing the self-assessment test.

The Company had issued letter of appointment in accordance with Regulation 46 of the SEBI LODR and the terms and conditions of appointment of Independent Directors are available at the Company's website at the following weblink: <https://www.ramco.com/hubfs/investor-relations/Independent-Directors-Terms-of-Appointment.pdf> .

Information on familiarization program to Independent Directors is provided in the Corporate Governance Report Section of this Annual Report.

**Details of Remuneration to Directors**

Details as required under the Act, in respect of remuneration paid to Directors, are given in Corporate Governance Section of this Annual Report and in the Extract of Annual Return uploaded in the website under the following link: <https://www.ramco.com/investor-relations/investor-information/annual-return/> .

**Number of Meetings of the Board**

Your Board met four (4) times during the FY 2020-21 on June 19, 2020, August 08, 2020, November 03, 2020 and February 03, 2021 and further details on this aspect are given in the Corporate Governance Section of this Annual Report. The maximum time gap between any of the two consecutive Meetings was not more than one hundred and twenty (120) days or such other period as stipulated under the Act and SEBI LODR. Accordingly, the Board Meeting, amongst others, to consider Q4 financial results of FY 2019-20 was held on June 19, 2020, before the extended timeline of June 30, 2020, prescribed by SEBI.

**Board Committees**

The Board has following Committees during the FY 2020-21:

- a. Audit Committee
- b. Stakeholders Relationship Committee
- c. Nomination and Remuneration Committee
- d. Corporate Social Responsibility Committee
- e. Allotment Committee
- f. Fund Raising Committee

In accordance with the disclosure requirement of Section 177(8) of the Act, the composition of the Audit Committee comprises of Mrs. Soundara Kumar, Chairperson of the Committee, Mr. M M Venkatachalam, Mr. A V Dharmakrishnan, Mr. Sankar Krishnan, Mr. R S Agarwal and Justice Mr. P P S Janarthana Raja (Retd.).

A detailed note on the attendance, composition of the Board and Committees along with other disclosures are provided in the Corporate Governance Report Section of this Annual Report.

Meetings of Board and Committees held during the year are in compliance with the circulars and notifications issued by Ministry of Corporate Affairs ("MCA") and SEBI in this regard.

**Diversity**

Your Company recognizes the importance of a diverse Board for its success and believes that a diverse Board will leverage

## Board's Report (Contd.)

inter alia differences in thought, skills and industry experience, which in the long run will enhance shareholder value.

### Board Evaluation

In accordance with the provisions of the Act and SEBI LODR, Board has carried out a separate exercise to evaluate the performance of the Board as a Whole, its Committees and individual Directors by taking into account the criteria laid down in this regard by the Nomination and Remuneration Committee like attendance, expertise, contribution etc., brought in by the Directors at the Board and Committee Meetings, which shall be taken into account at the time of re-appointment of Independent Director.

A structured questionnaire was prepared covering various aspects including the following but not limited to adequacy of the composition of the Board and its Committees, flow of information, Board culture/Diversity, execution and performance of specific duties, obligations and Governance.

In accordance with Regulation 25(4) of the SEBI LODR, Independent Directors have evaluated the performance of Chairman, Non-Independent Directors and Board as a Whole and assessed the quality, quantity and timeliness of the flow of information between the Management and the Board and other required matters.

In accordance with Regulation 17(10) of SEBI LODR, the Board of Directors has evaluated the performance of Independent Directors and observed the same to be satisfactory and their deliberations beneficial in Board / Committee Meetings.

In accordance with Regulation 4(2) of SEBI LODR, the Board of Directors have reviewed and observed that the evaluation framework of the Board of Directors was adequate and effective.

The Board's observations on the evaluations for the year under review carried on May 21, 2021 were similar to their observations of the previous years. No specific actions have been warranted based on current year observations. The Company would continue to familiarize its Directors on the industry, technological and statutory developments, which have a bearing on the Company and the industry, so that Directors would be effective in discharging their expected duties.

### Policy on Directors' Appointment and Policy on Remuneration

In accordance with Section 134 and 178 of the Act, the Policy on appointment of Board Members including criteria for determining qualifications, positive attributes, independence of a Director and the Policy on remuneration of Directors, KMP and other employees are outlined as part of Nomination and Remuneration Policy of the Company and salient features of the same are disclosed in this report.

Nomination and Remuneration Committee' (NRC Committee) of your Board had fixed the criteria for nominating a person on the Board which inter alia include desired size and composition of the Board, age limit, qualification/experience, areas of expertise and independence of the individual.

Your Company's current policy is to have an appropriate mix of Independent and Non-Independent Directors to maintain the independence of the Board and separate its functions of Governance and management.

### Remuneration Policy

In accordance with Section 178 of the Act, the NRC Committee of your Board has formulated the Nomination and Remuneration Policy for the appointment and determination of remuneration of the Directors, Key Managerial Personnel and other employees of your Company. The said Policy ensures that the level and composition of remuneration is reasonable, the relationship of remuneration to performance is clear and appropriate to the long term goals of the Company.

The NRC Committee has also developed the criteria for determining the qualifications, positive attributes and independence of Directors and for making payments to Executive and Independent Directors of the Company. It recommends to the Board the compensation payable to Directors. Director's compensation are within the limits prescribed under the Act, and approved by the Members of the Company where required.

Your Company follows a compensation mix of fixed pay, benefits and performance based variable pay for its employees, which is based on the performance of the business and the individual, performance of the individuals is measured through annual appraisal process.

The Whole Time Director is paid remuneration by way of salary, benefits and allowances in addition to entitlement of sitting fee for attending the Meetings. Non-Executive Directors are paid remuneration by way of sitting fees based on their participation in the Meetings. Remuneration paid to Directors is within the scale approved by the Board and Members subject to overall ceilings stipulated under Section 197 of the Act. Sitting fees are being paid to Directors for attending the Board Meeting, Audit Committee and Independent Directors Meetings.

In accordance with Section 178(4), the salient features of the Nomination and Remuneration Policy should be disclosed in the Board's Report. The objective of the Policy is to ensure that:

- The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully;
- Relationship of remuneration to performance is clear and meets appropriate performance benchmarks;

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- Remuneration to Directors, Key Managerial Personnel and Senior Management shall be appropriate to the working of the Company and its goals; and
- To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable;

The said Policy and composition of the NRC are in compliance with the Act and SEBI LODR. During the year, there has been no change in the said policy and the said policy is available at the Company's website at the following weblink: <https://www.ramco.com/hubfs/investor-relations/ramco-nomination-and-remuneration-policy.pdf> .

**KEY MANAGERIAL PERSONNEL**

KMPs of your Company as on March 31, 2021 are as follows:

Mr. P V Abinav Ramasubramaniam Raja, Whole Time Director

Mr. Virender Aggarwal, Chief Executive Officer (Employee of Ramco Systems Pte. Ltd., Singapore, a subsidiary of the Company)

Mr. R Ravi Kula Chandran, Chief Financial Officer

Mr. Vijaya Raghavan N E, Company Secretary and Compliance Officer

During the year, there is no change in the list of KMPs.

**DIRECTORS' RESPONSIBILITY STATEMENT**

Your Company's Directors make the following statement in terms of sub-section (5) of Section 134 of the Act, which is to the best of their knowledge and belief and according to the information and explanations obtained by them:

- that the Financial Statements for the year ended March 31, 2021 have been prepared in conformity with Indian Accounting Standards (Ind AS) and requirements of the Act and that of guidelines issued by SEBI, to the extent applicable to the Company along with proper explanation relating to material departures;
- they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2021 and of the profit of the Company for the year ended on that date;
- they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- they had prepared the annual accounts on a going concern basis;

- they had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**CORPORATE GOVERNANCE**

Corporate Governance is a process that aims to allocate corporate resources in a manner that maximizes value for all Stakeholders.

Your Company is committed to maintain the highest standards of Corporate Governance. Your Company places high emphasis on business ethics and ensures best practices throughout the business and in its disclosures. Your Directors always strive to follow good Corporate Governance practices in the Company to enhance long term shareholder value. Corporate Governance Report for the FY 2020-21 is set out in this Annual Report.

The requisite certificate from the Secretarial Auditors confirming compliance of conditions of Corporate Governance as stipulated under SEBI LODR is annexed to the Corporate Governance Report.

A Compliance Report on applicable compliances of SEBI Circular, Notifications and Regulations etc., issued by Secretarial Auditors being filed with stock exchanges in the prescribed format.

**EQUAL OPPORTUNITY**

Your Company believes in transparency and providing equal opportunities in the employment. Your Company's offices across the globe have multi-cultural and multi-national employees. Your Company prevents harassment of any kind based on age, gender, race or any other basis protected by law.

The Company has a Policy on Prevention and Redressal of Sexual Harassment ("POSH") in place in accordance with the requirements of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. During the FY 2020-21, consequent to the exit of presiding officer Mrs. Shyamala Jayaraman, Committee composition was revised and Mrs. Vinitha Ramani was appointed as the presiding officer with effect from March 01, 2021 and the required changes were made in POSH policy of the Company.

During the FY 2020-21, there was no complaint received and no complaint pending for disposal as on March 31, 2021. Pursuant to Rule 8(5) of Companies (Accounts) Rules, 2014, the Company has complied with the provisions relating to the

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constitution of Internal Complaints Committee under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

**EMPLOYEES STOCK OPTION SCHEME (“ESOS”)**

During the year 110,901 options were exercised in 7 tranches by eligible employees/option grantees of the Company and its Subsidiaries under ESOS 2008, ESOS 2009 Plan A, ESOS 2009 Plan B, ESOS 2013 and ESOS 2014 schemes of the Company. No employee was granted options/shares during the year, equal to or exceeding 1% of the issued capital.

The growth of the Company has, in large measure, been possible owing to the wholehearted support, commitment and teamwork of its personnel. Accordingly, the Company had instituted various Employee Stock Option Plans / Schemes (ESOP / ESOS) for the benefit of employees:

- (A) Employee Stock Option Plan, 2000 (ESOP 2000)
- (B) Employee Stock Option Scheme, 2003 (ESOS 2003)
- (C) Employee Stock Option Scheme, 2004 (ESOS 2004)
- (D) Employee Stock Option Scheme, 2008 (ESOS 2008)
- (E) Employee Stock Option Scheme, 2009 - Plan A (ESOS 2009 - Plan A)
- (F) Employee Stock Option Scheme, 2009 - Plan B (ESOS 2009 - Plan B)
- (G) Employee Stock Option Scheme, 2013 (ESOS 2013) and
- (H) Employee Stock Option Scheme, 2014 (ESOS 2014)

During the FY 2020-21, there has been no change in the Schemes of the Company. It is confirmed that the Schemes of the Company are in compliance with SEBI (Share Based Employee Benefits) Regulations, 2014. The relevant disclosures in terms of the Act and in accordance with the said Regulations are enclosed as Annexure II to the Board's Report. The Company does not have any Scheme for issue of sweat equity to the employees or Directors of the Company. Details of Stock Options granted during the year to Mr. A V Dharmakrishnan, Non-Executive & Non-Independent Director is disclosed in Annexure II to the Board's Report.

A certificate from Statutory Auditors, with respect to implementation of the above Employee Stock Option Schemes in accordance with SEBI Regulations and the resolution passed by the Members of the Company, will be available electronically for inspection by the Members during the ensuing AGM and a copy of the same shall be available for inspection at the Corporate Office of the Company during normal business hours on any working day. The disclosure required to be made under SEBI (Share Based Employee Benefits) Regulations, 2014 is available in the Company's website at the following weblink: <https://www.ramco.com/periodic-compliances> .

**PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES**

Disclosures with respect to the remuneration of Directors, KMP and Employees in accordance with Section 197(12) of the Act read with Rule 5(1) (2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are enclosed as Annexure III to the Board's Report.

**INTERNAL FINANCIAL CONTROLS AND ITS ADEQUACY**

In accordance with Section 134(5) of the Act, the Company has Internal Financial Controls by means of policies and procedures commensurate with size and nature of operations. The Company's policies, procedures and standards are developed to uphold internal controls across the organization. These controls ensure transactions are authorized, recorded and reported correctly and assets are safeguarded and protected against loss from unauthorized use or disposition. In addition, there are operational controls and fraud risk controls, covering the entire spectrum of Internal Financial Controls. The controls were tested during the year and no material weakness exists.

Audit Committee of the Board, periodically reviews the internal audit plans and observations/recommendations of Internal and Statutory Auditors. In accordance with Rule 8(5)(viii) of Companies (Accounts) Rules, 2014, it is hereby confirmed that the Internal Financial Controls are adequate with reference to the Financial Statements.

**RISK MANAGEMENT POLICY**

In accordance with Section 134(3)(n) of the Act and Regulation 17(9) of SEBI LODR, the Company has developed and implemented a Risk Management Policy. The Policy envisages identification of risk and procedures for assessment and minimization of risk thereof. The policy is available at the Company's website, at the following weblink: <https://www.ramco.com/hubfs/investor-relations/Risk-Management-Policy.pdf> Details on the Company's Risk Management framework/strategy also further discussed in the Company's MDNA. In the opinion of the Board, there is no element of risk which may threaten the existence of the Company/its operations.

**RELATED PARTY TRANSACTIONS (“RPT”)**

The Company has formulated a policy on materiality of RPT and also on dealing with RPT. The said policy is available at the Company's website, at the following weblink: <https://www.ramco.com/hubfs/investor-relations/ramco-related-party-transaction-policy.pdf> .

**Board's Report (Contd.)**

Prior approval/omnibus approval have been obtained from Audit Committee for all RPTs and these transactions are periodically placed before the Audit Committee for its review/approval. All RPTs that were entered into during the financial year were on arm's length basis and were in the ordinary course of business. There were no materially significant transactions with related parties during the year that may have potential conflict with the interests of the Company at large or that requires approval of the Members. In accordance with Ind AS 24, the details of the transactions with the related parties are set out in the notes Financial Statements.

**AUDITORS****Statutory Auditor**

Your Company at its 20<sup>th</sup> AGM held on August 04, 2017 had appointed M/s. M.S. Jagannathan & N. Krishnaswami, Chartered Accountants, (FRN:001208S) as the Statutory Auditors of the Company to hold office from the conclusion of 20<sup>th</sup> AGM till the conclusion of the 25<sup>th</sup> AGM of the Company to be held in the calendar year 2022.

In accordance with Sections 139 and 141 of the Act and relevant Rules prescribed there under, the Company has received certificate from the Statutory Auditors to the effect that they are eligible to continue as Auditors. The Auditors have also confirmed that they have subjected themselves to the peer review process of Institute of Chartered Accountants of India (ICAI) and holds a valid certificate issued by the Peer Review Board of the ICAI.

Board on the recommendation of Audit Committee at its Meeting held on June 19, 2020 had approved a Statutory Audit fee of Rs.1,800,000/- (exclusive of applicable taxes and out of pocket expenses) for the FY 2020-21. Details of fees paid to Statutory Auditor is disclosed in Corporate Governance Section of this report.

**Internal Auditor**

Your Board on the recommendation of Audit Committee at its Meeting held on June 19, 2020 had re-appointed M/s. SRSV & Associates, Chartered Accountants, (FRN:015041S), Chennai as the Internal Auditors of the Company and approved the internal audit fees to conduct Internal Audit for the FY 2020-21. The Internal Auditors reports directly to the Audit Committee and make presentations at the Audit Committee Meeting(s) on the Internal Audit Report.

In accordance with Sections 138 and 141 of the Act and relevant Rules prescribed there under, the Company has received certificate from the Internal Auditors to the effect that they are eligible to continue as Internal Auditors.

Your Board on the recommendation of Audit Committee at its Meeting held on May 25, 2021 has re-appointed M/s. SRSV & Associates, Chartered Accountants (FRN:015041S), Chennai as the Internal Auditors of the Company for the FY 2021-22.

**Secretarial Auditor**

Your Board at its Meeting held on June 19, 2020 had re-appointed M/s. S.Krishnamurthy & Co., Company Secretaries, to conduct the Secretarial Audit of the Company for the FY 2020-21.

Your Board at its Meeting held on May 25, 2021 had re-appointed M/s. S.Krishnamurthy & Co., Company Secretaries, to conduct the Secretarial Audit of the Company for the FY 2021-22.

The Company had received required declarations/consents from the Secretarial Auditors confirming that they are not disqualified and eligible to continue as Secretarial Auditors.

**Cost Auditor**

In accordance with Section 148 of the Act, Maintenance of cost records and requirement of cost audit are not applicable to the business activity carried out by the Company.

**Opinion/Reports**

The Statutory Auditors, Secretarial Auditors and Internal Auditors of the Company have not reported any frauds to the Audit Committee or to the Board of Directors under Section 143(12) of the Act, including Rules made thereunder.

The Statutory Audit Report in the prescribed format issued by Statutory Auditors is provided in this Annual Report.

The Secretarial Auditor's Report in the prescribed format issued by the Secretarial Auditors is enclosed as Annexure IV to the Board's Report.

The Reports issued by them for the FY 2020-21, do not contain any qualification, reservation or adverse remark or disclaimer.

**CORPORATE SOCIAL RESPONSIBILITY ("CSR")**

In Compliance with Section 135 of the Act, the Board of Directors have constituted a CSR Committee and adopted a CSR Policy, in accordance with Schedule VII of the Act. Your Company was required to spend Rs.14.45 Mn. towards CSR activities during the FY 2020-21 and the same was spent in full during the year. Annual Report on CSR activities as prescribed under Companies (Corporate Social Responsibility Policy) Rules, 2014 is enclosed as Annexure V to the Board's Report.

Your Company's CSR Committee comprises of Mr. P R Venketrama Raja, (DIN:00331406), Chairman, Mr. M M Venkatachalam (DIN:00152619), Director and Mr. A V Dharmakrishnan (DIN:00693181), Director. The

## Board's Report (Contd.)

Committee is responsible for formulating, monitoring and implementing the CSR policy of the Company. In accordance with Section 135(4) of the Act, the major contents of CSR policy are as follows:

**Concept:** The Company's philosophy on CSR is that "as the organization grows, the society and community around it should also grow".

**Vision:** The Company's vision is to contribute to the social and economic development of the communities in which it operates, resulting in building a better and sustainable way of life for the society at large.

**Objectives:** The objective of the CSR Policy is to:

- a. Ensure an increased commitment at all levels in the organization, to operate its business in an economically, socially & environmentally sustainable manner, while recognising the interests of all its Stakeholders.
- b. To generate, through its CSR initiatives, a community goodwill for RSL and help reinforce a positive & socially responsible image of RSL as a corporate entity.

### Implementation Process:

The CSR initiatives shall be undertaken by the Company as per its stated CSR Policy as Projects or Programmes or Activities (either new or ongoing).

The CSR activities may be undertaken through a registered trust or a registered society or a Company established by the Company or its subsidiary or associate Company or through any other trust, society or Company which shall have an established track record of 3 years in undertaking similar programmes or projects.

Your Company's social initiatives are carried out by Shri Abhinava Vidyatheertha Seva Trust.

In addition to the above, CSR Policy also includes Applicability, Objectives, Areas of Initiatives, Budget, CSR Reporting etc., and the said policy is available at the Company's website, at the following weblink: <https://www.ramco.com/hubfs/investor-relations/Corporate-Social-Responsibility-Policy.pdf>.

### VIGIL MECHANISM / WHISTLE BLOWER POLICY

In accordance with Section 177(9) and (10) of the Act and Regulation 22 of the SEBI LODR, the Company has established a Vigil Mechanism and has a Whistle Blower Policy and the same is available at the Company's website, at the following weblink: <https://www.ramco.com/hubfs/investor-relations/Ramco-Whistle-Blower-Policy.pdf>.

Further disclosure/information about the Vigil Mechanism and Whistle Blower Policy are discussed in Corporate Governance Report Section of this Annual Report.

### POLICY ON PRESERVATION OF DOCUMENTS AND ARCHIVAL OF DOCUMENTS

In accordance with Regulation 9 read with Regulation 30(8) of SEBI LODR, your Board has framed a Policy on Preservation of documents and Archival of documents. This is intended to provide guidelines for the retention of records and preservation of relevant documents for a duration after which the documents shall be archived. This said policy is available at the Company's website, at the following weblink: <https://www.ramco.com/hubfs/investor-relations/Policy-on-Preservation-of-Documents-and-Archival-of-Documents.pdf>.

### SUSTAINABILITY INITIATIVES

Your Company is in the space of providing technological solutions. Your Company's contribution towards sustainability is continuous in nature as is reflected throughout/forms an integral part of our business. The Company aims to reduce its carbon footprint by using energy conservation equipment's/ other control measures. Your Company has digitalized internal communications with virtual Meetings through tele/audio-conferencing that bring down Meeting-related travel and other costs considerably.

Your Company is future-ready by proactively encouraging Innovative thinking across the organization and going digital.

### OTHER DISCLOSURES

**Deposits:** During the year, your Company has not accepted any deposit within the meaning of Sections 73 and 74 of the Act and no deposits are outstanding as at the end of financial year;

**Secretarial Standards:** Your Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Board / Committee and General Meetings;

**Nature of Business:** During the year, there was no change in nature of business of the Company or any of its subsidiaries;

**Significant and Material Orders:** During the year, there are no such orders passed by Regulators/Courts/Tribunals, impacting the going concern status and the Company's operations in future;

**Loans, Guarantees or Investments:** Disclosures on the same in accordance with Section 186(4) of the Act and SEBI LODR are provided under Note Nos. 8, 9.1, 26 and 29 forming part of Separate (Standalone) Financial Statements.

**Contracts or Arrangements with Related Parties:** Particulars of the same as referred in Section 188(1) of the Act, in the prescribed Form AOC-2 is enclosed as Annexure VI to the Board's Report.

**Board's Report (Contd.)****Annual Return:**

In accordance with Section 92(3) of the Act, read with Rule 12(1) of Companies (Management and Administration) Rules, 2014, an extract of the Annual Return in Form MGT-9 for the year ended March 31, 2021 is available in the Company's website at the following weblink: <https://www.ramco.com/investor-relations/investor-information/annual-return/> . and the Annual Return in Form MGT-7 for the said year will be filed with MCA after completion of AGM. MGT-7 for the year ended March 31, 2020 had been filed with MCA and the same is available in the Company's website at the following weblink: [https://www.ramco.com/hubfs/PDF%20Download%20URL/Annual%20Return/Form\\_MGT-7\\_2019-20\\_Revised\\_Signed\\_.pdf](https://www.ramco.com/hubfs/PDF%20Download%20URL/Annual%20Return/Form_MGT-7_2019-20_Revised_Signed_.pdf) .

**Conservation of Energy:** The information on conservation of energy, technology absorption and foreign exchange earnings and outgo as stipulated under Section 134(3) of the Act, read with the Companies (Accounts) Rules, 2014, is enclosed as Annexure VII to the Board's Report;

**Material Changes and Commitments:** No material changes and commitments affecting the financial position of the Company occurred between April 1, 2021 and the date of signing this report, except the continuance of the Global pandemic COVID-19 and its impact on the operations. Further deliberations on COVID-19 are provided under MDNA and Note Nos. 33 and 31 of Separate (Standalone) and Consolidated Financial Statements respectively;

**Investor Education and Protection Fund (IEPF):** In accordance with Section 124 of the Act, scenario for transfer of amount of unclaimed/unpaid dividend or corresponding shares to IEPF does not arise;

**Committee Recommendations:** During the year, recommendations of all the Committee constituted by the Board in accordance with the Act were accepted by the Board;

**Differential Rights:** The Company has not issued equity shares with differential rights as to dividend, voting or otherwise;

**Health, Safety and Environmental Protection:** Your Company is committed to provide a safe, healthy and conducive environment to all of its employees and associates.

**GREEN INITIATIVES**

Your Company being in the industry of Information Technology, Green Initiative is embedded in the Company's culture and throughout its business operations.

Keeping next step towards a Greener Planet for future generations and in furtherance of digitization Commitment to Go-Green initiative of the Government, the Company started using digital mechanism to conduct Board/Committee Meeting(s) as per the provisions of law and as part of this step, circulating the agenda, notes and other supporting documents of the Board/Committee Meetings through a secured electronic platform for ease of access to Directors for their review and consideration, thereby reducing usage of papers to a limited purpose.

**AWARDS AND RECOGNITIONS**

Your Company continued its excellence in its chosen area of business to set a tone at the top. Rewards and recognition achieved by the Company globally during this year are provided under page no.13 of this Annual Report.

**APPRECIATIONS**

Your Directors place on record their appreciation for the contributions made by employees towards the success of your Company. Your Directors gratefully acknowledge the co-operation and support received from the Members, Customers, Vendors, Bankers, Regulatory/Governmental Authorities in India and abroad.

For and on Behalf of the Board of Directors  
For **RAMCO SYSTEMS LIMITED**

**P R VENKETRAMA RAJA**  
Chairman

Place : Rajapalayam  
Date : May 25, 2021