

RICOH

9

MD	✓	BKC	NA
CS	NA	DPY	NA
RO	✓	DIV	NA
TRA	✓	AC	✓
ACM	✓	SH	✓
VS	✓		✓

No Notice



THE FINEST IN BLACK & WHITE

RICOH INDIA LTD.
(FORMERLY RPG RICOH LTD.)

FIFTH ANNUAL REPORT 1997-98

RICOH INDIA LTD. [formerly RPG RICOH LTD.]

BOARD OF DIRECTORS

(as on 7th July, 1998)

P. H. Shah - Hon. Chairman

M. Takeiri

Y. Mizutani

T. Eida

Y. Miura - Alternate to M. Takeiri

Y. Osada - Alternate to T. Eida

PRESIDENT & CHIEF EXECUTIVE OFFICER

Y. Miura

BANKERS

The Fuji Bank Ltd.

The Bank of Tokyo - Mitsubishi, Ltd.

The Sanwa Bank Ltd.

The Siam Commercial Bank P.C.L.

Credit Lyonnais

Societe Generale

Deutsche Bank

LEGAL ADVISORS

Kanga & Company

AUDITORS

A. F. Ferguson Associates

REGISTRAR & TRANSFER AGENTS

Tata Consultancy Services

6, Lotus House,

Sir Vithaldas Thackersey Marg,

New Marine Lines,

Mumbai 400 020.

FACTORIES

A-9, GIDC Electronics Estate,

'K' Road, Sector 15, Gandhinagar,

Gujarat 382 044.

&

Santacruz Electronic Export Processing Zone (SEEPZ),

27 C, SDF 1,

Andheri (East),

Mumbai 400 096.

REGISTERED OFFICE

(w.e.f. 1st September, 1998)

1104, Arcadia,

195, N.C.P.A. Road,

Nariman Point,

Mumbai 400 021.

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DIRECTORS' REPORT

Dear Members,

The Directors present their Fifth Report together with the Audited Statement of Account for the year ended 31st March, 1998.

FINANCIAL RESULTS :

	For the year ended 31.03.98 (Rs. in lakhs)	For the year ended 31.03.97 (Rs. in lakhs)
Total Income	5,107.31	7,850.85
Profit/(Loss) before Depreciation	(1,346.39)	195.56
Less : Depreciation	148.51	147.66
Profit/(Loss) before Taxation	(1,494.90)	47.90
Less : Provision for Taxation	—	6.20
Net Profit/(Loss)	(1,494.90)	41.70
Add : Balance brought forward from previous year	72.60	122.11
Amount available for appropriation	(1,422.30)	163.81
Appropriation :		
Transfer to Debenture Redemption Reserve	—	85.16
Preference Dividend	—	5.50
Tax on Proposed Preference Dividend	—	0.55
Balance carried to Balance Sheet	(1,422.30)	72.60

OPERATIONS :

In the year under review, your Company achieved a turnover of Rs. 5,107.31 lakhs as compared to the turnover of Rs. 7,850.85 lakhs in the previous year. The total turnover consists of Rs. 2,156.87 lakhs being the income from maintenance and other services as compared to Rs. 2,037.79 lakhs in the previous year.

During the year, your Company's export turnover was Rs. 43.78 lakhs as compared to Rs. 492.60 lakhs in the previous year. Your Company exported its products to the CIS countries (erstwhile USSR) and other neighbouring countries.

Your Company has reported a Net Loss of Rs. 1,494.90 lakhs for the year under review against the Net Profit of Rs. 41.70 lakhs in the previous year. The reasons for your Company's poor performance during the year were many. Firstly, your Company faced severe financial constraints which limited its sales drastically. The low revenue earned during the year could not support the fixed operating cost. Huge amounts borrowed by the Company to keep operations going resulted in a substantial increase in the interest cost. To add to your Company's bad fortunes, during September, '98 the Government announced an interim increase in the customs duty on all the imports of the Company.

As at the end of the financial year under review, the Company had 104 Authorised Business Associates

RICOH INDIA LTD. (formerly RPG RICOH LTD.)

on board. This indirect channel of sales and service will be strengthened in the near future so as to enable the Company to achieve better results.

POTENTIALLY SICK :

As per the results of your Company for the year ended 31st March, 1998, the accumulated losses of Rs.1,422.30 lakhs as on that date has eroded the peak net worth during the immediately preceding four financial years of Rs. 1,121.67 lakhs by more than 50% and as such the provisions of Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985 are applicable to your Company.

Accordingly, a separate Report by the Board of Directors in respect of the said erosion of net worth of the Company, the causes for such erosion and, the revival measures being taken, is being enclosed for your consideration at the ensuing Annual General Meeting.

FUTURE OUTLOOK :

In a short span of less than five years your Company has established a strong sales and service network, covering nearly 144 locations across the Country. Although there is a recession in the economy, it is felt that the demand for office automation products will continue to be maintained.

Technically advanced models of photocopiers such as the FT 4015, FT 4422, FT 5632, FT 5640, FT 6350 and FT 3713 were launched during the year and have proved to be successful and are doing well in the market enabling us to be present in all market segments with the latest international selling models. Plans are in progress to introduce a few more models of photocopiers which would help to bridge the gap in certain segments and also make our presence known in the High End Duplex Machine Segment.

CHANGE OF MANAGEMENT CONTROL OF THE COMPANY :

One of the major events that took place after close of the financial year under review, was the passing over of management control of the Company to Ricoh Company Limited, Japan (Ricoh), who purchased the entire Equity stake of 34% held by the RPG Group (RPG), the other joint venture partner in the Company. Pursuant to the acquisition of Shares from RPG, Ricoh held 60% of the Equity stake of the Company.

On 22nd May, 1998, in accordance with the resolution passed under Section 81(1A) of the Companies Act, 1956, by the members at their Extraordinary General Meeting held on 11th March, 1998, fresh 43,22,309 fully paid-up Equity Shares of Rs. 10/- each were allotted to Ricoh at par on a preferential basis. Pursuant to this allotment, Ricoh holds approximately 76% of the expanded Equity stake of the Company and is now the sole Promoter of the Company.

CHANGE OF NAME OF THE COMPANY :

In accordance with the resolution passed under Section 21 of the Companies Act, 1956, by the members of the Company at their Extraordinary General Meeting held on 11th March, 1998, the Registrar of Companies, Maharashtra approved the change of name of the Company from "RPG Ricoh Limited" to "Ricoch India Limited", w.e.f. 22nd May, 1998.

DIVIDEND :

In the absence of any profits during the year, no dividend has been recommended.

FIXED DEPOSITS :

The Company has not accepted any Fixed Deposits.

DIRECTORS :

Mr. H. V. Goenka, Mr. V. S. Krishnan, Mr. V. K. Hajela, Mr. P.K. Chowdhary and Mr. K. Inoue have resigned as Directors of the Company. Mr. S. Ikegami and Mr. H. Okashita too have resigned as Alternate Directors of the Company.

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The new nominees on the Board of the Company include Mr. Prakash H. Shah who has been appointed as the Hon. Chairman in place of Mr. H. V. Goenka and Mr. T. Eida as Director in place of Mr. V. S. Krishnan, Mr. Y. Miura and Mr. Y. Osada have been appointed as Alternate Directors to Mr. M. Takeiri and Mr. T. Eida respectively.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. M. Takeiri, retires by rotation and being eligible offers himself for re-appointment.

PERSONNEL :

The Directors wish to place on record their sincere thanks for the co-operation and enthusiastic support received from the employees.

A statement of particulars of employees of the Company in terms of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, is annexed hereto as Annexure I and forms part of this Report.

AUDITORS' REPORT :

The notes to the accounts bearing Nos. 11, 12, 13, 16, 17 and 18 in Schedule 20 to the Balance Sheet as at 31st March, 1998 and referred to in the Auditors' Report are self explanatory and therefore do not call for any further comments under section 217(3) of the Companies Act, 1956.

As regards the matter reported at Sr. No. 4 in the Auditors' Report, the confirmation of balances due to/from the Company could not be obtained on account of separation of the Company from the group, prior to change of management control.

In respect of the matter reported at Sr. No. 7 in the Auditors' Report and pertaining to the External Commercial Borrowing by the Company, the management is of the view that it would be appropriate to value the said borrowing at the historical rate of exchange and that necessary translation of rates of exchange could be carried out on the dates of actual repayments and appropriate disclosures made in the accounts for the relevant financial years.

AUDITORS :

Messrs. A. F. Ferguson Associates, the existing Auditors of the Company, have under Section 224(1) of the Companies Act, 1956 furnished certificate of their eligibility for re-appointment.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO :

As required by the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, a statement showing the relevant particulars as stated therein is annexed hereto as Annexure II and forms part of this report.

For and on behalf of the Board of Directors,

New Delhi,
7th July, 1998

Y. Miura

Y. Osada

Directors

Registered Office :

1104, Arcadia, 195, N.C.P.A. Road,
Nariman Point, Mumbai-400 021.

RICOH INDIA LTD. (formerly RPG RICOH LTD.)**ANNEXURE I TO THE DIRECTORS' REPORT**

I NFORMATION AS PER SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AS AMENDED UPTO DATE FOR THE YEAR ENDED 31ST MARCH, 1998

Name	Age (Years)	Qualification	Designation	Experi- ence (Years)	Remun- eration (Rs.)	Details of previous Employment	Period of previous Employment
# B. P. Singh	38	B.Com.	Controller-Business Operations (South)	17	177576	International Computer Indian Manufacture Ltd.	1Yr 5Mths
D. Sharma	39	M.M.S.	Vice President - Business Operations	16	469257	Modi Xerox Ltd.	11Yrs
# G. Garg	40	B.Com., PG.D.-Mktg. & Sales Mgt.	Regional Manager	18	107852	International Computer Indian Manufacture Ltd.	1Yr 7Mths
H. Ghosh	62	B.E., M.E.- Signal & Telecom. (France)	General Manager - Technical & Manufacturing	39	438685	Ceat Ltd.	8Yrs
# K. Prasad	32	B.Com., PG.D.-Mktg. Personnel Management	Controller - HRD	10	273383	Asian Cables & Industries Ltd.	4Yr 2Mths
# K. Angara	50	B.E., M.B.A.	Manager (Designated as 'President')	24	1732224	International Computer Indian Manufacture Ltd.	1Yr 9Mths
M. M. Nandwani	47	B.Com., PG.D. - Mkt. Mgt.	Controller Business Operations (North)	22	380562	International Computer Indian Manufacture Ltd.	5 Mths
M. S. Satsangi	47	M.S.S. - Elect. PG.D.-Mktg. Mgt. Materials	Senior Manager	25	400030	Ceat Ltd.	2Yrs
R. M. Bhide	40	B.Com., D.M.M., F.C.A.	Vice President - Finance & Commercial	17	517770	RPG Enterprises Ltd.	1Yr 1Mth
# V. Jethra	42	B.A., M.B.A.	Manager (Designated as 'President')	18	1239029	Penguin Books India Pvt. Ltd.	2Yrs.
V. Tuteja	38	B.Com.	Operations Manager - Delhi	14	343777	Self employed	2Yrs

Notes:

1. All the above appointments are contractual.
2. Terms and Conditions are as per Company's Rules.
3. None of the aforesaid employees are related to any of the Directors of the Company.
4. The remuneration as shown above includes Salary, Bonus, House Rent Allowance, Taxable perquisites, Leave Travel Assistance, Medical expenses, Accommodation and Company's contribution to Provident Fund, as applicable.
5. None of the above employees hold more than 2% of the paid-up Share Capital of the Company.
6. # Indicates that the employee was in service for a part of the year.
For and on behalf of the Board of Directors,

New Delhi,
7th July, 1998

Y. Miura

Y. Osada

Directors

Registered Office :

1104, Arcadia, 195, N.C.P.A. Road,
Nariman Point, Mumbai-400 021.

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ANNEXURE II TO THE DIRECTORS' REPORT

PARTICULARS RELATING TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO AS REQUIRED TO BE DISCLOSED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.

I. CONSERVATION OF ENERGY

The Company not being a power intensive unit, the consumption for the purpose of manufacturing was not very high. However, all efforts are being made to keep the consumption within reasonable limits.

Total energy consumption and energy consumption per unit of production in Form 'A' is as stated below :

FORM A

	1997-98	1996-97
A. Power and Fuel Consumption		
1. Electricity		
(a) Purchased		
Units (KWH)	136570	162057
Total amount (Rs. in lakhs)	6.98	7.13
Rate per unit (Rs.)	5.11	4.40
(b) Own generation		
(i) Through diesel generation :		
Units (KWH)	—	—
Units per litre of diesel oil (KWH)	—	—
Cost per unit (Rs.)	—	—
(ii) Through steam/turbine generator :		
Units (KWH)	—	—
Units per litre of fuel oil/gas (KWH)	—	—
Cost per unit (Rs.)	—	—
2. Coal (Specify quality & where used)		
Quantity (Tonnes)	—	—
Total cost (Rs. in lakhs)	—	—
Average rate (Rs.)	—	—
3. Furnace Oil		
Quantity (K. ltrs.)	—	—
Total cost (Rs. in lakhs)	—	—
Average rate (Rs.)	—	—
4. Others/Internal generation (LPG and other gases)		
Quantity (Kgs.)	—	—
Total cost (Rs.)	—	—
Rate per unit (Rs.)	—	—
B. Consumption per unit of Production		
(i) Electricity (KWH)	320.59	437.99
(ii) Furnace Oil (Ltrs./Mt.)	—	—
(iii) Coal	—	—
(iv) Others	—	—

RICOH INDIA LTD. (formerly RPG RICOH LTD.)**II. TECHNOLOGY ABSORPTION****FORM B**

1. Specific area in which R & D carried out by the Company : Nil
2. Benefits derived as a result of the above R & D : Nil
3. Future Plan of Action : Nil
4. Expenditure on R & D :
 - a) Capital : Nil
 - b) Recurring : Nil
 - c) Total : Nil
 - d) Total R & D expenditure as a percentage of total turnover : N.A.

Technology Absorption, Adaptation and Innovation

1. Efforts, in brief, made towards Technology Absorption, Adaptation and Innovation. : Nil
2. Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution, etc. : Nil
3. In case of imported technology (imported during the last five years, reckoned from the beginning of the financial year), following information may be furnished. :
 - a) Technology imported : For manufacture of Electronic White Copy Board from Ricoh Company Ltd., Japan.
 - b) Year of import : 1995-1996
 - c) Has technology been fully absorbed? : Yes
 - d) If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action. : N.A.

III. FOREIGN EXCHANGE EARNINGS AND OUTGO

1. Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services and export plans : Please refer to the Main Report
2. Total Foreign Exchange used and earned.

	For the year ended 31.03.98	For the year ended 31.03.97
	(Rs. in lakhs)	(Rs. in lakhs)
Foreign Exchange earned	296.87	496.23
Foreign Exchange used	1,518.48	2,526.40

For and on behalf of the Board of Directors,

New Delhi,
7th July, 1998

Y. Miura

Y. Osada
Directors**Registered Office :**1104, Arcadia, 195, N.C.P.A. Road,
Nariman Point, Mumbai-400 021.

ANNUAL REPORT 1997-98**DIRECTORS' REPORT****UNDER SECTION 23 OF THE SICK INDUSTRIAL COMPANIES (SPECIAL PROVISIONS) ACT, 1985**

Dear Members,

Your Directors present their report pursuant to the provisions of Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985 based on the duly audited accounts for the financial year ended 31st March, 1998, for your consideration.

BACKGROUND :

Ricoh India Limited (Formerly RPG Ricoh Limited) was incorporated on 22nd October, 1993. Ever since its inception, your Company's business has grown at a rate which was higher than the average growth rate of the Office Automation Industry. This is clearly evident from the results achieved during the preceding four financial years and summarised as under :

(Rs. in lakhs)				
Particulars	1993-94	1994-95	1995-96	1996-97
Total Income	1,085.90	3,726.23	6,067.26	7,802.41
Total Expenditure	1,059.40	3,356.36	5,334.72	6,640.64
Interest	10.85	205.05	495.25	966.21
Gross Profit before				
Depreciation & Taxation	15.65	164.82	237.29	195.56
Depreciation	5.66	59.43	108.89	147.66
Provision for Taxation	2.25	-	-	-
Net Profit	7.74	105.39	128.40	47.90
Paid-up Share Capital	-	645.24	835.45	835.53
Reserves excluding				
Revaluation Reserves	7.74	277.19	375.24	445.90

Despite the fact that the turnover of the Company has increased during each of the preceding financial years, there has also been a proportionate increase in the operating expenditure of the Company. A considerable portion of the operating expenditure of the Company is of a fixed nature and hence unavoidable. During the preceding years the Company extensively borrowed to support its working capital needs which resulted in a substantial increase in the interest cost during each of these years. All these factors put together did not help the Company build up any healthy reserves during the past.

FISCAL 1997 :

The audited financial results for the year ended 31st March, 1998 are as under :

(Rs. in lakhs)	
Particulars	Amount
Total Income	5,107.31
Total Expenditure	5,271.83
Interest	1,181.87
Gross Profit/(Loss) before Depreciation & Taxation	(1,346.39)
Depreciation	148.51
Provision for Taxation	-
Profit/(Loss) After Taxation	(1494.90)
Balance brought forward	72.60
Accumulated Losses	1422.30

The Indian economy witnessed a major recession during the last financial year. Your Company's performance too has been severely affected on this count. To add to the misfortunes, your Company was plugged with severe financial constraints, leading to the following developments :

- Sales limited on account of inability to clear imports.
- Huge borrowing for the working capital needs.
- Heavy interest cost.