

RICOH

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RICOH INDIA LTD.

SIXTH ANNUAL REPORT 1998-99

RICOH INDIA LTD.

BOARD OF DIRECTORS

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

COMPANY SECRETARY

G. Narayanan

AUDITORS

A.F. Ferguson Associates

REGISTRARS & 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

1104, Arcadia,
195, N.C.P.A. Road,
Nariman Point, Mumbai - 400 021
Tel Nos.: (022) 2881950, 2881951, 2881952, 2881953, 2881954
Fax : (022) 2881955

CORPORATE OFFICE

Sixth Floor, Enkay Towers,
B&B1 Vanijy Nikunj,
Udyog Vihar, Phase-I Gurgaon- 122 016 (Haryana)
Tel. Nos. 0124-349751-58, Fax : 0124-349760

NOTICE

Notice is hereby given that the **SIXTH ANNUAL GENERAL MEETING** of the Members of **RICOH INDIA LIMITED** will be held at the Indian Merchants' Chamber, Conference Hall (Walchand Hirachand Hall), 4th Floor, 76, Veer Nariman Road, Churchgate, Mumbai - 400 020 on Wednesday, the 29th day of September, 1999 at 10.00 a.m. to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 1999 and the Profit and Loss Account for the year ended as on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr.Y.Mizutani, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to authorise the Board of Directors of the Company to fix their remuneration.

SPECIAL BUSINESS

4. To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution :

"RESOLVED THAT in accordance with the provisions of Section 198, 269, 309 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded to the appointment and payment of remuneration to Mr.Y.Miura (presently an Alternate Director to Mr.M.Takeiri) as Whole time Director of the Company (designated as "President and CEO") for a period of five years with effect from 13th May, 1998 and to his receiving remuneration, benefits and amenities as Whole time Director of the Company w.e.f. 01st September, 1998, upon the terms and conditions and stipulations contained in the Agreement to be entered into between the Company and Mr.Y.Miura a draft whereof is placed before the meeting and for the purposes of identification is initialled by the Chairman of the meeting, which agreement is hereby specifically sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or remuneration and/

or agreement, which remuneration after variation shall not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 including any Statutory modification or re-enactment thereof, for the time being in force or any amendments and/or modifications that may hereafter be made thereto by the Central Government in that behalf from time to time, or any amendments thereto as may be agreed between the Board and Mr.Y.Miura. Provided that the aforesaid approval and consent shall not be impaired by the reason of Mr.M.Takeiri returning to the State where the meetings of the Board are normally held and Mr.Y.Miura being re-appointed as Alternate Director to Mr.M.Takeiri or Mr.Y.Miura being appointed as Alternate Director to any other Director.

"RESOLVED FURTHER THAT the remuneration including benefits, amenities and perquisites as set out in the agreement shall nevertheless be paid and allowed to Mr.Y.Miura as minimum remuneration for any financial year in case of absence or inadequacy of profits for such year but shall not in any such year exceed the ceiling laid down in this behalf in Schedule XIII to the Companies Act, 1956 from time to time.

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to take such steps and to do all such acts, deeds, matters and things as may be considered necessary, proper and expedient to give effect to this resolution.

5. To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution :

"RESOLVED THAT in accordance with the provisions of Section 198, 269, 309 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded to the appointment and payment of remuneration to Mr.Y.Osada (presently an Alternate Director to Mr.T.Eida) as Whole time Director of the Company (designated as "Vice President (Finance & Control)") for a period of five years with effect from 13th May, 1998 and to his receiving remuneration, benefits and amenities as Whole time Director of the Company w.e.f. 01st September, 1998, upon the terms and conditions and stipulations contained in the Agreement to be entered into between the Company and Mr.Y.Osada a draft whereof is placed before the meeting and for the purposes of identification is initialled by the

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Chairman of the meeting, which agreement is hereby specifically sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or remuneration and/or agreement, which remuneration after variation shall not so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 including any Statutory modification or re-enactment thereof, for the time being in force or any amendments and/or modifications that may hereafter be made thereto by the Central Government in that behalf from time to time, or any amendments thereto as may be agreed between the Board and Mr.Y.Osada. Provided that the aforesaid approval and consent shall not be impaired by the reason of Mr.T.Eida returning to the State where the meetings of the Board are normally held and Mr.Y.Osada being re-appointed as Alternate Director to Mr.T.Eida or Mr.Y.Osada being appointed as Alternate Director to any other Director.

"RESOLVED FURTHER THAT the remuneration including benefits, amenities and perquisites as set out in the agreement shall nevertheless be paid and allowed to Mr.Y.Osada as minimum remuneration for any financial year in case of absence or inadequacy of profits for such year but shall not in any such year exceed the ceiling laid down in this behalf in Schedule XIII to the Companies Act, 1956 from time to time.

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to take such steps and to do all such acts, deeds, matters and things as may be considered necessary, proper and expedient to give effect to this resolution.

6. To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution :

"RESOLVED THAT consent of the Company be and is hereby accorded under the provisions of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, to the Board of Directors of the Company for creation of such mortgages, charges and/or hypothecation in addition to the existing mortgages, charges and/or hypothecation created by the Company in such form and manner as may be agreed to between the Board of Directors and any public financial institution, bank or any other financial institution on all or any of the immoveable and moveable properties of the Company, both present and future of any nature and kind whatsoever, to secure the working capital credit facilities and/or

loans lent/and advanced/or any other increase or enhanced credit facilities and/or loans that may be lent or agreed to be lent and advanced by any financial institutions and/or banks, provided that the mortgages, charges and/or hypothecation created by the Company shall not at any time exceed the aggregate value of Rs. 150,00,00,000/- (Rupees One Hundred Fifty Crores Only) together with interest thereon in terms of the agreements entered/to be entered into between the Company and such financial institutions and/or banks.

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts and things that may be necessary to give effect to this resolution".

7. To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution :

"RESOLVED THAT in supersession of the earlier resolution passed at the Extraordinary General Meeting of the Company held on 11th March, 1998, consent of the Company be and is hereby accorded to the Board of Directors of the Company pursuant to the provisions of Section 293(1)(d) of the Companies Act, 1956, to borrow from time to time such sums of money even though the money borrowed together with moneys already borrowed exceeds in the aggregate of the paid-up capital and the free reserves of the Company provided, however, that the total borrowings of the company apart from the temporary loans obtained from the company's bankers shall not exceed Rs. 100,00,00,000/- (Rupees One Hundred Crores Only).

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts and things that may be necessary to give effect to this resolution".

NOTES :

- An explanatory Statement Under Section 173(2) of the Companies Act, 1956 in respect of the Special Business referred to at Item Nos. 4 to 7 is annexed hereto.
- A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. PROXY FORM MUST REACH THE REGISTERED OFFICE OF THE COMPANY AT LEAST 48 HOURS BEFORE THE MEETING.**
- The Register of Members and the Share Transfer Books of the Company shall remain closed from Friday, the 10th September, 1999 to Thursday, the 23rd September, 1999 (both days inclusive).

- d) Members are requested to intimate the change, if any, in their Registered Address, to the Company's Registrar and Transfer Agents, Tata Consultancy Services at 6, Lotus House, Vithaldas Thakersey Marg, New Marine Lines, Mumbai - 400 020.
- e) Members seeking further information about the accounts are requested to write to the Company at the Corporate Office address at Gurgaon at least 2 weeks before the date of the meeting giving details of the information required.
- f) As a measure of economy, copies of the Annual Report will not be distributed at the Annual General

Meeting. Members are therefore requested to bring their copies of the Annual Report at the Meeting.

By Order of the Board of Directors
For **RICOH INDIA LIMITED**

Gurgaon(Haryana)
21st July, 1999

(G.Narayanan)
Company Secretary

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

ANNEXURE TO NOTICE

Explanatory Statement as required under Section 173(2) of the Companies Act, 1956.

In terms of Section 173(2) of the Companies Act, 1956, the following Explanatory Statement sets out all material facts, relating to the Special Business at Item Nos. 4 to 7 of the accompanying Notice.

Item No.4

By a resolution passed by the Board of Directors in their meeting held on 13th May, 1998, Mr.Y.Miura was appointed as an Alternate Director to Mr.M.Takeiri and further designated as "President & CEO". By virtue of his office he is deemed Whole time Director of the Company. Mr.Y.Miura brings with him 16 years of rich International Expertise in the Office Automation Industry.

Since the Company is a loss making one, it is proposed to remunerate Mr.Y.Miura, as per the ceiling limit stipulated in Part II of Schedule XIII to the Companies Act, 1956. Further on the date of appointment Mr.Y.Miura did not fulfil condition (e) of Part I of Schedule XIII to the Companies Act, 1956 i.e. being a non-resident, he had not completed 12 months stay in India.

The remuneration proposed to be paid and perquisites proposed to be provided to Mr.Y.Miura are set out below:

Salary : Rs.50,000/- per month.

Perquisites :

In addition to the aforesaid salary Mr.Y.Miura shall be entitled to the following perquisites restricted to an amount equal to the annual salary or Rs. 4,50,000/- per annum whichever is less. The Perquisites are classified into three categories A, B & C as follows :

Category A

1. Housing I - The expenditure by the Company on hiring/leasing furnished accommodation will be

subject to 60% of the salary, over and above 10% payable by the Director.

Housing II - In case accommodation is owned by the Company, 10% of the Salary will be deducted by the Company.

Housing III - In case no accommodation is provided by the Company, he will be entitled to house rent allowance subject to the ceilings laid down in Housing I.

The expenditure incurred by the Company on gas, electricity, water and furnishings will be valued as per the Income Tax Rules, 1962. This will, however, be subject to a ceiling of 10% of the salary.

2. Medical reimbursement : Expenses incurred for self and family subject to a ceiling of one month's salary per year.
3. Leave Travel Concession : For self and family once in a year in accordance with the Rules of the Company.
4. Club Fees : Fees of clubs subject to a maximum of two clubs, admission and Life membership fees not being allowed.
5. Personal Accident Insurance : In accordance with the rules specified by the Company.

For the above purpose "family": means the spouse, dependent children and dependent parents of the Director.

Category B

Contribution to Provident Fund, Superannuation fund or Annuity fund as per the Company's rules, to the extent these either singly or put together are not taxable under the Income-tax Act, 1961. Gratuity payable at a rate

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not exceeding half a month's salary for each completed year of service, and

Encashment of leave at the end of the tenure as per the rules of the Company will not be included in the computation of the ceiling on perquisites.

Category C

Provision of car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the company to the individual appointee concerned.

Since Mr.Y.Miura is a non resident he shall also be eligible to the following perquisites which shall not be included in the computation of the ceiling on perquisites :-

Children's education allowance - In case of Children studying in or outside India, an allowance limited to a maximum of Rs.5,000/- per month per child or actual expenses incurred, whichever is less. Such allowance is admissible upto a maximum of two children.

Holiday passage for children studying outside India/ family staying abroad - Return Holiday passage once in a year by economy class or once in two years by first class to children and to the members of the family from the place of their study or stay abroad to India if they are not residing in India with the Managerial person.

Leave travel concession : Return passage for self and family in accordance with the rules specified by the Company where it is proposed that the leave be spent in home country instead of anywhere in India.

The above remuneration (including perquisites) shall be paid to Mr.Y.Miura as the minimum remuneration in the event of absence or inadequacy of profits in any financial year of the Company but shall not exceed the ceiling laid down in this behalf in schedule XIII to the Companies Act, 1956, from time to time.

The Board is of the opinion that Mr.Y.Miura's knowledge and experience will be of immense value to the Company. The Board, therefore, recommends the acceptance of the Resolution set out in the Notice convening the Meeting.

The draft agreement referred to in the Resolution is available for inspection to the Members at the Registered Office of the Company on any working day between 11 a.m. and 1 p.m. prior to the date of the Annual General Meeting.

This may be treated as an abstract of the terms and conditions of the appointment of Mr.Y.Miura, Whole time

Director of the Company (designated as "President & CEO") under Section 302 of the Companies Act, 1956. An application has already been made to the Central Government for obtaining its approval.

None of the Directors, except Mr.Y.Miura, is concerned or interested in this resolution.

Item No.5

By a resolution passed by the Board of Directors in their meeting held on 13th May, 1998, Mr.Y.Osada was appointed as an Alternate Director to Mr.T.Eida and further designated as "Vice President(Finance & Control)". By virtue of his office he is deemed Whole time Director of the Company. Mr.Y.Osada has wide experience in Financial, Commercial and Management matters particularly in respect to Office Automation Industry.

Since the Company is a loss making one, it is proposed to remunerate Mr.Y.Osada, as per the ceiling limit stipulated in Part II of Schedule XIII to the Companies Act, 1956. Further on the date of appointment Mr.Y.Osada did not fulfil condition (e) of Part I of Schedule XIII to the Companies Act, 1956 i.e. being a non-resident, he had not completed 12 months stay in India.

The remuneration proposed to be paid and perquisites proposed to be provided to Mr.Y.Osada are set out below :

Salary : Rs.50,000/- per month.

Perquisites :

In addition to the aforesaid salary Mr.Y.Osada shall be entitled to the following perquisites restricted to an amount equal to the annual salary or Rs.4,50,000/- per annum whichever is less. The Perquisites are classified into three categories A, B & C as follows :

Category A

1. Housing I - The expenditure by the Company on hiring/leasing furnished accommodation will be subject to 60% of the salary, over and above 10% payable by the Director.

Housing II - In case accommodation is owned by the Company, 10% of the Salary will be deducted by the Company.

Housing III - In case no accommodation is provided by the Company, he will be entitled to house rent allowance subject to the ceilings laid down in Housing I.

The expenditure incurred by the Company on gas, electricity, water and furnishings will be valued

- as per the Income Tax Rules, 1962. This will, however, be subject to a ceiling of 10% of the salary.
2. Medical reimbursement : Expenses incurred for self and family subject to a ceiling of one month's salary per year.
 3. Leave Travel Concession : For self and family once in a year in accordance with the Rules of the Company.
 4. Club Fees : Fees of clubs subject to a maximum of two clubs, admission and Life membership fees not being allowed.
 5. Personal Accident Insurance : In accordance with the rules specified by the Company.

For the above purpose "family": means the spouse, dependent children and dependent parents of the Director.

Category B

Contribution to Provident Fund, Superannuation fund or Annuity fund as per the Company's rules, to the extent these either singly or put together are not taxable under the Income-tax Act, 1961. Gratuity payable at a rate not exceeding half a month's salary for each completed year of service, and

Encashment of leave at the end of the tenure as per the rules of the Company will not be included in the computation of the ceiling on perquisites.

Category C

Provision of car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the company to the individual appointee concerned.

Since Mr. Y. Osada is a non resident he shall also be eligible to the following perquisites which shall not be included in the computation of the ceiling on perquisites :-

Children's education allowance - In case of Children studying in or outside India, an allowance limited to a maximum of Rs. 5,000/- per month per child or actual expenses incurred, whichever is less. Such allowance is admissible upto a maximum of two children.

Holiday passage for children studying outside India/ family staying abroad - Return Holiday passage once in a year by economy class or once in two years by first class to children and to the members of the family from the place of their study or stay abroad to India if they are not residing in India with the Managerial person.

Leave travel concession : Return passage for self and family in accordance with the rules specified by the company where it is proposed that the leave be spent in home country instead of anywhere in India.

The above remuneration (including perquisites) shall be paid to Mr. Y. Osada as the minimum remuneration in the event of absence or inadequacy of profits in any financial year of the Company but shall not exceed the ceiling laid down in this behalf in schedule XIII to the Companies Act, 1956, from time to time.

The Board is of the opinion that Mr. Y. Osada's knowledge and experience will be of immense value to the Company. The Board, therefore, recommends the acceptance of the Resolution set out in the Notice convening the Meeting.

The draft agreement referred to in the Resolution is available for inspection to the Members at the Registered Office of the Company on any working day between 11 a.m. and 1 p.m. prior to the date of the Annual General Meeting.

This may be treated as an abstract of the terms and conditions of the appointment of Mr. Y. Osada, Whole time Director of the Company (designated as "Vice President (Finance & Control)" under Section 302 of the Companies Act, 1956.

An application has already been made to the Central Government for obtaining its approval.

None of the Directors, except, Mr. Y. Osada, is concerned or interested in this resolution.

Item No.6

At the Fifth Annual General Meeting held on 25th September, 1998 the members of the Company had passed necessary resolutions under Section 293(1)(a) of the Companies Act, 1956, authorising the Board of Directors to mortgage, charge and/or hypothecate the assets of the Company against its borrowings upto a limit of Rs. 100 Crores.

In order to meet future business needs, the Company would have to resort to additional borrowings, if needed from time to time, in which case, it would be necessary for the Company to either mortgage, charge and/or hypothecate the moveable and immovable properties of the Company both present and future in favour of institutions and/or banks from whom the Company would borrow.

The Board of Directors propose the resolution, at item No.6 of the accompanying Notice, seeking the members consent under the provisions of Section 293(1)(a) of the Companies Act, 1956, to mortgage, charge and/or

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hypothecate in addition to the existing mortgages, charges, and/or hypothecations (including ratification of the mortgage, charge and/or hypothecation already created in excess of the present limits) created by the Company on its moveable and immoveable properties, in favour of such lending institutions and/or banks from whom the Company borrows, upto an aggregate maximum limit of Rs.150,00,00,000/- (Rupees One Hundred Fifty Crores only) at any point of time.

None of the Directors of the Company is interested in this resolution.

Item No.7

In terms of the resolution passed by the members at the Extraordinary General Meeting of the Company held on 11th March, 1998, the Board was authorised to borrow for the purposes of the business of the Company upto a maximum of Rs.85,00,00,000/- apart from the temporary loans obtained or to be obtained from the company's bankers in the ordinary course of business.

With the growth in the company's business operations, it would be necessary for the company to resort to additional borrowings to meet the additional requirement in future. The present limits upto which the

Board of Directors are empowered to borrow would therefore needs an upward revision. Hence the resolution at Item No.7 of the Notice, seeking consent of the members to empower the Board of Directors to borrow for the purpose of the company's business, in excess of the paid capital and free reserves upto an aggregate maximum limit of Rs.100,00,00,000/- (Rupees One Hundred Crores only) apart from the temporary loans obtained or to be obtained from the company's bankers in the ordinary course of business.

Accordingly, the Board of Directors recommend the resolution for the approval of members.

None of the Directors of the Company is interested in this resolution.

By Order of the Board of Directors
For **RICOH INDIA LIMITED**

Gurgaon(Haryana)
21st July, 1999

(G.Narayanan)
Company Secretary

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

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DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the Sixth Annual Report and the Audited Statement of Accounts for the year ended 31st March, 1999.

FINANCIAL RESULTS

	For the year ended 31.03.99 (Rs. In lakhs)	For the year ended 31.03.98 (Rs. In lakhs)
Total Income	<u>5,237.26</u>	<u>5,107.31</u>
Profit/(Loss) before Depreciation	<u>(1,168.66)</u>	<u>(1,346.39)</u>
Less: Depreciation	<u>160.38</u>	<u>148.51</u>
Profit/(Loss) before Taxation	<u>(1,329.04)</u>	<u>(1,494.90)</u>
Less: Provision for Taxation	—	—
Net Profit/(Loss)	<u>(1,329.04)</u>	<u>(1,494.90)</u>
Add: Prior Period Adjustment	<u>(264.23)</u>	—
Add: Balance brought forward from Previous Year	<u>(1,422.30)</u>	72.60
Add: Transfer from Debenture Redemption Reserve	<u>19.43</u>	—
Amount available for appropriation	<u>(2,996.14)</u>	<u>(1,422.30)</u>
Appropriations :		
Transfer to Debenture Redemption Reserve	—	—
Preference Dividend	—	—
Tax on Proposed Preference Dividend	—	—
Balance Carried to the Balance Sheet	<u>(2,996.14)</u>	<u>(1,422.30)</u>

OPERATIONS

With the Change in the management control the new management has taken all initiatives to be more efficient in the Indian markets by streamlining and consolidating the Head Office & Logistics functions at one location, consolidation of resources in the metro markets, widen the channels of distribution as an attempt to reduce costs and improve profitability and market share.

Despite recession prevailing in the Indian markets, coupled with increased competition and weakening of the rupee, during the year under review, your Company achieved a turnover of Rs.5237.26 lakhs as compared to Rs.5,107.31 lakhs in the previous year. The turnover comprises of Rs.2,573 lakhs sales from operations and Rs.2,123 lakhs income from rentals, maintenance and other services. Further during the year under review, your Company launched five new RICOH Copiers including a new generation "Little Champion" copier RICOH 1008 and also launched the RICOH Fax 2000L, Plain Paper Laser fax to increase its market share in the Plain Paper fax segment which is becoming very popular amongst customers.

FUTURE OUTLOOK

Your Company has within a short span of 6 years gained a market share of 14% in the Plain Paper Copier segment. Further RICOH's customer base is rapidly expanding and a very high level of repeat purchases by Customers is a testimony to the quality of RICOH's services. Your Company has access to RICOH's worldwide management expertise, and also has tremendous strengths in employing trained manpower, with many years of industry experience.

The expected improvement in the Indian Economy, resulting in increased demand for Plain Paper Copiers and Facsimile equipments shall allow the Company to leverage RICOH's technological strengths. This will also encourage our continuous endeavour to widen the product range and bring maximum benefit for RICOH's strong R & D efforts to the quality conscious Indian Customers and lead to increased market presence and market share.

LISTING OF EQUITY SHARES

The Equity Shares of the Company continued to be listed on the Mumbai and Ahmedabad Stock Exchanges. Further the listing fees for the year 1998-99 was paid in time and there are no arrears of listing fees to be paid for the year under review.

DIVIDEND

In the absence of any profits during the year, the Directors have not recommended any dividend on Equity & Preference Shares.

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Y2K COMPLIANCE

The failure of the Computer system to correctly deal with dates in the Twenty first century and transit from year 1999 to year 2000, widely known as Y2K problem, is a major problem for the Computer Industry as well as the Computer users. To manage the year 2000 (Y2K) problem, your Company has formed a team, consisting of IT and Finance Professionals. The scope of this team is to identify the areas affected by Y2K, to analyse the impact of Y2K, remediation, testing and implementing the solutions for Y2K & to formulate the Contingency plan.

Internal identification of all business systems have been completed. For the identified affected areas in the business systems and IT systems, remedial actions have already been started and in some of the areas the remediation process is under testing and implementation stage. Considering the volume of the effect of Y2K, the Company believes that the Year 2000 issues will not pose any significant problem for your Company's business, processes and operations. Your Company has planned to complete all remediation processes by August end, however the refinement processes will be continued throughout the year 1999.

The plans for any contingencies are being worked out, however, your Company is confident that it will be able to rollover 2000 without any significant problems. Since the Company is using in-house developed applications for the business systems, any contingencies arising will be taken care of by the Y2K team. Your Company has not allocated any budget for the Y2K, but will be making the payments as and when required.

ALLOTMENT OF PREFERENCE SHARES TO RICOH, JAPAN

During the year under review 20,00,000 Redeemable Cumulative Preference Shares of Rs.100/- each aggregating Rs.20 Crores were allotted to Ricoh Company Ltd., Japan on a Preferential basis in terms of the resolution passed at the Fifth Annual General Meeting of the Company held on 25th September, 1998, to retire costly debts so as to reduce interest costs and to augment resources for the future growth.

FIXED DEPOSITS

The Company has not accepted any Fixed Deposits from the Shareholders and the Public.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the

Company, Mr. Y. Mizutani, retires by rotation and being eligible offers himself for re-appointment.

PERSONNEL

The Board of Directors wish to place on record their sincere thanks for the co-operation and support received from the employees at all levels.

Under the provisions of Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of employees are set out in the Annexure I to the Directors Report.

SUBSIDIARY COMPANY

The Company does not have any Subsidiary Companies within the meaning of Section 212 of the Companies Act, 1956.

AUDITORS' REPORT

The notes to the accounts bearing Nos. 13, 14 and 16 in Schedule 21 to the Balance Sheet as at 31st March, 1999 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.

The note to the accounts bearing No. 17 in Schedule 21, with the Change in the management, the new management has initiated steps to do the quantitative reconciliation of machines on rentals with the Fixed Assets and the machines obtained under "Sale and Leaseback arrangements" and given on rental basis. The management is of the view that the entire exercise will be completed during the current year.

As regards the note to the accounts bearing No. 15 in Schedule 21 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 would 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, hold office till the conclusion of the ensuing Annual General Meeting. The Company has received letter from them to the effect that their appointment, if made, would be within the prescribed limits under Section 224(1-B) of the Companies Act, 1956.