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FUJITSU ICIM LIMITED

MD	✓		BKC	✓
CS	✓		DPY	✓
RO	✓		DIV	✓
TRA	✓		AC	✓
AGM	✓	✓	SHI	✓
YE	✓	✓		

**BOARD OF DIRECTORS**

H.V. Goenka, Chairman  
A.T. Vaswani, Vice Chairman  
R.A. Chamberlain  
P.K. Choksey  
P.K. Chowdhary  
M.J.R. Davies (Alternate to Mr.R.M. Hacking)  
R.M. Hacking  
Dr.L.S. Kanodia  
S.S. Marathe  
G.L. Mirchandani  
D.G. Piramal  
N.J. Roach  
S.L. Singla (Financial Institutions' Nominee)  
A.R. Wadia (Alternate to Mr.R.A. Chamberlain)  
T. Watanabe

**COMPANY SECRETARY**

K.R. Ramakrishnan

**REGISTERED OFFICE**

Mile Post No. 4, Ahmednagar Road,  
Pune 411 014.

**HEAD OFFICE**

Magnet House, Narottam Morarjee Marg,  
Mumbai 400 038.

**BANKERS**

State Bank of India  
United Bank of India  
Bank of India  
Credit Lyonnais  
State Bank of Travancore  
Union Bank of India  
The Bank of Tokyo-Mitsubishi Ltd.

**AUDITORS**

A.F. Ferguson & Co.  
Chartered Accountants

**SOLICITORS AND ADVOCATES**

Crawford Bayley & Co.

**REGISTRARS AND SHARE TRANSFER AGENTS**

Sharepro Services,  
912, Raheja Centre, Free Press Journal Marg,  
Nariman Point, Mumbai 400 021.

8/2/06

MD				BKC	
CS				DPY	
RO				DIV	
TRA				AC	
AGM				SHI	
YE					

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**FUJITSU ICIM LIMITED****NOTICE**

**NOTICE IS HEREBY GIVEN THAT THE THIRTYFOURTH ANNUAL GENERAL MEETING OF THE MEMBERS OF FUJITSU ICIM LIMITED WILL BE HELD AT THE REGISTERED OFFICE OF THE COMPANY AT MILE POST NO. 4, AHMEDNAGAR ROAD, PUNE 411 014, ON TUESDAY, 24TH MARCH, 1998 AT 11.30 A.M. TO TRANSACT THE FOLLOWING BUSINESS:**

**ORDINARY BUSINESS**

1. To receive, consider and adopt the audited Balance Sheet as at 30th September, 1997 and the Profit and Loss Account for the 18 month period ended on that date and the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. R. M. Hacking, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. T. Watanabe, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. N. J. Roach, who retires by rotation, and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. D. G. Piramal, who retires by rotation, and being eligible, offers himself for re-appointment.
6. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and fix their remuneration.

**SPECIAL BUSINESS**

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

“RESOLVED that pursuant to Sections 198, 309, 387 read with Schedule XIII to the Act and other applicable provisions, if any, of the Companies Act, 1956, Mr. K. R. Ramakrishnan be and is hereby appointed as 'Manager' under the Companies Act, 1956 for a period of two years effective 1st November, 1996 on such terms and conditions as may be approved by the Board of Directors from time to time and within such limits of Schedule XIII to the Companies Act, 1956 and as per the draft Service Agreement placed before the meeting which be and is hereby approved and that the Board of Directors be and is hereby authorised to execute the said Agreement under the seal of the Company.”

Mumbai, 25th February, 1998.

**Registered Office:**

Mile Post No. 4,  
Ahmednagar Road,  
Pune 411 014.

By Order of the Board of Directors

**K.R. RAMAKRISHNAN**  
Company Secretary

**FUJITSU ICIM LIMITED****NOTES**

1. The Register of Members and the Share Transfer Books of the Company will remain closed from Saturday, 21st March, 1998 to Saturday, 4th April, 1998 (both days inclusive).
2. Members are requested to notify to the Company any change in their addresses specifying full address in block letters with pin code of the post office.
3. Members are requested to bring their copy of the Annual Report with them to the Meeting as extra copies will not be supplied.
4. Only registered members carrying the attendance slips and the holders of valid proxies registered with the Company will be permitted to attend the Meeting.
5. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE IN HIS STEAD AND A PROXY NEED NOT BE A MEMBER.
6. An explanatory statement as required under Section 173(2) of the Companies Act, 1956 is annexed hereto.

The logo for Report Junction, featuring the word "Report" in a light blue font, a yellow diamond shape with a black arrow pointing upwards and to the right, and the word "junction.com" in a light blue font, all enclosed within a yellow rounded rectangular border.

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FUJITSU ICIM LIMITED

**ANNEXURE TO THE NOTICE****Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956.****ITEM 7**

Consequent upon the resignation of Mr. Pawan Kumar as 'Manager' of the Company, Mr.K.R. Ramakrishnan was appointed as 'Manager' under Section 387 of the Companies Act, 1956 for a period of two years from 1st November, 1996 at the Board Meeting held on 24th October, 1996. Mr.K.R. Ramakrishnan joined the Company as General Manager & Company Secretary with effect from 1st February, 1996. The remuneration payable to him as Company Secretary and 'Manager' under the Companies Act does not exceed the limits prescribed under the Act.

Mr.K.R. Ramakrishnan is being paid the following remuneration:

- (i) Salary, allowances, performance linked incentives subject to review by the Board of Directors not exceeding Rs. 3,50,000/- per annum.
- (ii) (a) In addition to the above remuneration he shall also be entitled to perquisites like free accommodation, furnishings, medical reimbursement, leave fare assistance, medical insurance, etc. in accordance with the rules of the Company not exceeding Rs. 3,00,000/- per annum.
- (b) Perquisites shall be calculated as per Income Tax Rules wherever applicable and in the absence of any Rule at the actual cost.
- (c) Provision for use of company car for official duties, telephone at residence shall not be included in the perquisites for the purpose of the ceiling.
- (d) Company's contribution to Provident Fund and Superannuation Fund not exceeding 25% of the salary, Leave (including encashment) and gratuity as per rules of the Company shall not be included in computation of the aforesaid limits.

In the event of loss or inadequacy of profits in any financial year during the tenure of Mr. Ramakrishnan as Manager under the Companies Act, he shall be entitled to receive a total remuneration including allowances, perquisites, etc. not exceeding the limits as may be prescribed by the Government from time to time as minimum remuneration.

The Resolution set out in Item 7 and the Explanatory Statement hereto may be treated as Memorandum of Understanding under Section 302 of the Companies Act, 1956. The draft Service Agreement between the Company and Mr.K.R. Ramakrishnan is available for inspection at the Registered Office of the Company on any working day between 11.00 a.m. and 3.00 p.m.

Mumbai, 25th February, 1998.

By Order of the Board of Directors

**Registered Office:**

Mile Post No. 4,  
Ahmednagar Road,  
Pune 411 014.

**K.R. RAMAKRISHNAN**  
Company Secretary

**FUJITSU ICIM LIMITED****DIRECTORS' REPORT****TO THE MEMBERS**

The Directors present the Annual Report together with the Audited Accounts for the 18 months period ended 30th September, 1997.

**1. CHANGE IN ACCOUNTING YEAR**

To enable the Board to present to the Shareholders the progress made on the Company's Restructuring Programme, the Company's Accounting Year was extended, with the prior approval of the Registrar of Companies, to a period of 18 months. This Report, therefore, covers the period 1st April, 1996 to 30th September, 1997.

**2. COMPANY'S PERFORMANCE**

Financial results for the period, in summary, are :

	Rs. Lakhs 1996-97 (18 months)	Rs. Lakhs 1995-96 (12 months)
Sales Rental & Other Services	10734	12032
Miscellaneous & Other Income	5500	1122
Operating (Loss)	(2326)	(1476)
Profit/(Loss) before Finance charges and Depreciation	3174	(354)
Finance charges	1882	1594
Depreciation	383	340
Profit/(Loss) before Taxation	909	(2288)
Provision for Taxation	150	—
Profit/(Loss) after Taxation	759	(2288)

The Operating Loss for the periods given above is not comparable for two reasons: 1996-97 is an 18 months period as against 1995-96 which is a 12 months period. 1996-97 includes Revenue and Profits from the Company's Software business for a period of 6 months, whereas 1995-96 records results from the Software business for the full year.

In arriving at the Operating Loss for the Year, it is important to note that the 18 months period has had to bear non-recurring costs of approximately Rs.25 crores. These relate to the closure of the manufacturing facilities at Pune, and provisions for Obsolete Inventory and Doubtful Receivables.

1996-97 continued to be a difficult period for the Company. The structural changes implemented during this period caused severe strains at all levels in the organisation and this was compounded by liquidity problems which caused delays in timely execution of orders generated by the Systems and the Engineering Services Divisions. Because of that, this business recorded a turnover of only Rs.88.7 crores as compared with Rs.77.2 crores during 1995-96. Non-operational income arising from the transfer of the Software business to the Company's subsidiary, International Computers (India) Ltd. (ICIL), the divestment of 25.1% of the Company's holding in that subsidiary, and other sundry items, was Rs.47.11 crores. This enabled the Company to report a Profit before Tax of Rs.9.09 crores during 1996-97. After providing for taxation of Rs.1.50 crores, the Profit after Tax for the period is Rs.7.59 crores.

An amount of Rs.1.12 crores has been transferred to Debenture Redemption Reserve and the balance of Rs.6.47 crores has been set-off against the brought forward loss of the previous year.

**3. RESTRUCTURING PROGRAMME**

A reference was made in the Directors' Report for 1995-96 to the various initiatives that the Board had taken to restructure and reorganise the Company and its Operations. The Directors are pleased to report that the major part of this programme was successfully implemented during the course of the 18 months period under review.

The Software Division was transferred to the Company's subsidiary, International Computers (India) Limited (ICIL) with effect from 1st October, 1996. The basic objective of the transfer was to enable the Software business to grow and develop unfettered by the problems facing the Company. Furthermore, the Software business needs an undiluted focus in a separate corporate legal entity as it operates in an industry environment which clearly differentiates between Hardware and Software. The transfer was effected for a total consideration of Rs.45 crores which comprises Rs.25 crores by way of



**FUJITSU ICIL LIMITED**

a lumpsum amount for the Assets and Liabilities transferred to ICIL and Rs.20 crores as a Non Compete fee. Payment for this amount was received by a fresh issue of equity by ICIL(Rs.33.95 crores), recognition of a loan from the Company (Rs.7.83 crores) and transfer of a term loan obtained from ICICI to ICIL (Rs.3.22 crores).

In September 1997, the Company successfully placed 25.1% of its equity holding in ICIL with JF Electra (Mauritius) Limited for a total consideration of Rs.31.37 crores.

Consequent upon the suspension of the Company's Manufacturing Operations at its factory situate at Pune, the Company introduced a Voluntary Retirement Scheme on 15th February, 1997. A very large majority of the workmen opted for early retirement under the scheme. Manufacturing operations at the Factory have now been closed.

During 1997, the Company completed its programme of downsizing and rationalising its Systems Division. Manpower costs and overheads in this Division have been drastically reduced and this business is now near to becoming cash positive, before charging interest.

Because of the downturn in real estate all over the country, the Company has had limited success in the disposal of surplus properties.

The Company's equity holding of 38,70,000 shares of Rs.10 each in Datacraft RPG Limited was sold for a total consideration of Rs.3.87 crores.

All these measures have enabled the Company to reduce its Borrowings from Rs.65.80 crores on 31st March, 1996 to Rs.30.12 crores on 30th September, 1997.

**4. NET WORTH**

In the Report of the Directors dated 24th October, 1996 to the Members of the Company, indications were given that the Company was a "Potentially Sick Industrial Company" as envisaged in Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985 because of the erosion on 31st March, 1996 of more than 50% of the peak net worth during the four years preceding that date. As a consequence of the various measures taken to restructure the Company, the Company is no longer "Potentially Sick" and, therefore, completely outside the purview of the BIFR.

The cash generated from these measures has reduced the Company's indebtedness to the Banks and Financial Institutions by Rs.35.7 crores and the position will further improve after the Company has disposed off its surplus properties.

**5. PROSPECTS**

The progress made on the Restructuring Programme has resulted in a marked improvement in the Company's financial position. The software business now resides in a separate legal entity (ICIL) and several steps have been initiated to grow and develop that business in International markets. ICIL is expected to generate a substantial growth in revenue and profits in 1997-98 and future years. The Systems and Engineering Services business has shown considerable improvement and plans are being developed for the future of this business in the context of increasing competition and changing technology.

**6. PARTICULARS OF EMPLOYEES**

The information required under sub-section (2A) of Section 217 of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 for the 18 month period ended 30th September, 1997 is given in the Annexure to this Report.

**7. DIVIDEND**

In view of the accumulated losses, your Directors do not propose any dividend for the 18 month period ended 30th September, 1997.

**8. AUDITORS' REPORT**

With reference to the qualificatory remarks in the Auditors' Report, the Board would wish to especially respond to the following issues raised in their Report:-

Para 2a(i) and 2b

The arrangement for entering into a Non-Compete Agreement with the Company's subsidiary, International Computers (India) Limited (ICIL) was an essential element of the Company's Restructuring Programme. The Company's Merchant Bankers had also categorically advised about the necessity for such an arrangement. Furthermore, the transfer of the Software Business was also approved in principle by the Company's lead Bankers

**FUJITSU ICIM LIMITED**

and lending Financial Institutions. The Board is of the opinion that the carrying cost of 74.9% interest in ICIL is fully supported by ICIL results for the year ended 31st March, 1997 and the fact that 25.1% of the interest in ICIL was sold for Rs.3137.50 lakhs in September 1997.

**Para 3**

The Auditors have drawn attention to certain factors which could raise doubts as to whether the Company is a going concern. The Board is firmly of the view that, as stated in Note 3 on Schedule 22 to the Accounts, the steps taken to date on the Restructuring Programme, the underlying value of the assets and after making an assessment of all other material factors, the Company is a going concern and the accounts have, therefore, been prepared on the basis of the Company's ability to continue in business.

As regards the other issues raised by the Auditors, these have been dealt with in the relevant notes to the Accounts and are self-explanatory and in the opinion of the Board have no material impact on the Company's operations or on the Results of the Company.

**9. FIXED DEPOSITS**

The total amount of Fixed Deposits outstanding as on 30th September, 1997 was Rs.14.54 lakhs. The Company has repaid all Fixed Deposits that have matured and have been claimed by Depositors.

Deposits amounting to Rs.83,000 due for repayment were unclaimed as on 30th September, 1997.

**10. DIRECTORS**

Mr.A.F. Kelly and Mr.P.M. Whitwam resigned as Directors of the Company with effect from 27th November, 1996 and 25th April, 1997 respectively.

Mr.S.L. Singla was nominated a Director by the Financial Institutions with effect from 9th August, 1996 in place of Mr.O.P. Rana. Mr.R.C. Boxall-Hunt was appointed as Alternate Director to Mr.R.M. Hacking on 27th November, 1996. Mr.R.C. Boxall-Hunt resigned with effect from 16th April, 1997. Mr.M.J.R. Davies was appointed as Alternate Director to Mr.R.A. Chamberlain on 27th November, 1996. Mr.M.J.R. Davies resigned with effect from 13th May, 1997. Mr.V.K. Hajela resigned on 18th November, 1997. Mr.A.R. Wadia was appointed as Alternate Director to Mr.R.A. Chamberlain with effect from 13th May, 1997. Mr.P.K. Chowdhary was appointed a Director on 28th November, 1997. Mr.M.J.R. Davies was appointed Alternate Director to Mr.R.M. Hacking on 25th February, 1998.

Mr.R.M. Hacking, Mr.T. Watanabe, Mr.N.J. Roach and Mr.D.G. Piramal retire at the ensuing Annual General Meeting and are eligible for re-appointment.

The Directors would like to place on record their appreciation of the services rendered by Mr.A.F. Kelly, Mr.P.M. Whitwam, Mr.V.K. Hajela and Mr.R.C. Boxall-Hunt during their tenure as Directors.

**11. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

Information pursuant to the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given in the Annexure to the Report.

**12. AUDITORS**

The Auditors, M/s. A.F. Ferguson & Co., Chartered Accountants, Mumbai, retire and are eligible for re-appointment.

**13. ACKNOWLEDGEMENTS**

The Directors wish to thank the Company's Bankers, Financial Institutions, customers, suppliers and other business associates for their support and understanding. The Directors wish to express their deep appreciation to all employees who have seen the Company through a very difficult period.

On behalf of the Board

**H.V. GOENKA**

**CHAIRMAN**

26th February, 1998.