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**FUJITSU  
CIM**

REPORT JUNCTION





FUJITSU ICIM LIMITED

**BOARD OF DIRECTORS**

H.V. Goenka, Chairman  
A.T. Vaswani, Vice Chairman  
R.A. Chamberlain  
P.K. Choksey  
P.K. Chowdhary  
M. Coombs  
R.M. Hacking  
I. Hardacre  
Dr. L.S. Kanodia  
G.L. Mirchandani  
H.L. Mundra  
Hiroshi Oda (Alternate to Mr. N.J. Roach)  
D.G. Piralal  
N.J. Roach  
S.L. Singla (Financial Institution's Nominee)  
A. Suzuki  
A.R. Wadia (Alternate to Mr. R.A. Chamberlain)

**REGISTERED OFFICE**

Bhawkar Bhavan  
31, K.B. Joshi Marg  
Shivaji Nagar  
Pune-411 005

**HEAD OFFICE**

Magnet House, Narottam Morarjee Marg  
Mumbai 400 001

**AUDITORS**

A.F. Ferguson & Co.  
Chartered Accountants

**SOLICITORS AND ADVOCATES**

Crawford Bayley & Co.  
Desai & Chinoy

**REGISTRARS AND SHARE TRANSFER AGENTS**

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



FUJITSU ICIM LIMITED

**NOTICE**

**NOTICE IS HEREBY GIVEN THAT THE THIRTYFIFTH ANNUAL GENERAL MEETING OF THE MEMBERS OF FUJITSU ICIM LIMITED WILL BE HELD AT MAHRATTA CHAMBER OF COMMERCE & INDUSTRIES, 1013/14, TILAK ROAD, PUNE 411 002 ON TUESDAY, 30TH MARCH, 1999 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, 1998 and the Profit and Loss Account for the year ended on that date and the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Dr. L. S. Kanodia, who retires by rotation, and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. R. A. Chamberlain, who retires by rotation, and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. G. L. Mirchandani, who retires by rotation, and being eligible, offers himself for reappointment.
5. 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**

6. To consider and, if thought fit, to pass with or without modification the following as an ORDINARY RESOLUTION:  
"RESOLVED THAT Mr. P. K. Chowdhary be and is hereby appointed as Director of the Company liable to retire by rotation."
7. To consider and, if thought fit, to pass with or without modification the following as an ORDINARY RESOLUTION:  
"RESOLVED THAT Mr. A. Suzuki be and is hereby appointed as Director of the Company liable to retire by rotation."
8. To consider and, if thought fit, to pass with or without modification the following as an ORDINARY RESOLUTION:  
"RESOLVED THAT Mr. Martin Coombs be and is hereby appointed as Director of the Company liable to retire by rotation."
9. To consider and, if thought fit, to pass with or without modification the following as an ORDINARY RESOLUTION:  
"RESOLVED THAT Mr. Ian Hardacre be and is hereby appointed as Director of the Company liable to retire by rotation."
10. To consider and, if thought fit, to pass with or without modification the following as an ORDINARY RESOLUTION:  
"RESOLVED THAT Mr. H. L. Mundra be and is hereby appointed as Director of the Company liable to retire by rotation."
11. 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 from 1st November, 1998 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 be and is hereby approved and that the Board of Directors be and is hereby authorised to execute the said Agreement with Mr. K. R. Ramakrishnan."

By Order of the Board of Directors  
**K. R. RAMAKRISHNAN**  
Company Secretary

Mumbai, 19th February, 1999

**Registered Office**

"Bhawkar Bhavan"  
31, K. B. Joshi Marg  
Shivaji Nagar  
Pune - 411 005

**FUJITSU ICIM LIMITED**

**NOTES**

1. The Register of Members and the Share Transfer Books of the Company will remain closed from Wednesday, 24th March, 1999 to Wednesday, 31st March, 1999 (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.

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FUJITSU ICIM LIMITED

**ANNEXURE TO THE NOTICE****Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956.****Item No. 6**

Mr. P. K. Chowdhary was appointed in the Board Meeting held on 28th November, 1997 to fill the casual vacancy arising from the resignation of Mr. V. K. Hajela in accordance with the Article 115 and Section 262 of the Companies Act, 1956.

Notice in writing along with the requisite deposit has been received from a shareholder signifying his intention to propose Mr. P. K. Chowdhary as a candidate for the office of Director.

**Item Nos. 7, 8, 9 and 10**

Mr. A. Suzuki was appointed as an Additional Director in the Board Meeting held on 29th July, 1998 and Mr. Martin Coombs, Mr. Ian Hardacre, Mr. H. L. Mundra have all been appointed as Additional Directors of the Company in the Board Meeting held on 19th February, 1999, in accordance with the provisions of Section 260 of the Companies Act, 1956, and accordingly they all shall be holding office upto the date of this Annual General Meeting.

Notices in writing along with the requisite deposit have been received from shareholders signifying their intention to propose them as Directors.

**Item No. 11**

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.

The Board of Directors in their meeting held on 24th November, 1998 decided to appoint Mr. K. R. Ramakrishnan as the 'Manager' for a further period of two years effective from 1st November, 1998 on the following terms:-

- (i) Salary, allowances and performance linked incentives subject to review by the Board of Directors not exceeding Rs. 4,00,000/- per annum.
- (ii) (a) In addition to the above remuneration he shall 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. 3,50,000/- 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. K. R. Ramakrishnan as 'Manager' under the Companies Act, 1956, he shall be entitled to receive a total remuneration including allowances and perquisites, not exceeding such limits as may be prescribed by the Government from time to time as minimum remuneration.

The resolution set out in Item No. 11 and 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.

By Order of the Board of Directors

**K. R. RAMAKRISHNAN**  
Company Secretary

Mumbai, 19th February, 1999

**Registered Office**  
"Bhawkar Bhavan"  
31, K. B. Joshi Marg  
Shivaji Nagar  
Pune - 411 005

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

The Directors present the Annual Report together with the Audited Accounts for the year ended 30th September, 1998.

**1. COMPANY PERFORMANCE**

Financial results for the period, in summary, are :

	<b>Rs. Lakhs 1997-98 (12 months)</b>	<b>Rs. Lakhs 1996-97 (18 months)</b>
Sales, Rental & Other Services	3829	10734
Operating Loss	1394	2326
Miscellaneous & Other Income	2149	5500
Profit before Finance Charges and Depreciation	755	3174
Finance Charges	517	1882
Depreciation	131	383
Profit before Taxation	107	909
Provision for Taxation	70	150
Taxation adjustments in respect of Previous Years	(88)	—
Profit after Taxation	125	759

The Operating Loss for the periods given above is not comparable for two reasons: 1997-98 is a 12 months period as against 1996-97 which is an 18 months period. 1997-98 does not include any Revenue and Profits from the Company's Software business whereas 1996-97 records results from the Software business for a period of 6 months.

Miscellaneous and Other Income of Rs.21.5 crores for the year includes the Profit on sale of 10.67 acres land at Pune and, Interest and Dividend received from the subsidiary company, International Computers (India) Ltd. (ICIL). The substantially larger amount of Rs.55 crores of income under this head in 1996-97 included Profit on sale of the Software business to ICIL (Rs.25.2 crores) and the Profit on sale of the 25.1% of the Company's investment in ICIL (Rs.19.9 crores).

**2. RESTRUCTURING PROGRAMME**

In March 1996, the Company embarked on an extensive restructuring programme relating both to the Company's structure itself and its operations. Your Board is pleased to report that the entire programme has now been satisfactorily completed. In summary, the various milestones under this programme which have been successfully dealt with are :

- a) The creation of a separate Company for the Software business to provide better focus, so as to enable it to grow and develop under a separate management structure.
- b) The placement of 25.1% of the Software company with JF Electra (Mauritius) Ltd.
- c) The disposal of the Company's investments in RPG Datacraft and RPG Ricoh which were seen to be not relevant to the Company's long term strategic directions.
- d) Disposal of surplus properties. The major part of this exercise has been completed.
- e) The ongoing exercise relating to the downsizing of the Systems & Engineering Services business, and its eventual sale to a strategic buyer. This objective will be achieved after Shareholder approval expected next month.
- f) The substantial retirement of the very heavy and growing debt that the Company was faced with in 1996.

**3. SALE OF SYSTEMS AND ENGINEERING SERVICES (SES) BUSINESS**

With increasing competition and changing technology, the SES business is no longer an attractive business for the Company's future development. The Company has for quite some time been trying to sell the business and has eventually entered into a Memorandum of Understanding with Accel Limited to sell the SES business with effect from 1st January



**FUJITSU ICIM LIMITED**

1999, as a going concern, for a cash consideration of Rs.1150 lakhs subject to a Due Diligence and the take over by Accel Ltd of the Company's liability of Rs.1015 lakhs under existing lease arrangements of the SES business.

Under Accounting Standard AS 4 issued by The Institute of Chartered Accountants of India, the Directors are required to express an opinion on the financial effect of the proposed sale on the assets and liabilities of the SES business. This, to the extent ascertainable, has been determined as under :

- Adjustment for excess of book value of assets being transferred over purchase consideration - Rs.119 lakhs.
- Writing off an amount of Rs.113 lakhs relating to lease rentals currently carried forward in the Balance Sheet as "Miscellaneous Expenditure".
- Transfer of the Company's liability of Rs.1015 lakhs under the existing lease arrangements.

The proposed sale is a part of the restructuring plan which the Board has reviewed from time to time and after taking all factors into consideration, the Directors are of the opinion that the proposal for the sale to Accel Ltd is in the best interests of the Company. The proposal is being placed before the Shareholders for their approval at the Extraordinary General Meeting scheduled for 8th March,1999.

**4. PROSPECTS**

The process relating to the sale of the Systems and Engineering Services business is expected to be completed by 31st March,1999. The completion of the restructuring programme has resulted in a marked improvement in the Company's financial position.

**5. SUBSIDIARY COMPANY**

The consolidated Revenue of the Company's subsidiary, ICIL and ICIL's subsidiary company, ICIM International Inc. (III) for the year ended 31st March,1998 was Rs.111.3 crores. Profit before Tax and Profit after Tax on a consolidated basis was Rs.20.4 crores and Rs.17.9 crores respectively. Since ICIL results for 1996-97 do not include the results pertaining to the Software business carried out by Fujitsu ICIM for the period 1st April,1996 to 30th September,1996, it is not possible to compare 1997-98 performance with 1996-97 performance.

The results of III, however, are comparable and reflect a growth in Revenue and Profit after Tax of 40% and 119% respectively.

**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 12 month period ended 30th September,1998 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 12 month period ended 30th September,1998.

**8. AUDITORS' REPORT**

As regards the issues raised by the Auditors, these have been dealt with in the relevant notes to the Accounts and are self-explanatory.

**9. FIXED DEPOSITS**

The total amount of Fixed Deposits outstanding as on 30th September,1998 was Rs.4.14 lakhs. The Company has repaid all Fixed Deposits that have matured and have been claimed by Depositors.

Deposits amounting to Rs.2,00,000/- due for repayment were unclaimed as on 30th September,1998.

**10. DIRECTORS**

Mr.S.S.Marathe resigned as Director with effect from 23rd June,1998.

Mr.T.Watanabe resigned as Director with effect from 29th July, 1998.

Mr.Akira Suzuki was appointed an Additional Director at the Board Meeting held on 29th July,1998, Mr.Martin Coombs, Mr.Ian Hardacre and Mr.H.L.Mundra were appointed Additional Directors at the Board Meeting held on 19th February,1999

**FUJITSU ICIM LIMITED**

and hold office until the date of the ensuing Annual General Meeting. Notices under Sec.257 of the Act have been received in respect of Mr. Akira Suzuki, Mr.Martin Coombs, Mr.Ian Hardacre and Mr.H.L.Mundra proposing them as Directors at the ensuing Annual General Meeting.

Mr.Hiroshi Oda was appointed as Alternate Director to Mr.N.J.Roach at the Board Meeting held on 19th February,1999.

Dr.L.S.Kanodia,Mr.R.A.Chamberlain and Mr.G.L.Mirchandani retire at the ensuing Annual General Meeting and are eligible for reappointment.

The Directors would like to place on record the appreciation of the services rendered by Mr.S.S.Marathe and Mr.T.Watanabe 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 reappointment.

#### 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

Mumbai, 19th February,1999

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### ANNEXURE TO THE DIRECTORS' REPORT

#### STATEMENT CONTAINING PARTICULARS PURSUANT TO THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF DIRECTORS) RULES,1988 AND FORMING PART OF DIRECTORS' REPORT

##### CONSERVATION OF ENERGY

During the year, with the close monitoring of consumption at all points of use and with proven conservation methods, it was possible to maintain energy consumption within budgeted level.

Regular housekeeping measures continue to be effective in controlling the wastage of energy.

##### TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION

The Company maintains an in-house Research & Development Unit, recognised by the Department of Science and Technology, Government of India, which is valid upto March,1999.

However, due to the closure of manufacturing operations in 1996-97, the activities of the Company are limited to Systems Integration and Testing before despatch and installation of Computers.

##### FOREIGN EXCHANGE EARNINGS AND OUTGO

Particulars with regard to Foreign Exchange Earnings and Outgo appear in Schedule 23 (items 36 & 37) of the Annual Report and Accounts.

On behalf of the Board,

**H.V. GOENKA**

CHAIRMAN

Mumbai, 19th February,1999