

**RICOH**  
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**RICOH INDIA LIMITED**

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18 November 2016

The Listing Department  
BSE Limited  
Phiroze Jeejeebhoy Tower  
Dalal Street, Fort  
Mumbai - 400 001

Dear Sir

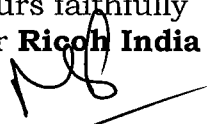
**Subject: Audited Financial Result & Auditors' Report for the year ended 31 March 2016 - Ricoh India Limited**

Pursuant to Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, enclosed please find herewith the following:

1. Audited Financial Results for the Quarter & Year ended 31 March 2016, which have been approved and taken on record at the meeting of the Board of Directors of the Company held on 18 November 2016 (Enclosed as Annexure- I);
2. Auditors' Report on quarterly & year to date financial results pursuant to Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Enclosed as Annexure- II);
3. Statement on Impact of Audit Qualifications on the financial statements for the year ended 31 March 2016 as per SEBI Circular Cir/CFD/CMD/56/2016 dated 27 May 2016.

We request you to kindly take the above on record.

Yours faithfully  
For **Ricoh India Limited**

  
Manish Sehgal  
Company Secretary

Encl: a/a

STATEMENT OF AUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31 MARCH 2016

(Rs. In Lacs)

Particulars	Quarter ended			Year to date	
	31 March 2016	31 December 2015	31 March 2015	31 March 2016	31 March 2015
	Audited	Unaudited	Audited	Audited	Audited
1					
Income from Operations	14,720	(27,310)	62,788	97,841	163,702
a) Net Sales / Income from Operations	596	1,387	20	1,983	79
b) Other Operating Income	15,316	(25,923)	62,808	99,824	163,782
Total Income from Operations (net) (a)+(b)					
2					
Expenses					
a) Cost of Materials consumed	2,966	(22,305)	43,933	91,367	123,992
b) Purchase of stock-in-trade	(11,776)	(377)	4,903	(29,598)	1,045
c) Changes in inventories of Stock in Trade	3,341	3,225	2,989	12,539	10,105
d) Employee benefits	458	429	479	1,701	2,144
e) Depreciation and amortisation	39,715	6,447	2,851	65,576	14,590
f) Other expenses	34,703	(12,581)	55,155	141,585	151,877
Total Expenses	(19,387)	(13,342)	7,653	(41,761)	11,905
3					
Profit / (Loss) from operations before other income, finance costs and exceptional items (1-2)	7,138	6,439	1,284	13,905	1,680
4					
Other Income	(12,249)	(6,903)	8,938	(27,856)	13,584
5					
Profit / (Loss) from ordinary activities before finance costs & exceptional items (3+4)	5,559	3,301	3,148	13,748	8,535
6					
Finance Costs	(17,809)	(10,204)	5,789	(41,604)	5,049
7					
Profit / (Loss) from ordinary activities after finance costs but before exceptional items (5-6)					
8					
Exceptional Items	17,568	-	-	17,568	-
- Bad debts that relate to fictitious sales where the Company is pursuing legal recovery	4,944	-	-	4,944	-
- Other doubtful debts	26,751	-	-	26,751	-
- Unsupported adjustments that have inflated profits	460	-	-	460	-
- Incorrect profit recognition that has accelerated profit	11,813	-	-	11,813	-
- Balance sheet items for which inadequate accounting or controls or falsification has resulted in irrecoverable balances	6,018	-	-	6,018	-
- Inventory provisions and adjustments	1,751	-	-	1,751	-
- Other	(87,114)	(10,204)	5,789	(110,909)	5,049
9					
Profit (+)/Loss (-) from ordinary activities before tax (7-8)					
10					
Tax Expense	-	-	(2,041)	-	(2,206)
- Current year	-	-	145	(864)	293
- Deferred tax	242	-	254	-	254
- Income tax earlier year	(86,871)	(10,204)	4,148	(111,773)	3,390
11					
Net Profit / (Loss) from Ordinary activities after tax (9+10)					
12					
Extraordinary item (net of tax expense Rs. Nil)	(86,871)	(10,204)	4,148	(111,773)	3,390
13					
Net Profit / (Loss) for the period (14-15)	3,977	3,977	3,977	3,977	3,977
14					
Paid up equity share capital (Rs. 10/- each)					
15					
Reserves excluding revaluation reserves as per Balance Sheet					
16.i					
Loss per share (before extraordinary items) (of Rs 10/- each) (not annualised):					
a) Basic	(218.45)	(25.66)	10.43	(281.07)	8.52
b) Diluted	(218.45)	(25.66)	10.43	(281.07)	8.52
16.ii					
Loss per share (after extraordinary items) (of Rs 10/- each) (not annualised):					
a) Basic	(218.45)	(25.66)	10.43	(281.07)	8.52
b) Diluted	(218.45)	(25.66)	10.43	(281.07)	8.52
17					
Debt Equity Ratio				(2.47)	4.16
18					
Debt Service Coverage Ratio				(0.16)	0.02
19					
Interest Service Coverage Ratio				(2.04)	1.97

## Select Information for the Quarter and Year ended 31 March 2016

Particulars	Quarter ended		Year to date	
	31 March 2016	31 December 2015	31 March 2015	31 March 2016
	Audited	Unaudited	Audited	Audited
A				
PARTICULARS OF SHAREHOLDING				
1				
Public shareholding				
- Number of shares	10,497,791	10,497,791	10,497,791	10,497,791
- Percentage of shareholding	26.4%	26.4%	26.4%	26.4%
2				
Promoter and Promoter group shareholding				
a) Pledged/Encumbered				
- Number of shares	-	-	-	-
- Percentage of shares (as a % of total shareholding of promoter and promoter group)	-	-	-	-
- Percentage of shares (as a % of total share capital of the company)	-	-	-	-
b) Non-encumbered				
- Number of shares	29,270,370	29,270,370	29,270,370	29,270,370
- Percentage of shares (as a % of total shareholding of promoter and promoter group)	100.0%	100.0%	100.0%	100.0%
- Percentage of shares (as a % of total share capital of the company)	73.6%	73.6%	73.6%	73.6%

Particulars	Quarter ended 31 March 2016	
B		
INVESTOR COMPLAINTS		
Pending at the beginning of the quarter	NIL	
Received during the quarter	4	
Disposed of during the quarter	4	
Remaining unresolved at the end of the quarter	NIL	

Ricoh India Limited  
Statement of Assets and Liabilities

Particulars	(Rs. In Lacs)	
	As at 31.3.2016	As at 31.3.2015
	Audited	Audited
<b>EQUITY AND LIABILITIES</b>		
<b>Shareholder's Funds</b>		
Share Capital	3,977	3,977
Reserves and Surplus	(98,891)	12,883
<b>Non-current Liabilities</b>		
Long Term Borrowings	20,000	20,000
Other Long Term Liabilities	412	343
Long Term Provisions	5,695	1,182
<b>Current Liabilities</b>		
Short Term borrowings	214,501	50,152
Trade Payables	42,551	34,165
Other Current Liabilities	23,537	3,362
Short Term Provisions	1,496	3,424
<b>Total</b>	<b>213,278</b>	<b>129,488</b>
<b>ASSETS</b>		
<b>Non Current Assets</b>		
<b>Fixed Assets</b>		
Tangible Assets	6,268	5,905
Intangible Assets	471	486
Capital Work in Progress	4	33
Intangible Assets Under Development	-	-
Deferred Tax Asset	8,006	864
Long term Loans and Advances	14,111	2,536
<b>Other Non Current Assets</b>		
<b>Current Assets</b>		
Inventories	49,194	19,596
Trade Receivables	56,780	66,190
Cash and Cash Equivalent	5,981	7,039
Short term Loans and Advances	50,939	9,529
Other Current Assets	21,524	14,403
<b>Total</b>	<b>213,278</b>	<b>129,488</b>

For and on behalf of the Board  
of Ricoh India Limited

Place : New Delhi  
Date: 18 November 2016

  
Managing Director & CEO  
DIN: 07487969

## Notes to the accounts

1. Subject to the matters below the financial statements have been prepared in accordance with the Generally Accepted Accounting Principles in India, the Accounting Standards specified under section 133 of the Companies Act 2013 read with Rule 7 of the Companies (Accounts) Rules 2014 and the relevant provisions of the Act.

## Background

2. The Company in compliance with the provisions of the Companies Act, 2013 appointed BSR & Co., LLP, Chartered Accountants as the statutory auditors of the Company on 24 September, 2015. In compliance with the provisions of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the Company prepared its financial results for quarter and half year ended 30th September, 2015. The statutory auditors as a part of the limited review process for the above quarter raised various suspicions with respect to certain transactions between the Company and its customers and vendors.

On 14th November, 2015 the statutory auditors met the Audit Committee of the Company ("Audit Committee") and communicated their objections to the Audit Committee. To seek to expedite the filing of the financial result with the Bombay Stock Exchange Limited ("BSE") in accordance with the Listing Regulations, the Audit Committee decided to engage the services of S.S. Kothari & Mehta, Chartered Accountants ("SSKM") to conduct another review of the financial statements on an agreed upon procedure basis. SSKM submitted its report to the Audit Committee on 2 February, 2016 ("SSKM Report"). However, the statutory auditors did not agree to the scope of the agreed upon procedures and hence no progress was made.

Following the concerns raised by the statutory auditors, the Audit Committee in order to better understand certain areas where the statutory auditors had raised concerns decided to appoint Shardul Amarchand Mangaldas & Co., Advocates & Solicitors ("SAM") who in turn appointed PricewaterhouseCoopers Private Limited, India ("PwC") to conduct an independent investigation into the concerns raised.

Pending the investigation by SAM and PwC, the following key managerial personnel of the Company were sent on paid leave with effect from 29 March, 2016: Mr. Manoj Kumar, the Managing Director and Chief Executive Officer; Mr. Arvind Singhal, the Chief Financial Officer; and Mr. Anil Saini, the Senior Vice President and Chief Operating Officer. Following the above, on 2 April, 2016, Mr. Manoj Kumar, the Managing Director and Chief Executive Officer resigned from the board of directors.

PwC issued a 'Report on Preliminary Findings' ("Preliminary Report") dated 20 April 2016. From this Preliminary Report it was apparent that the concerns identified and the consequent falsification of the accounts comprised the following areas: Out of book adjustments; Revenue recognition issues; Suspect transactions and Personal type expenditure.

Upon receipt of the Preliminary Report, the Company made disclosures and filings with various regulatory authorities including the BSE, The Securities & Exchange Board of India ("SEBI"), Ministry of Corporate Affairs ("MCA") and also filed a criminal complaint with the Delhi Police to investigate into the suspected wrongdoings.

On 18th May, 2016, the Company published its financial results for the quarter and half year ended 30 September 2015. In the disclosures accompanying the financial results, the Board of Directors stated that the financial results did not represent a true and fair view of the state of affairs of the Company and the reasons thereof. The statutory auditors did not provide an opinion in their limited review report.

The Company, with the support of the Audit Committee and the Board of Directors, continued to address the concerns raised in the financial statements for the quarter and half year ended 30 September 2015. It was recognised that the Company was falling further behind in filings. With the

quarter ended 30 September 2015 accounts only being finalised for filing in May 2016, and with the inability of the Board of Directors to approve these accounts without significant caveats and concerns, they realised the need for a change in process. Moreover, given the passage of time and the potential losses in the accounts it was concluded that there was an urgent need to obtain up to date reliable financial statements which would be of value to all stakeholders.

It was recognised that many of the matters identified in the Preliminary Report could best be addressed by a team with Ricoh specific knowledge, engaging PwC where appropriate, so that efficiency and effectiveness was achieved. It was therefore concluded that an internal investigation (staffed and led independently of Ricoh India Limited) could be used to complete certain of the activities.

The Company also realised that having already filed a complaint with the Delhi Police against the suspected wrongdoers (whether known or unknown) who were already investigating the matter; the investigation with regard to the individual culpability of the alleged wrongdoers should be best left to regulatory authorities and the Company should focus on restoration of the economic value of the shareholders and producing reliable financial results.

Accordingly, in early June 2016 a team comprising various Ricoh group representatives, all of whom were independent of Ricoh India Limited, was established to continue the investigations alongside PwC.

On 19 July 2016 the internal investigation team and the Company presented the estimated unaudited loss for the year ended 31 March 2016 of Rs.112,300 Lacs to the Audit Committee. This estimated result was approved and filed with BSE.

On 19 July 2016 the Promoter Ricoh Company Limited filed a petition with the Hon'ble National Company Law Tribunal ("NCLT") seeking various reliefs but in particular the re-capitalisation of the Company.

On 24 August 2016 the NCLT issued an Order granting the cancellation of the shares of either Ricoh Company Limited, or the Co-Promoter NRG Group Limited, and the preferential issue of the same number of shares for an amount equivalent to the estimated unaudited loss announced on 19 July 2016 i.e. Rs.112,300 Lacs.

On 14 October 2016 an Extraordinary General Meeting was held that approved the re-capitalisation by way of cancellation of the shares of NRG Group Limited and preferential issue of the same number of shares to NRG Group Limited. On 15 October 2016 the board approved the cancellation, issue and allotment for the consideration of Rs.112,300 Lacs.

On 17 November 2016 PwC presented their final report ("the PwC Report") and the independent team presented their findings to the Audit Committee. The PwC Report will be shared with the relevant regulatory authorities including the NCLT, BSE, SEBI, MCA and the Delhi Police Economic Offences Wing.

On 18 November 2016 the results along with the auditor's report for the quarter ended 31 December 2015 and the quarter and year ended 31 March 2016 were presented to the Audit Committee. These were subsequently approved by the board and filed with BSE.

### **Basis of preparation**

3. As a result of the investigations and the matters identified the Company concluded that it was impractical, because of limitations in the available documentation, because of the inability to conclude on the nature of certain transactions and because of time and cost, to seek approval to restate all financial periods during which the falsification of accounts had taken place.

Hence, the Company has reported the final loss for the quarter and year ended 31 March 2016 and separately identified, where possible, the loss relating to previous periods. Given the nature of the falsification of accounts it is not possible to fully allocate the falsifications or errors since to do so would require significant assumptions that would be subjective.

As a result of the PwC Report and the internal investigation team analysis, it is clear that some of the loss for the year ended 31 March 2016 relates to previous years. Accordingly, in the results for the quarter and year ended 31 March 2016 and as detailed in the analysis at note 7 below reference is made

to items where it is clear that the previous year was impacted. Given that it is not possible to fully allocate the falsifications or errors due to subjectivity it is possible that further losses may be attributable to the previous year.

4. The auditors have disclaimed from an opinion on the profit and loss account for the year ended 31 March 2016. Therefore, within these financial statements the directors have sought to explain the falsifications identified and the periods to which they relate. Such analysis is unaudited but in the opinion of the Directors is critical to an understanding of the matters included in these financial statements.
5. The auditors have disclaimed from an opinion on the balance sheet at 31 March 2016. The Company has sought to satisfy the auditors that the balance sheet represents a true and fair view but has been unable to do so. The Directors will file the appropriate statement with BSE stating there is no difference between the results reported and the results with the impact of the disclaimer of opinion.
6. On the basis of the matters detailed in point 5 above, and based on the investigations carried out by PwC and the independent investigation team, and based on the information available to the directors, the directors believe that the balance sheet statement as at 31 March 2016 materially represents a true and fair view and will form the basis for future reporting.

**The loss for the year ended 31 March 2016 and the impact of falsification of accounts**

7. The loss for the year ended 31 March 2016 can be analysed as follows:

	Note	Rs. Lacs
One off adjustments that relate to the year ended 31 March 2015 and prior	A	(17,400)
Cumulative value of one off adjustments that relate to the year ended 31 March 2016 and have been included in the results for the year ended 31 March 2016	B	(31,300)
Cumulative value of one off adjustments that cannot be allocated by year and hence are included in the year ended 31 March 2016	C	(19,600)
Loss for the year ended 31 March 2016 before one-off adjustments		(43,500)
Total loss for the year		(111,800)

**Notes**

- A One off adjustments that relate to the year ended 31 March 2015 and prior are accounting errors/falsifications that can be attributed to those periods. These include two main categories: (i) incorrect revenue recognition and profit recognition on contracts; and (ii) unsupported adjustments that have been made to inflate profits.
- B One off adjustments that specifically relate to the year ended 31 March 2016 are errors and accounting falsifications that relate to that financial year. These include unsupported adjustments that have been made to inflate profits and also provisioning for doubtful debt which can be attributable to the financial year.
- C One off adjustments that cannot be allocated by period are accounting errors/falsifications that due to their nature cannot be retrospectively analysed by period. Whilst it is possible that some element of these relate to previous periods any allocation would be subjective. These include categories such as: (i) inventory where the Company has had to make significant corrections and provisions. Whilst it is possible that similar issues existed at 31 March 2015, and the ensuing quarter ends, without having access to detailed inventory verification and records at each of those dates it is not possible to determine what errors, if any, existed at those date and hence in which period the inventory errors arose; and (ii) reconciliation and accounting adjustments where again without being able to recreate all of the reconciliations and reliable accounting data at each balance sheet date it is not possible to determine in which period such errors arose.

In the view of the Board of Directors controls have now been put in place such that it is appropriate to regard all of these one off adjustments as exceptional or non-recurring for the purpose of this analysis.

**The loss for the quarter ended 31 March 2016 and the impact of falsification of accounts**

8. The loss for the quarter ended 31 March 2016 can be analysed as follows:

	Note	Rs. Lacs
Cumulative value of one off adjustments that relate to previous periods and have been included in the results for the quarter ended 31 March 2016	A	(27,000)
Cumulative value of one off adjustments that cannot be allocated by period and hence are included in the quarter ended 31 March 2016	B	(42,300)
Loss for the quarter ended 31 March 2016 before one-off adjustments		(17,600)
Total loss after tax for the quarter		(86,900)

Notes

- A One off adjustments that relate to previous periods and have been included in the results for the quarter ended 31 March 2016 are accounting errors/falsifications that can be attributed to those prior periods. These include unsupported adjustments that have been made to inflate profits.
- B One off adjustments that cannot be allocated by period are accounting errors/falsifications that due to their nature cannot be retrospectively analysed by period. Whilst it is possible that some element of these relate to previous periods any allocation would be subjective. These include categories such as: (i) inventory where the Company has had to make significant corrections and provisions. Whilst it is possible that similar issues existed at 31 March 2015, and the ensuing quarter ends, without having access to detailed inventory verification and records at each of those dates it is not possible to determine what errors, if any, existed at those date and hence in which period the inventory errors arose; and (ii) reconciliation and accounting adjustments where again without being able to recreate all of the reconciliations and reliable accounting data at each balance sheet date it is not possible to determine in which period such errors arose.

9. Items included as one off adjustments in the year ended 31 March 2016 comprise:

Rs. Lacs	Year ended 31 March 2016	
	Revenue	Loss
Apparently fictitious sales that inflate revenues - Reported within other income net of costs	(68,300)	-
Bad debts that relate to fictitious sales where the Company is pursuing legal recovery		(17,600)
Other doubtful debts		(6,100)
Unsupported adjustments that have inflated profits		(26,800)
Revenue recognition and profit recognition that have impacted revenues and profit	(14,500)	3,100
Balance sheet items for which inadequate accounting or controls or falsification has resulted in irrecoverable balances		(11,800)
Inventory provisions and adjustments		(7,300)
Other		(1,800)
One off adjustments included in the year ended 31 March 2016 (Note 7A, 7B and 7C above)	(82,800)	(68,300)



10. Items included as one off adjustments for the quarter ended 31 March 2016 comprise:

Rs. Lacs	Quarter ended 31 March 2016	
	Revenue	Loss
Apparently fictitious sales that inflate revenues - Reported within other income net of costs	(10,000)	-
Bad debts that relate to fictitious sales where the Company is pursuing legal recovery		(17,600)
Other doubtful debts		(4,800)
Unsupported adjustments that have inflated profits		(26,800)
Inappropriate revenue recognition and profit recognition	(11,000)	(500)
Balance sheet items for which inadequate accounting or controls or falsification has resulted in irrecoverable balances		(11,800)
Inventory provisions and adjustments		(6,000)
Other		(1,800)
One off adjustments included in the year ended 31 March 2015 (note 8A and 8B above)	(31,000)	(69,300)

11. As indicated these one off adjustments and/or accounting falsifications have had a significant impact on the Company. Given the significance of these matters the Company will work with the relevant authorities to take action against those responsible. At this time all such matters are subject to legal process and consequently it is inappropriate for the Company to comment and potentially prejudice such action.

#### Further commentary

12. Further commentary will be included in the Company's annual report and accounts as management discussion and analysis.

#### Other matters

13. Previous period's figures have been regrouped/reclassified as per the current period's presentation in the interests of comparability.

14. Segment reporting.

The Company has previously disclosed segments comprising the sale of goods and the delivery of services. The Board of Directors consider that at the current time this does not represent the business since the sale of goods is usually an integral part of the delivery of services whether it be by way of Ricoh product or third party product. The Board of Directors also consider that the delivery of IT services is an adjacent activity that extends the Company's integrated offering to customers.

As detailed in note 7 to 10 the Company has made significant adjustments as a result of one off transactions which cannot readily be allocated to individual components of the business

In view of the above factors for the year ended 31 March 2016 the Directors therefore regard the business as a single business segment.

15. Ratios have been computed as follows:

Debt equity ratio = Total debt/net worth

Interest service coverage ratio = earnings before interest & tax/interest expense

Debt Service coverage ratio = earnings before interest & tax/interest expense & principal payments made during the year on long term loans

#### Post balance sheet events

16. In accordance with the Petition of Ricoh Company Limited of 19 July 2016 and the Order of the NCLT of 24 August 2016, and as approved by the Extraordinary General Meeting on 14 October 2016, on 15 October 2016 the Board approved the cancellation of the existing 10,959,792 ordinary shares of Rs. 10

each held by NRG Group Limited and the preferential issue and allotment of 10,959,792 ordinary shares of Rs.10 each at a premium of Rs. 1,014.65 for a total capital infusion of Rs. 112,300 Lacs. This capital infusion has been used to reduce bank borrowings.

As a result of the falsification of accounts referred to above the Company is working with a number of regulatory authorities. The Company has no reason to believe that any liabilities will arise out of its cooperation with any investigation by such authorities and hence no provision is included in the accounts at 31 March 2016.

**For and on behalf of the Board of Ricoh India Limited**



**A T Rajan**  
**Managing Director & CEO**  
**DIN: 07487969**

**Place: New Delhi**  
**Date: 18 November, 2016**

# B S R & Co. LLP

Chartered Accountants

Building No.10, 8th Floor, Tower-B  
DLF Cyber City, Phase - II  
Gurgaon - 122 002, India

Telephone: + 91 124 2358 610  
Fax: + 91 124 2358 613

## Independent Auditor's Audit report to the Board of Directors of Ricoh India Limited

1. We were engaged to audit the accompanying statement of financial results ('the Statement') of Ricoh India Limited ('the Company') for the year ended 31 March 2016, attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. Attention is drawn to the fact that the figures for the quarter ended 31 March 2016 and the corresponding quarter ended in the previous year as reported in these financial results are the balancing figures between figures in respect of the full financial year and the year to date figures upto the end of third quarter of the relevant financial year. Also, the figures upto the end of the third quarter had only been reviewed and not subjected to audit. This statement is the responsibility of the Company's management and has been approved by the Board of Directors. Our responsibility is to issue a report on the statement based on our audit of the annual financial statements which have been prepared in accordance with the recognition and measurement principles laid down in Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and other accounting principles generally accepted in India.
2. The financial results for the three months ended 30 June 2015 which are included in the results for the year ended 31 March 2016 and periods earlier to 30 June 2015, set out in the accompanying statement were reviewed/audited earlier by the then statutory auditors of the Company whose reports have been furnished to us.
3. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatement(s). An audit includes examining, on a test basis, evidence supporting the amounts disclosed in the financial results. An audit includes assessing the accounting principles used and significant estimates made by management. Because of the matters described in the Basis for Disclaimer of Opinion paragraph, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.
4. Attention is invited to Note 2 of the Statement which describes in a general and overall manner the irregularities and suspected fraudulent transactions noted during the year. In view thereof, the Company appointed an external firm along with an internal team (comprising representatives of other Ricoh companies) to carry out the investigation. Reports of the aforesaid investigations have been made available for our sighting (on a non-copy basis).

As a result of the external and the internal investigation, the Company has recorded significant adjustments in the current year financial results as referred to in Note 7 of the Statement. These relate to recognition of adjustments / transactions which had remained out of books in earlier periods, disclosure of bank borrowings/ bills discounted, reversal of circular sale and purchase transactions with certain parties with minimal value addition considered fictitious by the management, correction of inventory values and provisions of receivable balances considered doubtful of recovery.

Investigations mentioned above have concluded that revenue and cost have been overstated by Rs. 130,476 lacs (including Rs. 65,495 lacs pertaining to the current year and Rs. 1,957 lacs pertaining to current quarter) and by Rs. 110,544 lacs (including Rs. 58,983 lacs pertaining to the current year and Rs. 1,762 lacs pertaining to current quarter) respectively from the inception of business with identified suspected parties. The difference between revenues and costs of the current year has

been presented on a net basis as a part of other income of current year. Further, uncollected account receivable balances amounting to Rs. 17,542 lacs pertaining to these parties have been considered doubtful of recovery and provided for as on 31 March 2016. Attention is also invited to note 7 to 11 which summarise the overall impact of findings/ adjustments as a result of investigations.

Based on our initial findings, our reading of the Report on preliminary findings dated 20 April 2016 of the external investigation team and communications sent by the Company to various regulatory authorities, we have a reason to believe that suspected offence involving a violation of applicable law, which may tantamount to fraud, may have been committed. Accordingly, we have made the necessary reporting to Central Government of suspected offence involving fraud being committed or having been committed as required by Rule 13(1)(ii) of the Companies (Audit and Auditors) Rules, 2014 [as amended by the Companies (Audit and Auditors) Amendment Rules, 2015] on 30 June 2016.

The Company has also requested Securities Exchange Board of India (SEBI) to consider conducting an investigation to ascertain if the incorrect standalone financial statements had any impact on the securities market and the investors, particularly under the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003.

In view of the limitations pertaining to investigations elaborated in note 7 of the Statement read with our comments mentioned below in para 5, we are unable to comment on the appropriateness of amounts pertaining to each period, consequential impact thereof on the opening balances as at 1 April 2015 and 1 January 2016, the persons involved and the amount of fraud/misappropriation, and consequential impact on the Statement.

**5.1** For most of the documents, originals were not available and hence we have had to carry out our audit procedures on photo copies of those documents, to the extent made available to us.

**5.2** In relation to items of financial results, we were not able to complete our audit procedures due to non-availability of required information/ documentation/ satisfactory explanations. This includes non-availability of audit evidence to support certain sale and purchase transactions such as carriers' receipts, goods received notes, proof of delivery, customer acknowledgment, effective cut-off and sales return procedures; and non-availability of significant information pertaining to other income, employee benefit expenses, other expenses, related disclosures in notes to accounts etc.

Further, in respect of revenue contracts due to non-availability of complete documentations / sufficient information, the management has accounted for such contracts on the basis of significant assumptions. Accordingly, in view of aforementioned limitations, we are unable to comment on appropriate accounting of revenue recognized for these contracts, completeness of provisions towards onerous contracts, evaluation of potential impact of the irregularities and suspected fraudulent transactions on such contracts.

**5.3** In respect of inventories:

- i. the Company has not maintained proper records including reconciliation of goods purchased/sold in terms of quantity and value. Further, the reasons for material discrepancies noted during the physical verification have not been investigated;
- ii. confirmation for inventories lying with third parties and documentation for movement of goods from one location to another currently valued at Rs. 4,761 lacs was not available;



- iii. Net Realizable Value (NRV) analysis in respect of goods valued at Rs. 8,608 lacs has not been provided.

Therefore, we are unable to comment on possible adjustment of these, if any, to the carrying value of inventories.

**5.4** In respect of receivables for machines given on lease, we were not able to complete our procedures due to non-availability of complete documentation / details e.g. absence of lease contracts, / details and reconciliation of amount collected till 31 March 2016/amount due as at period-end and analysis of nature of lease such as operating lease vs finance lease etc. Further, basis checking of limited number of samples made available to us, we have observed inaccuracies/inconsistencies in details used for computation of lease receivable as at period end such as fair value of lease, lease terms, computation of interest rate implicit in the lease etc.

In view of abovementioned observations, we are unable to comment on the carrying value of lease receivables balances and appropriateness of lease income recognised for the quarter and year.

**5.5** During the current year, the Company has performed physical verification of certain fixed assets. As per the physical verification report provided to us, fixed assets of gross value of Rs. 2,661 lacs against total gross value of Rs. 13,914 lacs have been physically verified. Further, basis this physical verification report, the Company has written off assets having carrying value of Rs 700 lacs (Gross value Rs. 2,988 lacs) to the Statement of profit and loss. Similarly, assets physically found and not appearing in fixed assets register, have been recorded at zero value in the fixed assets register. In the absence of complete reconciliation of assets physically verified with fixed assets register, we are unable to comment on appropriateness of amounts written off and carrying value of assets recorded at zero value. Further, as the management has not performed a complete physical verification of all fixed assets, we are unable to comment on the existence of such assets and consequential adjustments, if any, and the impact thereof on the carrying value of such fixed assets.

**5.6** We were not able to complete our balance confirmation procedures in relation to customers and vendors due to incomplete / incorrect addresses resulting in non-delivery for balance confirmation letters for certain selected parties, non-receipt of responses from most of the parties and unreconciled/ unexplained differences for confirmations received. In view of these read along with our comments mentioned in para 4 and 5.2 above and considering that the Company does not have process in place to perform periodical reconciliation of balance with customers and vendors, we are unable to comment on recoverability of account receivable balances and advance given to suppliers and completeness of account payable balances.

**5.7** In respect of certain payable account balances such as Dealer deposits (Rs. 339 lacs), Provision for sales commission (Rs. 546 lacs), Provision for dealer commission (Rs. 731 lacs), and certain receivable balances such as Security deposits (Rs. 6,897 lacs), Accrued revenue (Rs. 1,385 lacs), Deposit/ balance with Excise and sales tax authorities (Rs. 2,510 lacs), Advance tax (Net of Provision for income tax) (Rs. 776 lacs), we were not able to complete our audit procedures due to non-availability of information/ documentation/ satisfactory explanations. In view of the above, we are unable to comment on appropriateness of these balances.

**5.8** The Company's net worth has been completely eroded by its accumulated losses as at the end of the financial year. However, in view of continued financial support, which is also evidenced by significant capital infusion subsequent to the year end, from a fellow subsidiary (second largest shareholder), management is of the view that the Company shall be able to continue as a going concern. Accordingly, the management considers it appropriate to prepare these financial results on a going concern basis.



B S R & Co. LLP

5.9 There are a number of matters pending litigation. In view of the matters described above, we are unable to state whether these financial results consider the complete impact of pending litigations on the financial position of the Company.

5.10 In our view, the internal controls both operating and financial including information technology controls require considerable strengthening. In particular, controls over maintenance of books of account, proper supporting documentation need a thorough review.

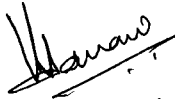
In view of our observations in paras 4 to 5.10 above, we are unable to determine the adjustments, if any, that are necessary in respect of the financial results of the Company.

Because of the very substantive nature and significance of the matters described in para 4 and 5 above and because of the limitation on work performed by us, we have not been able to obtain sufficient appropriate audit evidence as to whether the accompanying statement of financial results has been presented in accordance with the requirements of Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 in this regard and give a true and fair view of the net loss and other financial information for the year ended 31 March 2016.

*For B S R & Co. LLP*

*Chartered Accountants*

Firm registration number: 101248W/W-100022



**Vikram Advani**

Partner


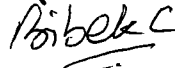
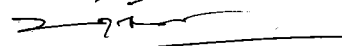

Membership Number: 091765

Place: New Delhi

Date: 18 November 2016

**Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along-with Annual Audited Financial Results**

<b>Statement on Impact of Audit Qualifications for the Financial Year ended March 31 2016</b> [See Regulation 33/52 of the SEBI (LODR) (Amendment) Regulations, 2016]				
<b>I.</b>	<b>Sl. No.</b>	<b>Particulars</b>	<b>Audited Figures (as reported before adjusting for qualifications) (In Lakhs)</b>	<b>Adjusted Figures (audited figures after adjusting for qualifications) (In Lakhs)</b>
	1.	Turnover/Total Income	113,729	113,729
	2.	Total Expenditure (inc. exceptional items)	224,627	224,627
	3.	Net Profit/(Loss)	(111,773)	(111,773)
	4.	Earnings Per Share	(281.07)	(281.07)
	5.	Total Assets	212,375	212,375
	6.	Total Liabilities (excluding N/W)	(307,288)	(307,288)
	7.	Net Worth	94,913	94,913
	8.	Any other financial item(s) (as felt appropriate by the management) *	(69,305)	(69,305)
<b>II.</b>	<p>*Exceptional items as per P &amp; L which is included in point no.2</p> <p><b><u>Audit Qualification (each audit qualification separately):</u></b></p> <p>a. <b>Details of Audit Qualification:</b> Disclaimer of opinion</p> <p>b. <b>Type of Audit Qualification:</b> <del>Qualified Opinion/Disclaimer of Opinion/Adverse Opinion</del></p> <p>c. <b>Frequency of qualification:</b> <del>Whether appeared first time/repetitive / since how long continuing</del></p> <p>d. <b>For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:</b> Not Quantified by the Auditor</p>			

	<p><b>e. For Audit Qualification(s) where the impact is not quantified by the auditor:</b></p> <p>(i) <b>Management's estimation on the impact of audit qualification:</b></p> <p>Management believe that the disclaimer of opinion primarily relates to documentation concerns. Based on our management analysis and assumptions, we believe that materially all the balance sheet figures at 31 March 2016 are correct.</p> <p>(ii) <b>If management is unable to estimate the impact, reasons for the same:</b></p> <p>Not Applicable</p> <p>(iii) <b>Auditor's Comments on (i) or (ii) above:</b></p> <p>Our audit report dated 18 November 2016, lists in detail the significant matters identified during the audit, due to which we have been unable to express an opinion on the standalone financial statements. In view of this, we are unable to comment on the comments made by the management above.</p>
<p><b>III.</b></p>	<p><b><u>Signatories:</u></b></p> <ul style="list-style-type: none"> <li>• <b>Mr. AT Rajan : CEO/Managing Director</b> </li> <li>• <b>Mr. Bibek Chowdhury: Chief Financial Officer</b> </li> <li>• <b>Mr. UP Mathur: Audit Committee Chairman</b> </li> <li>• <b>Statutory Auditor</b> </li> </ul> <p><b>Place: New Delhi</b> <b>Date: 18 November 2016</b></p>