

# Investor Presentation

**RICOH**  
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**Annual General Meeting**  
**Mumbai**  
**December 22, 2016**

# **Forward Looking Statements**

The plans, prospects, strategies and other statements, except for the historical events, mentioned in this material are forward-looking statements with respect to future events and business results. Those statements were made based on the judgement of RICOH's Directors from the information that is now obtainable. Actual results may differ materially from those projected or implied in such forward-looking statements and from any historical trends. Please refrain from judging only from these forward-looking statements with respect to future events and business results. The following important factors, without limiting the generality of the foregoing, could affect future results and could cause those results to differ materially from those expressed in the forward-looking statements:

- General economic conditions and business trend
- Exchange rates and their fluctuations
- Rapid technological innovation
- Uncertainty as to RICOH's ability to continue to design, develop, produce and market products and services that achieve market acceptance in hot competitive market

No company's name and/or organization's name used, quoted and/or referenced in this material shall be interpreted as a recommendation and/or endorsement by RICOH.

This material is not an offer or a solicitation to make investments. Please do not rely on this material as your sole source of information for your actual investments, and be aware that decisions regarding investments are the responsibility of users themselves.

- 1. Review of FY 2015 Financial Results**
- 2. Review of FY2016 Q1 & Q2 Results**
- 3. Business Strategies & Future Directions**

Section 1

# **Review Of FY 2015 Financial Results**



# Recap of Background

- **The Company appointed BSR & Co LLP (“BSR”) as auditors in Aug ’15.** During the transition, BSR raised concerns on the proposed financial reports for the quarter and half year ended 30 Sep ’15. The Audit Committee engaged Shardul Amarchand Mangaldas & Co, Advocates and Solicitors (SAM), who in turn appointed PricewaterhouseCoopers Private Limited, India (PwC) to undertake investigations to resolve these concerns.
- Key Managerial Personnel, ie **Manoj Kumar, MD & CEO, Arvind Singhal, CFO and Anil Saini, the Sr VP & COO, sent on leave** with effect from 30 Mar ’16 (MD&CEO resigned on 2 Apr ’16).
- AT Rajan and Bibek Chowdhury assigned to discharge the function of the CEO/COO and CFO respectively from 30 Mar’16. Subsequently, **AT Rajan was appointed MD & CEO on 12 Apr ’16. The new management team put in place** to ensure business continuity and expedite investigations.
- Based on the preliminary investigations, **the Company voluntarily alerted the regulators about the suspected falsification of accounts**, with request to investigate the situation and punish the wrongdoers. **The Board suspended Manoj Kumar, Arvind Singhal and Anil Saini on 8 Jun ’16.**

# Recap of Background (Contd)

- On 19 Jul '16, **the Company estimated the loss for the year ended 31 March 2016 to be Rs 1123 Crores. (unaudited).** On the same day, **Ricoh Company Limited (RCL) announced their decision to infuse funds into Ricoh India to cover the total amount of loss due to the falsification** of accounts.
- In order to ensure that there is no liability on the minority shareholders, and the shareholding pattern remain unchanged, **RCL filed a Petition with the National Company Law Tribunal (NCLT)** to allow existing shares of promoters to be cancelled and simultaneously recapitalize to the extent of estimated losses.
- **Ian Winham appointed as Chairman of the Board of Directors on 25 Jul '16.**
- On 24 Aug '16, NCLT issued an order allowing RCL for the recapitalization. On 14 Oct '16, an EGM approved the recapitalisation. **On 15 Oct '16 the shares of NRG Group Limited were cancelled and new shares issued for Rs 1123 Crores.**
- The **investigation and audit for the financial year ending 31 Mar '16 completed in 18 Nov '16.** Subsequently, audit for the quarters Q1 and Q2 of FY'16 completed in 12 Dec '16

# FY'15 Financial Highlights

Particulars	31 Mar'16 Rs Lacs	31 Mar'15 Rs Lacs
Sales from Operations	99,824	163,782
Operating (Loss)/ Income	(26,155)	15,728
Finance Cost	13,748	8,535
Depreciation & amortization	1,701	2,144
(Loss)/Profit before exceptional item	(41,604)	5,049
Exceptional Items	69,305	-
(Loss) / Profit Before Tax	(110,909)	5,049

- The Statutory Auditors have issued a disclaimer of opinion on these accounts.
- However, the Board of Directors firmly believe that the balance sheet at 31 March 2016 is a fair basis from which we can measure future business consistently.

# Break-up of falsification

Particulars	Amount Rs Crores	Sub-total Rs Crores
One off adjustments that relate to the year ended 31 March 2015 and prior	(174)	
Cumulative value of adjustments that relate to the year ended 31 March 2016 and have been included in the results for the year ended 31 March 2016	(313)	(683)
Cumulative value of adjustments that cannot be allocated by year and hence are included in the year ended 31 March 2016	(196)	
Loss for the year ended 31 March 2016 before one-off adjustments	(435)	(435)
Total loss for the year	(1,118)	(1,118)

- A. These includes two main categories- i) incorrect revenue recognition and profits recognition on contracts.(ii)Unsupported adjustments to inflate profits.
- B One off adjustments for the year ended March 31, 2016. These include unsupported adjustments that have been made to inflate profits and provisioning of doubtful debts attributable to the financial year
- C One off adjustments that cannot be allocated by period. These includes categories such as (i) inventory where the company had to make significant corrections and provisions. (ii) reconciliation and accounting adjustment that cannot be attributed to an year



# Falsification - analysis in accounts

Particulars	Revenue	Loss
Apparently fictitious sales that inflate revenues - Reported within other income net of costs	(683)	
Bad debts that relate to fictitious sales where the Company is pursuing legal recovery		(176)
Other doubtful debts		(61)
Unsupported adjustments that have inflated profits		(268)
Inappropriate revenue recognition and profit recognition	(145)	31
Balance sheet items for which inadequate accounting or controls or falsification has resulted in irrecoverable balances		(118)
Inventory provisions and adjustments		(73)
Other		(18)
One off adjustments included in the year ended 31 March 2016	(828)	(683)

# Short & Long Term Debt

As on 31 Mar '16

Particulars	Amount, Rs Crore	Remarks
Long Term Debt	200	NCD due Sep '17
Short Term Debt	2,145	Bank & NBFC
<b>Total Debt</b>	<b>2,345</b>	
Capital Infusion	(1,123)	Oct '16
<b>Net Debt</b>	<b>1,222</b>	

## Options & Actions

- Working capital management
- Refinancing – approval at this EGM
- Other options are being evaluated

# Working Capital Management

Particulars	As on 31.03.16		As on 30.09.16	
	Amount Rs. Lacs	DSO	(Amount, Rs. Lacs)	DSO
Account Receivables	56,780	190	56,075	182
Inventory	49,194	180	41,147	146
Advances	50,939	301	72,061	313

Section 2

# **Review of FY2016 Q1 & Q2 Results**



# FY'15 Financial Highlights

(Amount in Rs Lacs)

Particulars	FY16 Q1	FY16 Q2	FY16 H1
Sales from Operations	23,182	28,026	51,208
Operating (Loss)/Income	(4,613)	(3,341)	(7,954)
Finance Cost	4,494	4,918	9,412
Depreciation & amortization	446	476	922
Exceptional Items	-	-	-
(Loss) / Profit Before Tax	(9,553)	(8,735)	(18,288)

- The Statutory Auditors have issued a disclaimer of opinion on these accounts.
- However, the Board of Directors believe that the balance sheets at 31 March 2016, and at subsequent period ends have been consistently prepared and form a fair basis for measuring business performance consistently

# Normalised performance Analysis

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(Amount in Rs Lacs)

Particulars	FY'16 Q2	FY'16 Q1	FY'15 Q4	FY'15 Q3
Revenue from Operations	28,026	23,182	15,316	45,742
Other Income	706	746	7,138	5,427
Operating Loss before interest	(3,817)	(5,059)	(12,250)	(7,915)
Interest	4,918	4,494	5,559	3,301
Loss before Tax & exceptional items	(8,735)	(9,553)	(17,809)	(11,216)

- **Revoke suspension of share trading**
  - *Application initiated*
- **Regularise financial filings**
  - *FY'16 Q3 Results on time*
- **Support investigation by relevant authorities**

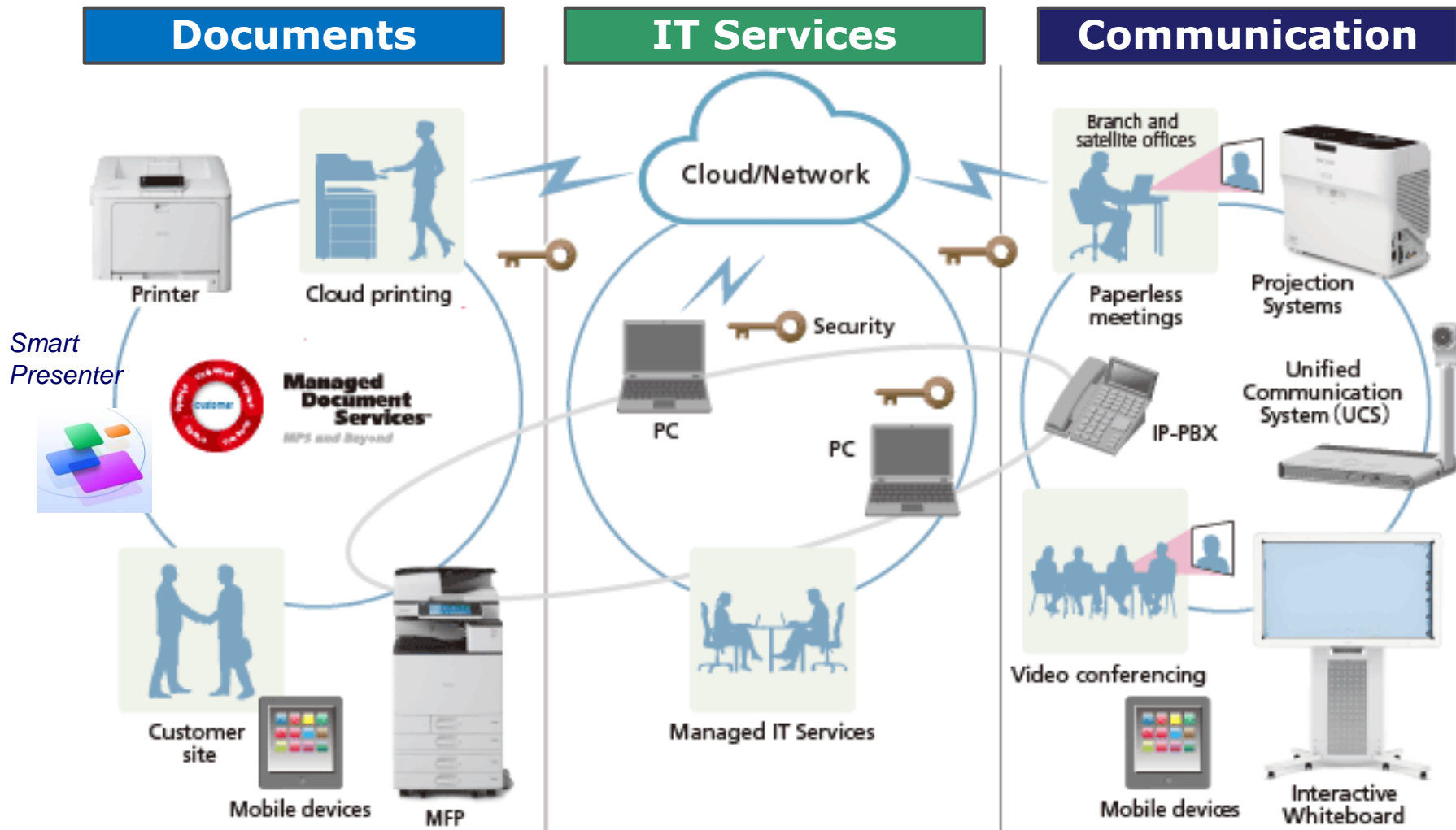
Section 3

# **Business Strategies & Future Directions**





# Ricoh's Business Landscape



Ricoh Value Proposition changes to new value and services generated from the combination of Imaging products/IT services/Visual Communication Products.

# Business Strategies - Medium Term **RICOH** imagine. change.

**Goal: Profitable, sustainable Growth**  
**Target to break even Operating Profit by end FY'17 & PBT no later than FY'18**

Objective	Key Strategies
Expand Core Business	<ul style="list-style-type: none"><li>Expand Visual Communication Business</li><li>Strengthen MIF &amp; annuity management</li></ul>
Strengthen IT Services	<ul style="list-style-type: none"><li>Focus on value business</li><li>Strengthen Project Management capability</li><li>Strong contract base</li></ul>
Strengthen Operational Infrastructure	<ul style="list-style-type: none"><li>Revamped Processes &amp; Controls</li><li>New business &amp; contract management established</li><li>Restructure Debt management - improve working capital management</li><li>Strengthen Automation</li></ul>
Improve Management Efficiency	<ul style="list-style-type: none"><li>New Leadership &amp; Organisation Structure</li><li>Improve resource efficiency &amp; productivity</li></ul>

**[1] Reinforce and Develop Earning Power for Core Business**

*Generate Profit from Core Business*



**[2] Achieve Growth by Creating New Profit Generators**

*Invest in New Business With the Profit*

## Smart Support



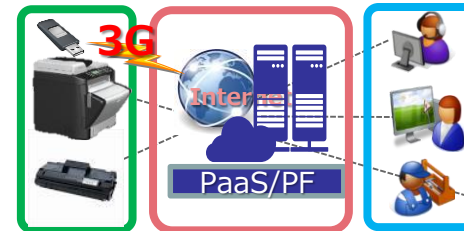
**Eg. Remote Assistance  
Auto Reboot,  
Easy Maintenance**

## Smart Integration



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## PaaS Operation



- **Pay as you go!**
- **Remote control**
- **PaaS operation**

## New Solutions

**InkJet**

**3D Printer**

**Commercial Print**

**Health care**

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*Thank You..!*



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