

Ricoh India

Annual General Meeting–
Q&A

Date: 22/12/2016

Q1. What is the financial position of the company?

The Company has announced a significant loss which means we have a deficiency of net worth. However, NRG Group Limited has infused Rs. 1123 crore to cover our losses. In addition, as disclosed in the accounts and quarterly reports, Ricoh Company Limited has confirmed that they will provide financial and other related support to us in order to ensure business continuity while we at Ricoh India will work towards revitalizing our business. The Board of Directors of Ricoh India are grateful to Ricoh Company Limited for their support.

Q2. Do you plan to restate the previous year's financial statements?

No. It is impractical because of limitations in the available documentation, 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.

Q3. Is there a possibility of such one off instances or further losses in the next quarterly results?

We had made an estimate of Rs. 1123 crores loss for the year ended 31st March 2016 based upon the information available in hand at that time (19 July 2016). With the announcement of Q3 and Q4 FY 16 results, the full extent of losses suffered by the Company was Rs. 1,118 crores.

The result for the quarter ended 30 June 2016 and the quarter and half year ended 30 September 2016 represent our business performance. You will note that we are also reporting normalized results, in the notes to the accounts, and whilst these are unaudited loss the Directors believe that these enable the underlying performance of the business to be monitored clearly.

Q4. Why was the one off / exceptional items relating to the falsification of INR 683 crores not accounted in the past results?

As extensively reported the Company's accounts were falsified. The first indication of the losses came when the Company published the estimated unaudited loss for the year ended 31 March 2016 in July 2016. As noted in the quarter ended 30 September the Company has not restated previous financial periods

Q5. Auditors have disclaimed the financial report for Q3 & Q4 FY'15 and Q1 & Q2 FY'16. So how can we believe that Ricoh India reported financial is correct?

Following the disclaimer of opinion, the Directors have filed with BSE the impact of auditor's report on the reported results wherein the Directors have confirmed that there is no difference arising. Although the auditors have not commented on this filing because of their disclaimer but neither have they disagreed with the Directors opinion.

Given the nature of audit concerns, it will be a challenge for us to achieve clean opinion in the forthcoming quarters as well. Given the audit process, the earliest we can anticipate a clean balance sheet opinion will be in March 2017.

However, we are confident that our documentation is improving and we are ensuring adequate controls which over time will move us towards a clean opinion. We have also highlighted in our report the normalized results (unaudited) which will enable our stakeholders to understand the actual results of Ricoh India in each period and assess our progress as we look to move from a loss to breakeven and profit. We see this information as paramount both from a business perspective and for our stakeholders so that our results can be meaningfully tracked.

Q6. Q3 revenue is negative, what is the actual sales revenue and adjusted amount?

Quarter ended on 31 December 2015, revenue is reported as a negative Rs. 259 crores. This includes adjustments of Rs. 717 crore referred in the notes to accounts. The Normalised revenue for Q3 is Rs. 458.

Q7. What is the breakup of INR 1123 crores fraud?

We estimated the loss of Rs. 1123 crores for the year ended 31st March 2016, post our investigation the actual loss for the year ended 31st March 2016 was Rs. 1,118 crores. The breakup of the same is mentioned below.

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| One off adjustments that relate to the year ended 31 March 2015 and prior | Rs. 174 Crores |
| 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 | Rs. 313 Crores |
| Cumulative value of adjustments that cannot be allocated by year and hence are included in the year ended 31 March 2016 | Rs. 196 Crores |
| Loss for the year ended 31 March 2016 before one-off Adjustments | Rs. 435 Crores |
| Total loss for the year | Rs. 1118 Crores |

Q8. Will Promoters infuse more money?

The promoters have already infused Rs. 1123 crores to cover our losses caused due to falsification of accounts. Our goal is to ensure profitable, sustainable growth and we target to breakeven operating profit by end of FY'17. However, Ricoh India is an independent entity and we cannot expect the promoters to infuse more money to cover our regular operating losses.

Q9. What is your strategy to manage debt?

We are focusing on improving working capital and reducing our inventory and trade debt. We will also look at various options to restructure debt through lower cost financial instrument such as bonds.

Q10. Is it true, company is planning to raise Rs. 1000 crores debt?

Even after the infusion of funds, the debt burden is significant and the management will be looking at refinancing options as and when required. The resolution to enable the Company to consider the financing option was approved at the AGM. We are also putting strong emphasis on working capital management to bring the debt to manageable levels.

Q11. What is the vision of the company?

At this stage the vision is to ensure sustainable profitable growth, we will strengthen core business & IT services that will ensure profitability and growth. We will continue to provide the Indian market with our innovative range of products and solutions.

Q12. Please share top 10 contracts in hand with the Company and underway?

We are working on various business opportunities at the moment and will disclose significant business wins/ orders as and when we secure them through our filings with BSE.

Q13. What are the actions taken by Ricoh India to control cost?

We are looking at all options to reduce cost, improve efficiency and strengthen automation.

Q14. What is the total number of employee at present in Ricoh India? What is the attrition rate?

At March 30 2016 total strength of manpower of Ricoh India was 1260 employees, we have approximately 1000 employees as of December 2016.

Q15. By when will the trading of shares start?

The Company has completed all the formalities with BSE and filed an application on 15th December with BSE for revocation of suspension in trading of equity shares. We hope to have trading resumed as soon as possible.

Q16. Will you be able to file Quarter ended 31 December 2016 financial results by the set timeline?

Yes. We expect to file Quarter ended 31 December 2016 FY'16 financial results with in the set timeline.

Q17. What is the action against wrongdoers?

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.

We do not comment on individuals as the matter is sub judice. We are supporting relevant authorities in their proceedings.

Q18. Why are you not appointing a good audit committee and internal audit?

Since the issues first came to light, the audit committee of Ricoh India has initiated various investigations using third parties and independent Ricoh employees. The audit committee went ahead and appointed Shardul Amarchand Mangaldas & Co. / PricewaterhouseCoopers Private Limited as an independent review agency for further review of the areas of concerns. The audit committee has taken actions to progress the resolution of the reporting issues including relevant filings with BSE, SEBI and MCA.

We have recruited a new CFO Ms. Pooja Aggarwal and we are in the process of hiring Internal Audit professionals. We are looking to establish a strong internal audit function that will support our processes and controls.

Q19. Why did Ricoh India not choose any five star hotel as venue for recent AGM's?

We are looking at all possibilities to control our cost of operations. Venue change is one of such initiatives.

Q20. Please start the AGM's by 11 am.

We have taken note of your suggestion we will consider this for the next Annual General Meeting.
