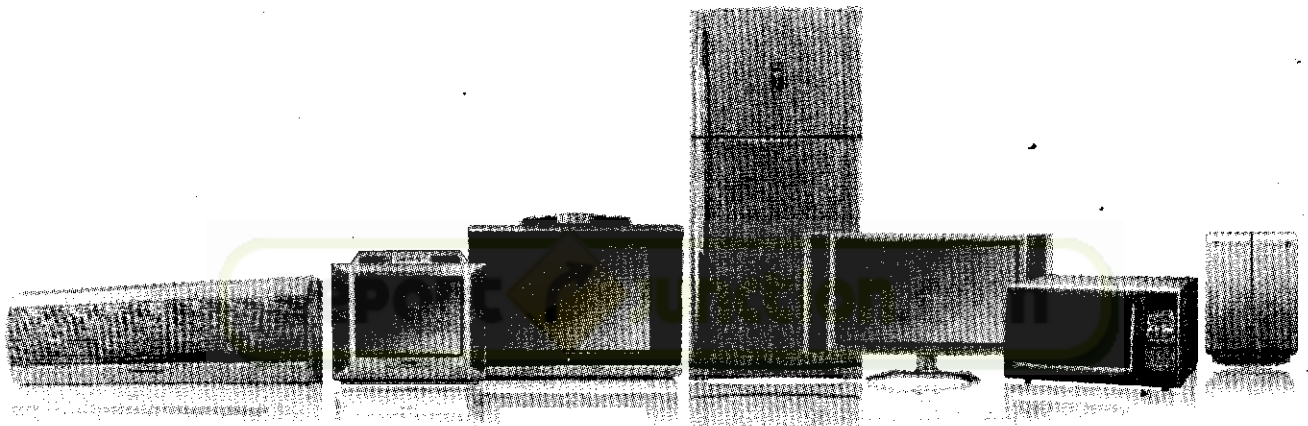


20th Annual Report **2004-2005**



SHARP

Sharp Minds, Sharp Products



SHARP INDIA LIMITED

(Formerly Kalyani Sharp India Limited)

SHARP INDIA LIMITED
(Formerly Kalyani Sharp India Limited)

SHARP

BOARD OF DIRECTORS

Mr. Mr. T. MORI
[Chairman]

Mr. K. KAWABE

Mr. M. TAKAHASHI

Mr. T. YAMAZAKI
(Managing Director)

Mr. N. YANAGISHITA
[Executive Director]

Mr. S. S. VAIDYA

Mr. F. MISUGE

Mr. M. EIRYU

BANKERS

STATE BANK OF INDIA
BANK OF INDIA
THE BANK OF TOKYO-MITSUBISHI LTD.
UFJ BANK LIMITED.
THE MIZUHO CORPORATE BANK LTD.
CITI BANK N.A.

SOLICITORS & ADVOCATES

CRAWFORD BAYLEY & CO., MUMBAI

AUDITORS

S. R. BATLIBOI & CO.
Chartered Accountants

REGISTERED OFFICE

Gat No. 686/4, Koregaon Bhima,
Tal. Sirur, Dist. Pune 412 216.

REGISTRARS & TRANSFER AGENTS

MCS Limited,
116/118, Akshay Complex,
Off Dhole Patil Road,
Near Ganesh Mandir,
Pune 411 001.

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SHARP INDIA LIMITED

(Formerly Kalyani Sharp India Limited)

Registered Office : Gat No.686/4, Koregaon Bhima, Taluka Sirur, District Pune 412 216.

NOTICE

Notice is hereby given that the 20th Annual General Meeting of the Members of Sharp India Limited (formerly Kalyani Sharp India Limited) will be held at the Registered Office of the Company at Gat No. 686/4, Koregaon Bhima, Taluka Sirur, District Pune 412 216 on Thursday, the 30th day of June 2005 at 11.00 a.m. (I.S.T.) to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Balance Sheet as at 31st March 2005 and the Profit and Loss Account for the year ended on 31st March 2005 and the Reports of the Directors and of the Auditors.
2. To appoint a Director in place of Mr. S.S. Vaidya, who retires by rotation but being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. K. Kawabe, who retires by rotation but being eligible, offers himself for re-appointment.
4. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an ORDINARY RESOLUTION :

"RESOLVED THAT THE COMPANY'S AUDITORS, M/S. S.R. BATLIBOI & CO., CHARTERED ACCOUNTANTS, PUNE, BE AND ARE HEREBY RE-APPOINTED AS AUDITORS OF THE COMPANY TO HOLD OFFICE FROM THE CONCLUSION OF THIS MEETING UNTIL THE CONCLUSION OF THE NEXT ANNUAL GENERAL MEETING OF THE COMPANY AND THAT THE BOARD OF DIRECTORS BE AND IS HEREBY AUTHORISED TO FIX THEIR REMUNERATION FOR THE PERIOD."

SPECIAL BUSINESS :

5. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an ORDINARY RESOLUTION :

"RESOLVED THAT MR. F. MISUGE, WHO WAS APPOINTED AS AN ADDITIONAL DIRECTOR OF THE COMPANY BY THE BOARD OF DIRECTORS AND WHO HOLDS OFFICE UPTO THE DATE OF THIS ANNUAL GENERAL MEETING OF THE COMPANY UNDER SECTION 260 OF THE COMPANIES ACT, 1956, AND IN RESPECT OF WHOM THE COMPANY HAS RECEIVED A NOTICE IN WRITING FROM A MEMBER, PROPOSING HIM AS A CANDIDATE FOR THE OFFICE OF A DIRECTOR, BE AND IS HEREBY APPOINTED AS A DIRECTOR OF THE COMPANY, LIABLE TO RETIRE BY ROTATION."

6. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an ORDINARY RESOLUTION :

"RESOLVED THAT MR. M. EIRYU, WHO WAS APPOINTED AS AN ADDITIONAL DIRECTOR OF THE COMPANY BY THE BOARD OF DIRECTORS AND WHO HOLDS OFFICE UPTO THE DATE OF THIS ANNUAL GENERAL MEETING OF THE COMPANY UNDER SECTION 260 OF THE COMPANIES ACT, 1956, AND IN RESPECT OF WHOM THE COMPANY HAS RECEIVED A NOTICE IN WRITING FROM A MEMBER, PROPOSING HIM AS A CANDIDATE FOR THE OFFICE OF A DIRECTOR, BE AND IS HEREBY APPOINTED AS A DIRECTOR OF THE COMPANY, LIABLE TO RETIRE BY ROTATION."

7. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an ORDINARY RESOLUTION :

"RESOLVED THAT MR. T. MORI, WHO WAS APPOINTED AS AN ADDITIONAL DIRECTOR OF THE COMPANY BY THE BOARD OF DIRECTORS AND WHO HOLDS OFFICE UPTO THE DATE OF THIS ANNUAL GENERAL MEETING OF THE COMPANY UNDER SECTION 260 OF THE COMPANIES ACT, 1956, AND IN RESPECT OF WHOM THE COMPANY HAS RECEIVED A NOTICE IN WRITING FROM A MEMBER, PROPOSING HIM AS A CANDIDATE FOR THE OFFICE OF A DIRECTOR, BE AND IS HEREBY APPOINTED AS A DIRECTOR OF THE COMPANY, LIABLE TO RETIRE BY ROTATION."

8. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an ORDINARY RESOLUTION :

"RESOLVED THAT MR. M. TAKAHASHI, WHO WAS APPOINTED AS AN ADDITIONAL DIRECTOR OF THE COMPANY BY THE BOARD OF DIRECTORS AND WHO HOLDS OFFICE UPTO THE DATE OF THIS ANNUAL GENERAL MEETING OF THE COMPANY UNDER SECTION 260 OF THE COMPANIES ACT, 1956, AND IN RESPECT OF WHOM THE COMPANY HAS RECEIVED A NOTICE IN WRITING FROM A MEMBER, PROPOSING HIM AS A CANDIDATE FOR THE OFFICE OF A DIRECTOR, BE AND IS HEREBY APPOINTED AS A DIRECTOR OF THE COMPANY, LIABLE TO RETIRE BY ROTATION."

By Order of the Board of Directors
For SHARP INDIA LIMITED

Gat No.686/4,
Koregaon Bhima,
Taluka Sirur,
District Pune 412 216.

May 31, 2005.

M.R. PATWARDHAN
COMPANY SECRETARY

NOTES :

1. The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of Special Business under Item Nos.5 to 8 of the Notice to be transacted at the Annual General Meeting is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ABOVE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
3. Members are requested to notify any change of address to their Depository Participants (DPs) in respect of their electronic share accounts and to the Registrars & Transfer Agents, MCS Limited, 116/118, Akshay Complex, Off Dhole Patil Road, Near Ganesh Mandir, Pune 411 001, in respect of their physical share folios.
4. The Share Transfer Books and the Register of Members of the Company will remain closed from Thursday, the 23rd day of June 2005 to Thursday, the 30th day of June 2005 (both days inclusive).
5. Documents referred to in any of the Items of the Notice are available for inspection at the Registered Office of the Company on any working day up to 30th day of June 2005 during the business hours of the Company.
6. The Members are requested to intimate the Company for consolidation of multiple Folios, if any.

SHARP INDIA LIMITED

(Formerly Kalyani Sharp India Limited)

SHARP**ANNEXURE TO THE NOTICE****EXPLANATORY STATEMENT AS REQUIRED BY SECTION 173 OF THE COMPANIES ACT, 1956.**

The following Explanatory Statement sets out as required by Section 173 of the Companies Act, 1956, the material facts relating to the Special Business under Item Nos.5 to 8 referred to in the accompanying Notice dated May 31, 2005.

ITEM NOS. 5 to 8 :

The Board of Directors, at its Meeting held on September 15, 2004 appointed Mr. F. Misuge, on February 24, 2005 appointed Mr. M. Eiryu and Mr. T. Mori and on May 31, 2005 appointed Mr. M. Takahashi as Additional Directors of the Company. In terms of Section 260 of the Companies Act, 1956 and Article 141 of the Articles of Association of the Company, they hold office only till the date of this Annual General Meeting. The Company has received Notices in writing from the Members pursuant to Section 257 of the Companies Act, 1956 along with a deposit of Rs.500/-, proposing the candidature of Mr. F. Misuge, Mr. M. Eiryu, Mr. T. Mori and Mr. M. Takahashi as the Directors of the Company at the ensuing Annual General Meeting.

Mr. F. Misuge is a Joint General Manager, UFJ Bank Limited, New Delhi and has a wide experience in banking field.

Mr. M. Eiryu is a Joint General Manager, The Mizuho Corporate Bank Limited, Mumbai and has a wide experience in banking field.

Mr. T. Mori has more than 29 years of experience and is very knowledgeable in Sales and Marketing field. He has also been appointed as Chairman of the Company with effect from March 15, 2005.

Mr. M. Takahashi has wide experience and is very knowledgeable.

It is considered desirable that the Company should have the benefit of their experience and advice.

The Directors recommend the Resolutions for acceptance by the Members.

Mr. F. Misuge, Mr. M. Eiryu, Mr. T. Mori and Mr. M. Takahashi may be deemed to be concerned with or interested in the Resolution.

By Order of the Board of Directors
For SHARP INDIA LIMITED

Gat No.686/4,
Koregaon Bhima,
Taluka Sirur,
District Pune 412 216.
May 31, 2005.

M.R. PATWARDHAN
COMPANY SECRETARY

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SHARP INDIA LIMITED

(Formerly Kalyani Sharp India Limited)

SHARP**DIRECTORS' REPORT**

To,
The Members,

Your Directors have pleasure in presenting their Twentieth Report together with the Audited Statement of Accounts for the year ended on March 31, 2005.

1. FINANCIAL RESULTS :

	Year ended March 31, 2005	Rs. in Million Previous Year ended March 31, 2004
INCOME		
Sales and services, (Gross)		
Domestic	1,013.210	1,293.848
Export	2.921	2.915
	1,016.131	1,296.763
Less : Excise Duty	(143.316)	(134.918)
Sales and Service income (Net)	872.815	1,161.845
Other Income	10.748	9.062
	883.563	1,170.907
EXPENDITURE		
Manufacturing and other expenses	927.651	1,141.619
Depreciation	44.958	51.848
Interest expense	18.972	32.079
	991.581	1,225.546
PROFIT BEFORE TAX	(108.018)	(54.639)
PROVISION FOR TAX		
Current tax	(0.035)	(0.041)
Deferred tax	8.839	10.478
NET PROFIT /(LOSS) FOR THE YEAR	(99.214)	(44.202)
PROFIT AND LOSS ACCOUNT, beginning of the year	(26.305)	17.897
PROFIT AND LOSS ACCOUNT, end of the year	(125.519)	(26.305)

2. OPERATIONS :

Gross sales and service income during the year under review declined by 21.6% over the previous year mainly due to decline in sales of Colour Television, Audios, Microwave Ovens(MWO) and LCD Projectors.

In order to improve the situation in addition to the various cost reduction measures in various areas, your Company has launched LCD TVs and new models of Refrigerator and Pure Flat colour Televisions.

Your Company has incurred a loss of Rs. 99.214 millions after tax during the current year under review.

3. CERTIFICATES AND MARKS :

Your Company received re-certification for the Environmental Management System as per ISO 14001 : 1996 valid until February 2008 and continues to hold the prestigious certificate for the Quality Management System as per ISO 9001 : 2000 certified by Standardization, Testing and Quality Certification (STQC) Directorate, Department of Information and Technology, Government of India.

4. MARKETING OPERATIONS :

The year 2004-05 has been another growth year for consumer Electronics and durable industry. In quantitative terms Colour Television industry achieved growth of about 15% during the year although in value terms the growth is far less. Other product categories such as refrigerators, MWOs recorded significant volume growth during the year. However on account of severe competition prevailing in the industry the operating margins has been a matter of serious concern for the industry. The industry continued to pass through:

Continuous price erosion

Increasing marketing costs

Ever changing consumer behaviour

Highly demanding trade

Sustained aggressive strategies by major players has further marginalised the operations of small volume manufacturers resulting in non-sustainability of low volume manufacturing operations. The industry also witnessed entry of new Chinese Multi-National companies in the Indian market in a big way.

The operations and profitability of your Company has been adversely affected on account of combination of various factors outside the control of the Company.

5. INCREASE IN EQUITY STAKE OF SHARP CORPORATION, JAPAN FROM 51% TO 80% :

In the changed economic and business scenario, Kalyani Group of Companies (KALYANI) have sold their entire 29% equity stake to Sharp Corporation, Japan (SHARP) which has increased present equity stake of SHARP to 80% of the paid-up capital of the Company.

6. CHANGE OF NAME OF THE COMPANY :

Due to acquisition of 29% equity stake by SHARP from KALYANI, it was mutually agreed that the word "Kalyani" would be deleted from the Company's name "Kalyani Sharp India Limited". Consequent upon the required approvals having been obtained including that of the Members of the Company and the Registrar of Companies, Maharashtra, Pune, the name of the Company, with effect from April 21, 2005 changed from "KALYANI SHARP INDIA LIMITED" to "SHARP INDIA LIMITED".

7. INDUSTRIAL RELATIONS :

Industrial Relations continued to be cordial during the year under review.

8. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO :

Information required under the provisions of Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors), Rules, 1988, and forming part of the Report, is given in **ANNEXURE**.

9. PARTICULARS OF EMPLOYEES :

During the year under review, no employee employed throughout the year or part of the year was in receipt of remuneration of Rs.24,00,000/- per year or Rs.2,00,000/- per month or in excess thereof respectively.

10. DIRECTORS :

Mr. M. Shiino resigned from the Board as a Director with effect from September 15, 2004. The Directors place on record their sincere appreciation for the useful contribution made by Mr. M. Shiino during his tenure as a Director. Mr. F. Misuge was appointed as an Additional Director on the same day.

SHARP INDIA LIMITED

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SHARP

Mr. B.N. Kalyani resigned from the Board as a Director as well as Chairman with effect from February 22, 2005. The Directors place on record their sincere appreciation for the useful contribution made by Mr. B.N. Kalyani during his tenure as a Chairman. Mr. T. Mori was appointed as an Additional Director on February 24, 2005. He was also appointed as Chairman of the Company with effect from March 15, 2005.

Mr. K. Kakita resigned from the Board as a Director with effect from February 24, 2005. The Directors place on record their sincere appreciation for the useful contribution made by Mr. K. Kakita during his tenure as a Director. Mr. M. Eiryu was appointed as an Additional Director on the same day.

Mr. H. Kubo resigned from the Board as a Director with effect from May 31, 2005. The Directors place on record their sincere appreciation for the useful contribution made by Mr. H. Kubo during his tenure as a Director. Mr. M. Takahashi was appointed as an Additional Director on the same day.

In accordance with the provisions of the Companies Act, 1956 and of the Articles of Association of the Company, Mr. S.S. Vaidya and Mr. K. Kawabe, Directors, retire by rotation and being eligible, they offer themselves for re-appointment.

11. DIRECTORS' RESPONSIBILITY STATEMENT :

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed:

- that in the preparation of the accounts for the financial year ended March 31, 2005, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- that the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give

a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;

- that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- that the Directors have prepared the accounts for the financial year ended March 31, 2005 on a 'going concern' basis.

12. AUDITORS :

You are requested to re-appoint Auditors for the current year to hold the office from the conclusion of the ensuing Annual General Meeting until conclusion of the next Annual General Meeting.

13. ACKNOWLEDGMENTS :

Your Directors wish to place on record their appreciation for the help and guidance offered by Sharp Corporation, Japan as well as co-operation extended by Banks and Financial Institutions. Your Directors also express their deep appreciation of the unstinted efforts and contribution made by the employees at all levels.

For and on behalf of the Board of Directors

PUNE.

Dated : May 31, 2005.

N.YANAGISHITA

EXECUTIVE DIRECTOR

T.YAMAZAKI

MANAGING DIRECTOR

ANNEXURE

INFORMATION AS PER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956, READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH 2005.

A. CONSERVATION OF ENERGY :**a) Energy Conservation measures taken :**

- High lumen fluorescent lamps & mirror optic reflectors are utilised in office & production area and reduced no. of Fluorescent lamps, without compromising intensity of light, to reduce power consumption.
- Energy Audit conducted & as an effect Electric power consumption controlled, by installing devices like Timers, Limit switches, PLC, Capacitors, Auto temperature controllers, high lumens fluorescent lamps and mirror optic reflectors, compact fluorescent lamps etc. Electrical Load has been reduced, by replacing appropriate capacity drives.
- Ventilation plant, environmental test chambers, Air compressors, circulating fans and A/C operations are optimised for energy conservation.

b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy :

In production area and Office area, Mirror optic reflectors & high lumen fluorescent lamps, toilets have been provided with compact florescent lamps are being provided with effective lumens, to reduce the required tube light fittings and to reduce consumption of power.

c) Impact of the measures at a) and b) of above for reduction of energy consumption and consequent impact on the cost of production of goods :

Optimum utilisation of electrical consumption is ensured, as effect, reduction in tariff bills is achieved to the level of 10.54% & Energy units reduced to level of 6%.

d) Total Energy Consumption and Energy Consumption per unit of production as per Form-A of the Annexure to the Rules in respect of industries specified in the Schedule thereto :

Not applicable as the industry is not covered under the list of specified Industries.

SHARP INDIA LIMITED

(Formerly Kalyani Sharp India Limited)

SHARP**B) TECHNOLOGY ABSORPTION :****e) Research and Development (R & D):**

1. R&D activities were successfully carried out in the following areas to launch various new products:
 - a) Introduction of 20" and 21" FFST & 21" PF Models.
 - b) Development of new CTV chassis with advance features.
 - c) Introduction of 21" CTV model with sound output 1500W PMPO, MEGA-BASS features.
2. Benefits derived as a result of the above R&D :
 - a) Continuous interaction with Marketing, Servicing and Quality assurance departments & customers helps to improve quality, reliability and better features of the product.
 - b) Cost reduction by virtue of higher degree of integration and productivity.
3. Future plan of action:
 - a) Development of new low cost CTV models with more features in 14" to 21" sizes (both conventional and pure flat types) to meet requirement of Indian market.
 - b) Indigenisation of CTV models to bring down the cost.
Technology and Know-how for development activities are being absorbed through training of engineers at Japan / Malaysia and Sharp Corporation's Engineers are being invited to India.
4. Expenditure on R & D :

a) Capital	Rs. Nil
b) Recurring	Rs.4,637,919
c) Total	Rs.4,637,919
- d) Total R&D Expenditure as a percentage of total turnover 0.460%

Technology absorption, adoption and innovation :

1. Efforts, in brief, made towards technology absorption , adoption and innovation :
The Company has a very good R&D set up backed by Engineering Centre. The Company has set up International standard manufacturing facilities with dependable quality assurance system. Assistance from domestic as well as International laboratories is sought whenever needed.
2. Benefits derived as a result of the above efforts e.g. improvement in product performance and reliability, cost down, product innovation / features, import substitution etc.
 - Self-reliance in product designing / engineering.
 - Cost reduction in imports and material.
 - Customer satisfaction.
3. In case of imported technology (Imported during the last 5 years reckoned from the beginning of the financial year):

Technology imported	Year of import	Has technology been fully absorbed?	If not fully absorbed, areas where this has not taken place, reasons therefor and future plan of action
A. VCR Design, specifications and testing of 2/4 head VCR/ VCP for export (NTSC system) as well as domestic (PAL System) market.	1999-2000	Yes	—
B. CTV (i) Design, specifications and testing of 14" to 29" size CTV with some exclusive features. (ii) Technical expertise and indigenisation of critical components. (iii) Technical training for smooth transfer of technology.	1999-2000	Yes	—
C. AUDIO Design, development, evaluation of CD/VCD Based Audio systems. Environment and reliability testing facility.	1999-2000	Yes	—

C. FOREIGN EXCHANGE EARNINGS AND OUTGO :

- (f) Activities relating to exports, initiatives taken to increase exports, development and new export markets for products and services and export plans : Nil
- (g) Total Foreign exchange used and earned :
USED : Rs. 324,229,482 (includes CIF value of Imports, Royalty, Travelling and Bills Negotiation charges)
EARNED : Rs. —

For and on behalf of the Board of Directors

PUNE.
Dated : May 31, 2005.

N. YANAGISHITA
EXECUTIVE DIRECTOR

T. YAMAZAKI
MANAGING DIRECTOR

SHARP INDIA LIMITED

(Formerly Kalyani Sharp India Limited)

SHARP**MANAGEMENT DISCUSSION & ANALYSIS****1. INDUSTRY STRUCTURE AND DEVELOPMENTS :**

The profit margins of consumer Electronic Industry continued to be under severe strain for almost all manufacturers, due to stiff competition. The industry witnessed high decibel activity by major players resulting in market expansion and shifting of market position of brands. The industry also witnessed entry of Chinese MNCs in a big way into the Indian market. Manufacturing companies have been struggling to formulate most cost effective manufacturing channels to fight the ever-eroding price syndrome. The retail Trade continued to have high growth activity with more and more company owned Brand Shops and exclusive show rooms coming up by major players. The retail trade continued to expand with almost every major player all over India wanting to expand their retail outlets to increase market share and achieve growth and enhance their purchasing power with the manufacturers. As a result of this the small retailers have been feeling the heat and have been finding it difficult to run their operations. The trade will continue to pass through this syndrome and the coming years will witness lot of shakeouts in the market place.

2. OPPORTUNITIES AND THREATS :

Purchasing power continues to increase steadily and this process is expected to continue for some more years to come. As a result the market base continue to expand both in the first time buying segment and replacement and repurchase segment. With relatively low level of penetration in almost all product categories India will continue to have increased demand for few more years for almost all consumer electronics and durable products. Besides, with the ever-increasing global Indians the desire to own new technology product is on the increase. Therefore there is great opportunity for those who are willing to go for it.

Considering the diversities and geographical size of the market, it is necessary for companies to have highly focussed operations in the Indian market. It will be difficult for those who are not

focussed to survive and grow. The market will continue to be highly price sensitive & brand driven.

3. OUTLOOK :

The demand for consumer electronic products would continue to be good during the year 2005-06 although the industry will have to confront continuous price erosion, severe competitive pressures and increasing marketing costs. Your Company is fully aware and conscious of this and is taking all possible steps to achieve sustainable growth and profitability.

4. RISKS & CONCERNS :

Sustainability of low volume manufacturing is major risk & concern area for your Company. Diminishing returns for mass category products such as CTV is major industry concern.

5. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY :

The Company has internal control systems and procedures commensurate with its size and nature of business. The internal control systems are supported by internal audit carried out by professional audit firms at head office as well as branches. These firms carry out extensive audit throughout the year covering almost all the areas of operation. The adequacy and effectiveness of the internal control, as well as compliance with the laid down systems and policies are comprehensively monitored by the internal auditors. The Management reviews the findings of internal auditors on regular basis.

6. HUMAN RESOURCES :

Your Company believes in employee's involvement in achieving the organizational objectives and focused its efforts to upgrade the skills of its workforce to take up the challenges in present cutthroat competition.

Your Company is conscious and committed in providing equal opportunities to the employees to excel in their work and advance themselves in their career depending on their abilities.

The Labour relations have been good during the year.

SHARP INDIA LIMITED

(Formerly Kalyani Sharp India Limited)

SHARP**CORPORATE GOVERNANCE**

Sharp India Limited (SIL) (formerly Kalyani Sharp India Limited) believes in fair, efficient and transparent business operations, fairness to all the stakeholders in the Company, proper disclosure of relevant financial and non-financial information.

The SEBI code on Corporate Governance has been incorporated in the Listing Agreement of stock exchanges, including Pune and Mumbai stock exchanges with whom SIL's equity shares are listed. Certain provisions in the Companies Act, 1956 also deal with Corporate Governance. This chapter of the Annual Report, plus the information given under 'Management Discussion and Analysis' and 'Shareholder Information' constitutes the compliance report of SIL on Corporate Governance for 2004-2005.

- COMPOSITION OF THE BOARD :**

Table 1 : Details about SIL's Board of Directors

Name of Director	Category	Number of Board Meetings held	Number of Board Meetings Attended	Whether Attended last AGM	Number of Directorships of other public limited companies	Number of Memberships in Board Committees (Refer Note below)	Materially Significant Pecuniary or business relationship with the Company
a) Mr. B.N. Kalyani [Chairman]	Non-Executive	9	3	No	13	* 8	None
Mr. S.S. Vaidya	Non-Executive, Independent	9	8	Yes	5	* 8	None
Mr. K.Kawabe	Non-Executive	9	1	No	6	-	None
b) Mr. M. Hoshino	Non-Executive	9	-	No	-	-	None
c) Mr. H. Kubo	Non-Executive	9	-	No	-	-	None
d) Mr. M. Takahashi	Non-Executive	9	N.A.	N.A.	-	-	None
e) Mr. M. Date [Managing Director]	Executive	9	1	Yes	1	3	None
f) Mr. T.Yamazaki [Managing Director]	Executive	9	7	Yes	1	2	None
Mr. N.Yanagishita [Executive Director]	Executive	9	7	Yes	1	3	None
g) Mr. K. Kakita	Non-Executive, Independent	9	2	No	-	2	None
h) Mr. M. Eiryu	Non-Executive, Independent	9	1	No	-	-	None
i) Mr. M. Shiino	Non-Executive, Independent	9	1	No	-	2	None
j) Mr. F. Misuge	Non-Executive, Independent	9	3	Yes	-	2	None
k) Mr. T. Mori [Chairman]	Non-Executive	9	-	No	1	* 2	None

a) Resigned with effect from February 22, 2005;

b) Resigned with effect from May 25, 2004;

c) Appointed as an Additional Director with effect from May 25, 2004. Resigned with effect from May 31, 2005;

d) Appointed as an Additional Director with effect from May 31, 2005;

e) Resigned with effect from July 1, 2004;

f) Appointed as an Additional Director as well as Executive Director with effect from April 1, 2004. Also appointed as Managing Director with effect from July 1, 2004;

g) Resigned with effect from February 24, 2005;

h) Appointed as an Additional Director with effect from February 24, 2005 (Non-Executive, Independent);

i) Resigned with effect from September 15, 2004;

j) Appointed as an Additional Director with effect from September 15, 2004 (Non-Executive, Independent);

k) Appointed as an Additional Director with effect from February 24, 2005. Also appointed as Chairman of the Company with effect from March 15, 2005.

None of the Directors is a member of more than 10 Board level committees of Public companies in which they are Directors, or is a Chairman of more than 5 such committees as included for the purposes of Corporate Governance laid down by SEBI and the Listing Agreement.

* Mr. B.N. Kalyani is Chairman of 3 Board Committees, Mr. S.S. Vaidya is Chairman of 5 Board Committees and Mr. T. Mori is Chairman of 1 Board Committee.

The Board of Directors of SIL comprises the Non-Executive Chairman, two Executive Directors, five Non-Executive Directors, of whom three are Independent. Details are given in Table 1.

- NUMBER OF BOARD MEETINGS :**

During the year, Nine Board Meetings were held. These were on April 1, 2004; May 25, 2004; July 7, 2004; July 20, 2004; September 15, 2004; October 30, 2004; January 29, 2005; February 24, 2005 and March 15, 2005.

- DIRECTORS' ATTENDANCE RECORD AND DIRECTORSHIPS :**

Table 1 gives the composition of the Board, the category of the Directors, their attendance record and the number of directorships.