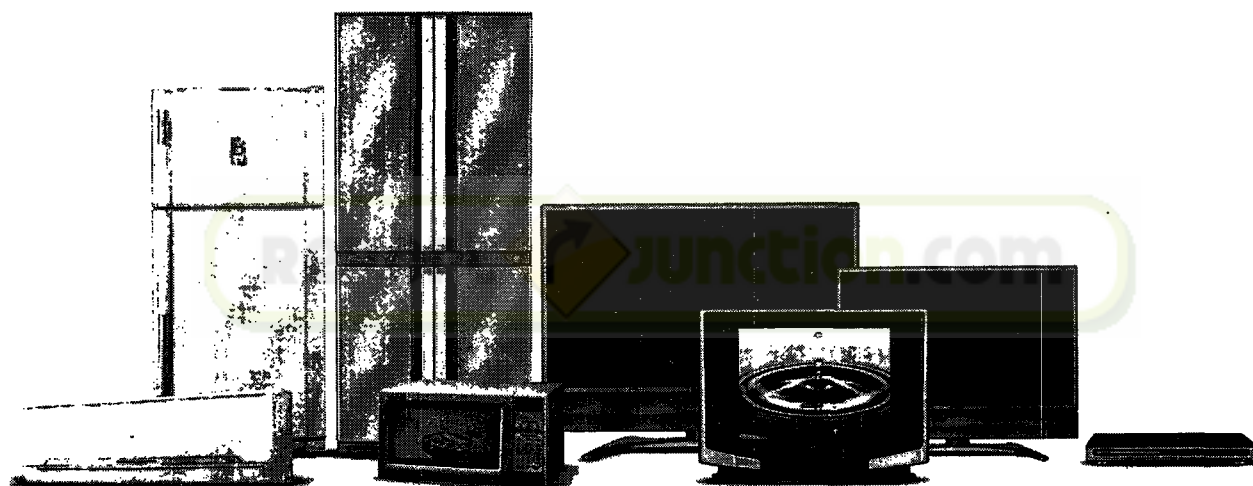


## **23rd Annual Report 2007-2008**



# **SHARP**

**SHARP INDIA LIMITED**

**SHARP INDIA LIMITED****SHARP****BOARD OF DIRECTORS**

**K. AJIKAWA**  
[Managing Director]

**Y. MIZUNO**  
[Executive Director]

**M. TAKAHASHI**

**S. S. VAIDYA**

**SANJAY ASHER**

**K KAWAMATA**

**23rd ANNUAL GENERAL MEETING**

**Day & Date : Friday, 29th August 2008**

**Time : 11.00 A. M.**

**Venue : Registered Office :  
Gat No. 686/4, Koregaon  
Bhima, Taluka Shirur,  
Dist. : Pune  
PIN : 412 216.**

**BANKERS**

STATE BANK OF INDIA

BANK OF INDIA

THE BANK OF TOKYO-MITSUBISHI UFJ LTD.

THE MIZUHO CORPORATE BANK LTD.

CITI BANK N.A.

**SOLICITORS & ADVOCATES**

CRAWFORD BAYLEY & CO., MUMBAI

**AUDITORS**

S. R. BATLIBOI & CO.,

Chartered Accountants

**REGISTERED OFFICE & FACTORY**

Gat No.686/4, Koregaon Bhima,

Tal. Shirur, Dist. Pune 412 216

Phone No. (02137) - 252417 / 666520

**REGISTRAR & TRANSFER AGENT**

Intime Spectrum Registry Limited

Flat No. 202, 2nd Floor,

Akshay Complex,

Dhole Patil Road,

Near Ganesh Mandir,

Pune 411 001.

Phone No. (020) - 28051629

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**SHARP INDIA LIMITED**

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

**NOTICE**

Notice is hereby given that the 23<sup>rd</sup> Annual General Meeting of the members of Sharp India Limited will be held at the Registered Office of the Company at Gat No. 686/4, Koregaon Bhima, Taluka Shirur, District Pune 412 216 on Friday, the 29th day of August 2008 at 11.00 a.m. (I.S.T.) to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2008 and the Profit and Loss Account for the year ended on 31st March 2008 and the Reports of the Auditors and Directors thereon.
2. To appoint a Director in place of Mr. S.S.Vaidya who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Makoto Takahashi who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint auditors and fix their remuneration.

**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.Sanjay Asher , who was appointed as a Director to fill the casual vacancy caused by resignation of Mr. F. Misuge who would have retired by rotation at this Annual General Meeting and the Company having received a Notice in writing from the member under Section 257 of the Companies Act, 1956, proposing Mr. Sanjay Asher's candidature , 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. K. Kawamata 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 his candidature 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. K. Ajikawa be and is hereby appointed as a director of the Company."

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

**"RESOLVED THAT** pursuant to the provisions of section 198, 269, 309, 310 and other applicable provisions, if any of the Companies Act, 1956, and subject to the approvals as may be required and such modifications and conditions, if any, as the Central Government may impose read with articles 173, 175 and 176 of the Articles of Association of the Company consent of the Company be and is hereby accorded to the appointment of Mr. K. Ajikawa as the Managing Director of the Company from

August 12, 2007 till August 11, 2010 on the following terms of remuneration -

1. Salary of Rs.65,000/- (Rupees Sixty Five Thousand Only) per month.
2. Rent free furnished residential accommodation together with necessities including gas, electricity, water, etc.
3. Reimbursement of medical expenses incurred in India for self and family (spouse and children), if they reside in India.
4. Rental for residential telephone as well as for official telephone calls will be paid by the company.
5. The company will provide car and the company will bear the cost of fuel, maintenance road tax and insurance. The company will reimburse the expenses incurred on account of salary of the driver.
6. Entitlement to free Air Passage once in year for the purpose of Annual Leave for self and family (spouse and dependent children also eligible) if residing in India.

The above perquisites granted to the Managing Director shall be evaluated on actual basis , Provided that the overall monthly remuneration payable to the Managing Director during his tenure shall not exceed the limits laid down in Schedule XIII to the Companies Act, 1956.

Further Resolved that subject to the approval of the Central Government under section 198 read with section 309(3) and other applicable provisions , if any , of the Companies Act, 1956, the salary and perquisites and benefits and amenities as approved by the remuneration committee and set out above be paid or granted to Mr. K. Ajikawa as minimum remuneration notwithstanding that in any financial year of the Company during the term of Mr. K. Ajikawa's Office as Managing Director , the Company has made no profits or the profits made are inadequate.

Further Resolved that the board shall be at liberty to vary the remuneration and other terms and conditions of the agreement appointing the managing director as the Board of Directors may think fit and necessary as long as the remuneration does not exceed the maximum limits specified in Schedule XIII to the Companies Act, 1956."

By Order of the Board of Directors  
For Sharp India Limited

Pune  
May 21, 2008,

Mayuresh Vaze  
Company Secretary

**NOTES:**

1. 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.
2. Explanatory Statement pursuant section 173(2) in respect of item nos. 5, 6, 7 and 8 are annexed hereto.
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, Intime Spectrum Registry Limited, 202, 2nd Floor, Akshay Complex, Off Dhole Patil Road, Near Ganesh Mandir, Pune 411 001, in respect of their physical share folios.

4. Members can avail of nomination facility. Blank Nomination forms will be supplied on request.
5. Members who are holding shares in more than one folio under name(s) in the same order are requested to sent the relative share certificates to the Registrar and Transfer Agents for consolidation of the entire holding in one folio. The share certificates after consolidation will be returned by registered post/courier.
6. The Share Transfer Books and the Register of Members of the Company will remain closed from Thursday the 21<sup>st</sup> day of August 2008 to Friday, the 29<sup>th</sup> day of August 2008 (both days inclusive).
7. The company will transfer the Third & Final installment of unclaimed redemption money and also unclaimed interest thereon to the Investor Education and Protection Fund in the month of December 2008. Members may kindly note that no claim shall lie in respect of unclaimed redemption money & Interest transferred to the Fund.
8. Members are requested to bring along with them the copy of Annual Report as the same will not be distributed at the meeting.
9. Members are requested to forward their queries on accounts at least 10 days in advance to enable us to reply the same.

#### EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

##### ITEM NO. 5 :

Mr. Sanjay Asher was appointed as a Director of the Company in the casual vacancy caused by the resignation of Mr. F. Misuge. Mr. F. Misuge was liable to retire by rotation at this Annual General Meeting and accordingly, Mr. Sanjay Asher holds office as a Director till the conclusion of the ensuing Annual General Meeting. The Company has received a Notice under Section 257 of the Companies Act, 1956 along with a deposit of Rs.500/- from a Member proposing the candidature of Mr. Sanjay Asher to the office of Director.

Your Directors feel that it is in the interest of the Company to appoint Mr. Sanjay Asher as a Director and accordingly recommend his appointment. None of the Directors of the Company is interested in the resolution, except Mr. Sanjay Asher, who is proposed for appointment as a Director. The Directors recommend the resolution for acceptance by the Members.

##### ITEM No. 6

Mr. K. Kawamata was appointed as the additional director of the Company with effect from 21<sup>st</sup> May 2008. In terms of section 260 of the Companies Act, 1956 and Article No. 141 of the Articles of Association of the Company, he holds office till the date of ensuing annual general meeting. The Company has received notice in writing from a member pursuant to Section 257 of the Companies Act, 1956 along with a deposit of Rs.500/- proposing his candidature as the Director of the Company at the ensuing Annual General Meeting.

Mr. K. Kawamata is Joint General Manager of The Mizuho Corporate Bank Limited, Mumbai and has a wide experience in the banking field.

It is considered desirable that the company should have benefit of his experience and advice.

Mr. K. Kawamata may be deemed to be concerned with or interested in the resolution.

The Directors recommend the resolution for acceptance by the Members.

##### ITEM NO. 7 & 8 :

Sharp Corporation, Japan recalled Mr. T. Yamazaki and hence he resigned as Managing Director as well as the Director with effect from 5, August 2007. In place of Mr. T. Yamazaki, Sharp Corporation, Japan recommended the appointment of Mr. K. Ajikawa as the Managing Director of the Company. The Company has also made an application to the Ministry of Corporate Affairs for obtaining its approval for the appointment and remuneration of Mr. K. Ajikawa as the Managing Director.

The Board of Directors in its meeting held on July 23, 2007 appointed Mr. K. Ajikawa as a Director as well as Managing Director to hold office for a period of three years effective from August 12, 2007 to August 11, 2010. Mr. Ajikawa's appointment is subject to the approval from the Central Government and that of the shareholders. The remuneration committee has also approved the remuneration payable to Mr. Ajikawa and the same is placed before the shareholders for their approval. The Company has also received a notice from a member along with a deposit of Rs. 500/- pursuant to section 257 of the Companies Act, 1956 proposing Mr. Ajikawa's candidature as director. In terms of the Articles of Association of the Company, Mr. K. Ajikawa being a Managing Director, will not be subject to retirement by rotation.

The Company has also executed an Agreement with Mr. Ajikawa on August 21, 2007 and the same is available for inspection of members during working hours from Thursday, 21<sup>st</sup> August, 2008 to Friday, 29<sup>th</sup> August 2008 (both days inclusive).

Except Mr. Ajikawa none of the directors are interested in the resolutions. The Board recommends his appointment as the Director and Managing Director of the Company.

#### DISCLOSURES AND INFORMATION ABOUT DIRECTORS BEING APPOINTED OR REAPPOINTED AT THE ANNUAL GENERAL MEETING:

- ▶ Mr. Sanjay Asher aged 44 years is a Chartered Accountant and Solicitor and partner of M/s. Crawfordbayley & Co., Solicitors, Advocates and Notaries, Mumbai. Mr. Sanjay Asher has been practising for a number of years on various matters including corporate laws. He also serves on the Board of following public limited companies: Asian Electronics Ltd, Bajaj Allianz General Insurance Company Ltd, Bajaj Allianz Life Insurance Company Ltd, Dewas Soya Ltd, Divinet Access Technologies Ltd, Finolex Cables Ltd, Infomedia India Ltd, Kryfs Power Components Ltd, Mandhana Industries Ltd, Paess Industrial Engineers Ltd, Plastro Plasson Industries (India) Ltd, Repro India Ltd, Schlafhorst Engineering (India) Ltd, Sparsh BPO Services Ltd, Shree Renuka Sugars Ltd.

**SHARP INDIA LIMITED****SHARP**

- ▶ Mr. S.S. Vaidya , is a Chartered Accountant and a partner of M/s. Kunte & Vaidya , Pune. Born on August 9, 1955 , he has got a very wide experience in the field of finance and taxation. He also serves on the Board of following public limited companies : BF Utilities Ltd, Bosch Chassis Systems India Ltd, Kalyani Steels Ltd, Nandi Economic Corridor Enterprises Ltd, Nandi Infrastructure Corridor Enterprises Ltd, Nandi Highway Developers Ltd. BF Systems Ltd and Sahyadri Hospitals Ltd.
- ▶ Mr. M. Takahashi is a Graduate from Miyazaki Prefectural Nobeoka Technical High School. Mr. Takahashi aged 60 years has more than 31 years experience in the field of Production Control and Manufacturing. He has held various positions in Sharp Corporation and associate Companies.
- ▶ Mr. K. Kawamata, is a Joint General Manager of Mizuho Corporate Bank, Limited Mumbai. Mr. K.Kawamata was inducted on the Board as an additional director on May, 21, 2008. He has a very wide experience in the banking field.
- ▶ Mr. K.Ajikawa was appointed as a director as well as Managing Director with effect from August 12,2007 for a period of three years. He has held various positions in Sharp Corporation Japan and associate Companies . Mr. K. Ajikawa is 48 years old and has wide experience in the field of Sales and Marketing. He is also a Director on the Board of Sharp Business Systems (India) Limited. Mr. S.S. Vaidya and Mr. M.Takahashi , Directors , retire by rotation at the ensuing annual general meeting and being eligible have offered themselves for re- appointment.

By Order of the Board of Directors  
For Sharp India Limited

Pune  
May 21, 2008,

**Mayuresh Vaze**  
Company Secretary

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**DIRECTORS' REPORT**

To

The Members,

Your Directors have pleasure in presenting their Twenty-Third Report together with the Audited Statement of Accounts for the year ended on March 31, 2008.

**1. FINANCIAL RESULTS :**

Rs. In Million

	Year Ended March 31, 2008	Previous Year Ended March 31, 2007
<b>INCOME</b>		
Sales and Services (Gross)	986.053	1411.718
Less : Excise Duty	(71.862)	(108.433)
Sales and Service income (Net)	914.191	1303.285
Other Income	18.153	15.015
	<u>932.344</u>	<u>1318.300</u>
<b>EXPENDITURE</b>		
Manufacturing and other expenses	910.247	1271.312
Depreciation	17.870	24.607
Interest expense	20.793	20.968
	<u>948.910</u>	<u>1316.887</u>
<b>PROFIT BEFORE TAX</b>	<u>(16.566)</u>	<u>1.413</u>
<b>PROVISION FOR TAX</b>		
Current tax	(0.020)	(0.003)
Deferred tax	-	-
Fringe Benefit Tax	(1.236)	(1.305)
<b>NET PROFIT/(LOSS) FOR THE YEAR</b>	<u>(17.822)</u>	<u>0.105</u>
<b>PROFIT AND LOSS ACCOUNT,</b> beginning of the year	(201.685)	(201.790)
<b>PROFIT AND LOSS ACCOUNT,</b> end of the year	<u>(219.507)</u>	<u>(201.685)</u>

**2. OPERATIONS :**

Gross sales and service income during the year under review declined by 30.15% over the previous year mainly due to decline in sales of Colour televisions, Microwave Ovens (MWO), DVDs.

As a part of improvement plan your company has introduced various measures such as restricting credit limit and credit period in the area of receivables, inventory control to reduce working capital requirements and borrowings and cost reduction in operating expenses.

Your company has incurred a loss of Rs. 17.822 millions after tax during the current year under review.

**3. CERTIFICATES AND MARKS :**

Your Company continues to be an ISO 14001 and ISO 9001 certified Company.

**4. INDUSTRIAL RELATIONS:**

Industrial Relations have been and continue to be harmonious and cordial.

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

Your company has a lineage from one of world's most innovative Companies. The nature of company's operations is not energy-intensive. Your company is aware of its responsibility towards conservation of environment and has

taken the necessary steps to conserve it. Your company implements the 3 G and 1 R Policy i.e. - Green factory, Green mind, Green product and Recycled resources.

The technology provided by Sharp Corporation, Japan has been fully absorbed and the company continues to utilize the same. Your company has not imported any new technology during the year under review. The in-house research & development is supported by strong overseas technical knowledge from Sharp Japan.

**Benefits derived from R&D**

- development of new CTV models with innovative features & improved quality
- cost reduction

**Expenditure on R & D :**

Capital	Rs. Nil
Recurring	Rs. 4,322,483
Total	Rs. 4,322,483

Total R&D Expenditure as a percentage of total sales turnover 0.441%

**Foreign Exchange Earnings and Out go:**

Used: Rs. 415,347,925 (includes CIF value of Imports, Royalty, Traveling and Bills Negotiation charges)

Earnings: Rs. Nil

**6. PARTICULARS OF EMPLOYEES :**

None of the employees whether employed through out the year or part of the year was in receipt of remuneration exceeding the limits specified in section 217 (2A) of the Companies Act, 1956 and the Rules made there under.

**7. DIRECTORS :**

Mr. T. Yamazaki resigned from the Board as a Director as well as Managing Director with effect from 05 August, 2007. Mr. F. Misuge resigned from the Board as a director with effect from 23 July 2007. Mr. M. Eiryu resigned as a Director with effect from 21 May 2008. Mr. T. Mori resigned from the Board as a Director as well as Chairman with effect from 21 May 2008. The Board place on record their sincere appreciation for the useful contribution made by Mr. T. Yamazaki, Mr. F. Misuge, Mr. M. Eiryu and Mr. T. Mori.

Mr. K. Ajikawa was appointed as a director as well as Managing Director of the Company for a period of three years from 12<sup>th</sup> August 2007. A notice proposing appointment of Mr. K. Ajikawa under section 257 of the Companies Act, 1956 has been received from a member and included in the notice for the ensuing Annual General Meeting. Members consent is also sought for his appointment and remuneration payable to him during his tenure as the Managing Director.

Mr. Sanjay Asher was appointed as a Director of the Company with effect from 23 July 2007 under section 262 of the Companies Act, 1956, to fill up the casual vacancy caused by the resignation of Mr. F. Misuge. He holds office till the ensuing Annual General Meeting. A notice proposing appointment of Mr. Sanjay Asher under section 257 of the Companies Act, 1956 has been received from a member and included in the Notice for the ensuing Annual General Meeting.

Mr. K. Kawamata was appointed as an additional director of the Company with effect from 21 May 2008. He holds office till the ensuing Annual General Meeting. A notice proposing appointment of Mr. K. Kawamata under section 257 of the Companies Act, 1956 has been received from a member and included in the Notice for the ensuing Annual General Meeting.

In accordance with the provisions of the Companies Act, 1956, and the Articles of Association of the Company Mr. S.S.Vaidya and Mr. M. Takahashi, retire by rotation and being eligible they have offered themselves for the reappointment

#### 8. MANAGEMENT DISCUSSION ANALYSIS AND CORPORATE GOVERNANCE:

The Management Discussion Analysis and the report on Corporate Governance are attached to the Directors' Report and form parts of this Annual Report. A Certificate from a Company Secretary in whole time practice verifying compliance thereof is also incorporated in the Corporate Governance section.

#### 9. 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:

- i.) that in the preparation of the accounts for the financial year ended March 31, 2008, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) 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 of the Company for the year under review;

- iii) 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;
- iv) that the Directors have prepared the accounts for the financial year ended March 31, 2008 on a 'going concern' basis.

#### 10) AUDITORS:

M/s S. R. Batliboi & Co., Statutory Auditors, will retire at the conclusion of the ensuing annual general meeting and are eligible for reappointment. M/s S. R. Batliboi & Co. has furnished the required certificate pursuant to section 224(1B) of the Companies Act, 1956.

#### 11) ACKNOWLEDGEMENTS:

Your Directors express their gratitude for the valued and timely support and guidance received from Sharp Corporation, Japan and also wish to place on record their appreciation for the co-operation extended by the Bankers, Financial Institutions and its valued investors. The Board also acknowledges the untiring efforts and contribution made by the company's employees.

For and on behalf of the Board of Directors

Pune,  
May 21, 2008

K.Ajikawa  
Managing Director

Y. Mizuno  
Executive Director

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## MANAGEMENT DISCUSSION & ANALYSIS

### INDUSTRY STRUCTURE AND DEVELOPMENTS:

Indian Economy has emerged as the second fastest growing economy in the world mainly due to fast growing industry and service sector and is growing at the rate of 7 to 9 percent annually and is also witnessing rising foreign exchange reserves, a booming capital market and a rapid expanding FDI flows. Inflationary trends, though an integral part of economic cycle, remain a concern area.

The key products in consumer durable industry are CTV, refrigerators, washing machines, air conditioners and micro wave ovens. The Consumer Durable and Electronics Industry showed a growth of 14% and CTV market has shown a growth of around 7% in terms of volume in the past year and in the year 2008-09 CTV market is expected to grow at around same level. The 21 inch flat and 29 inch flat segments continue to grow and account for about 70% of CTV demand. The LCD TV market is witnessing a rapid growth and expected to grow at three digit levels during the coming years. Refrigerator market has been growing at 10% level. Availability of many products in the higher capacity frost free refrigerators from many MNC brands have caught the consumer attention and the Consumer aspirations have been growing for this segment.

With more and more consumer awareness on energy saving products, the Indian market will witness better offerings from manufacturers in years to come.

### OPPORTUNITIES AND THREATS :

Overall increase in disposable incomes, rising number of households, declining prices and shortened replacement cycle are expected to sustain the growth momentum in the years to come. Change in the perception of consumers from 'luxury products' to 'basic necessity' about the consumer products coupled with increasing awareness for brand consciousness, advertising and attractive finance facilities to purchase the products has lead to increased demand for consumer durables. There is a very high growth potential for emerging Flat TV and LCD TV market.

Due to stiff competition and entry of many players in the market, prices are continuously reducing, If the costs are not controlled then it may prove to be threat and margins are getting reduced. The cost of marketing, advertising and after sales services are increasing tremendously.

Most of the Finance Companies have withdrawn from Hire Purchases financing. Hire Purchases sales in India account for about 20 percent upwards in consumer durables. There is clear threat of Hire Purchases sales going down significantly in the current year.

Emergence of Modern Retailers is a positive aspect of the industry. This would help both the consumers and the manufacturers to have a better platforms for sales and purchase.

Business viability of small retailers in consumer durable trade is increasingly becoming a matter of looming business risk both for the small retailers and the manufacturers/marketers. Your Company is conscious and abreast of these and taking appropriate measures to safeguard its business.

### OUTLOOK:

In the time to come, brand image, a proper product mix, well established distribution network, after sales service and technological superiority

would be the factors which will determine the competitive advantage of the industry player amid intensifying competition. The Creation of a brand image in the mind of consumer has become necessary due to increased consumer awareness & preferences. Your Company is conscious of this and will take appropriate measures from time to time to safeguard its business.

### RISKS & CONCERNS:

Continuing erosions in price and profits as a result of competition pressures, Non availability of Hire Purchases finance to consumers, depleting financial capacity of small and medium retailers and growing brand power of competition are areas of concerns for Sharp India Limited (SIL). SIL is taking appropriate measures to manage the emerging situation.

### FINANCIAL AND OPERATIONAL PERFORMANCE:

The financial highlights for the fiscal 2007 - 2008 are dealt with in the Directors' Report. With various cost control, improvement measures and continuous support from Sharp Corporation - Japan your Company is able to restrict its loss for the current year to Rs. 16.566 Million before tax. Compared to previous year in terms of volume turnover of CTV sales has decreased by 34%, whereas sale of LCD TVs has increased by 52%. Your Company will continue to focus on increasing the sale of LCD Televisions and improve sales of CTV and Refrigerators in the coming years.

### INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

Your Company has a proper and adequate system of internal controls to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition and that transactions are authorised, recorded and reported correctly.

The internal control system is supplemented by an extensive programme of internal audits, review by management of documented policies, guidelines and procedures. The internal control is designed to ensure that financial and other records are reliable for preparing financial information and other data and for maintaining accountability of assets. The audit committee reviews the internal control system and suggests the necessary changes required to be done.

### HUMAN RESOURCES:

Human resource is a critical success factor for any Company. As Indian business aligns to global practices, human competencies need to be updated and training and development plays a vital role in this respect. Your Company considers the quality of its human resources to be its most important asset and places emphasis on training and development of employees at all level.

It has maintained a very cordial and healthy atmosphere with the employees at all levels. The company's total human capital stands strong at 307 employees.

### CAUTIONARY STATEMENT:

Statements in this Management Discussion and Analysis describing the Company's objectives projections, estimates and expectations may be treated as 'Forward Looking Statements' within the meaning of applicable laws and regulations. Actual results might differ substantially or materially from those expressed or implied. Important developments that could affect the Company's operations include a down trend in consumer durable industry, significant changes in government policies, laws and political environment in India or abroad and also exchange rate fluctuations, interest and other costs.

## CORPORATE GOVERNANCE

Your company aims at good governance and management practices and believes in fair and transparent business operations in adherence of philosophy and disclosures standards followed globally by Sharp group of companies. The necessary information as stipulated by clause 49 of the Listing Agreement is incorporated in the present

annual report at appropriate places to ensure adequate disclosures. Towards this end, the information given under this section, the 'Management Discussion and Analysis' and the 'Shareholder Information' together constitute the report on Corporate Governance for the financial year 2007 - 2008.



**SHARP INDIA LIMITED****SHARP**

• **COMPOSITION OF THE BOARD :**

The Board of Directors comprised of seven members as on 31<sup>st</sup> March 2008 out of which two were Executive Directors, and five were Non-Executive Directors and out of which three were Non Executive Independent Directors. Mr. T. Mori – Non Executive Chairman and Mr. M. Eiryu - Non Executive Independent Director of the Company resigned with effect from 21 May 2008 and Mr. Katsuhiko Kawamata was appointed as a Non Executive Independent Director on 21 May 2008 and from that day the Board of Directors comprised of two executive directors and four non executive directors out of which three are non executive independent directors. The Board does not have a Chairman with effect from 21 May 2008, since

Mr.T. Mori who was a Chairman until that day has resigned from that day as a Director as well as Chairman of the Board and no other person has been appointed as a Chairman in his place. The details of number of meetings held, and attended by directors and other related information is given in Table 1.

• **ATTENDANCE RECORD FOR BOARD MEETINGS AND OTHER DIRECTORSHIPS:**

The Board Meetings are generally held in Pune. During the financial year, 4 (four) Board Meetings were held on 21/5/2007, 23/07/2007, 29/10/2007 and 24/01/2008 respectively. Table 1 gives the composition of the Board, the category of the Directors, their attendance record and the number of other directorships held by them.

**Table 1 : Details about 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
a) T. Mori #	Non Executive	4	Nil	No	1
b) T. Yamazaki*	Executive	4	2	No	1
c) K.Ajikawa **	Executive	4	2	Yes	1
d) Y. Mizuno	Executive	4	3	Yes	1
e) S.S. Vaidya	Non Executive Independent	4	4	Yes	8
f) Sanjay Asher***	Non Executive Independent	4	2	No	14
g) Mr.M.Takahashi	Non Executive	4	Nil	No	Nil
h) Mr.M.Eiryu ****	Non Executive Independent	4	4	No	Nil
i) Mr. F. Misuge *****	Non Executive Independent	4	Nil	No	Nil

**Notes:**

- a) # Mr. T. Mori, resigned w.e.f 21 May 2008  
 b) \* Mr. T. Yamazaki resigned w.e.f. 5 August 2007  
 c) \*\* Mr. K.Ajikawa was appointed as the Managing Director w.e.f 12 August 2007.  
 d) \*\*\*Mr. Sanjay Asher was appointed a director in casual vacancy caused by the resignation of Mr. F.Misuge. He was appointed as the director as aforesaid w.e. f. 23 July 2007.  
 e) \*\*\*\* Mr. M.Eiryu resigned w.e.f.21 May 2008  
 g) \*\*\*\*\* Mr. F. Misuge resigned w.e.f 23 July 2007  
 h) Mr. Katsuhiko Kawamata has been appointed as a Non Executive Independent Director of the Company w.e.f. 21 May 2008.  
 i) None of the directors is a Member of more than 10 Board level committees of the 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 Listing agreement.

**DIRECTORS' ATTENDANCE RECORD FOR AUDIT AND REMUNERATION COMMITTEE MEETINGS:**

Name of Director	Audit Committee Meetings			Remuneration Committee Meetings		
	Number of Meetings Held	Number of Meetings Attended	Position Held	Number of Meetings Held	Number of Meetings Attended	Position Held
a) Mr. S S Vaidya	4	4	Chairman	1	1	Member
b) @ Mr. F. Misuge	4	-	Member	1	-	Member
c) + Mr. M. Eiryu	4	4	Member	1	1	Chairman
d)++ Mr.Sanjay Asher.	4	2	Member	1	-	Member