

## **24th Annual Report 2008-2009**

Technology that  
upgrades your lifestyle



# **SHARP**

**SHARP INDIA LIMITED**

**BOARD OF DIRECTORS**

K. AJIKAWA  
[Managing Director]

T. SAKAMOTO  
[Executive Director]

N. FUJIMOTO

S. S. VAIDYA

SANJAY ASHER

K. KAWAMATA

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**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

**REGISTRARS & TRANSFER AGENTS**

Link Intime India Private Limited

Flat No. 202, 2nd Floor,

Akshay Complex,

Dhole Patil Road,

Near Ganesh Mandir,

Pune 411 001.

Phone No. (020) - 26051629

**NOTICE**

Notice is hereby given that the 24<sup>th</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 Wednesday, the 2<sup>nd</sup> day of September 2009 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 2009 and the Profit and Loss Account for the year ended on 31st March 2009 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. Sanjay Asher 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. Tadasu Sakamoto 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 not 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. Noboru Fujimoto 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** pursuant to the provisions of section 198, 269, 309, the Articles of Association read with Schedule XIII to the Companies Act, 1956 and other applicable provisions, if any, the reappointment of Mr. Yoshihisa Mizuno as the Executive Director of the Company for a period from February 6, 2009 till May 26, 2009 be and is hereby approved on the following remuneration.

1. Salary of Rs.50,000/- (Rupees Fifty 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 his 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 bear the cost of maintenance, road tax, insurance and driver for vehicle provided to him by the company.
6. Entitlement to free Air Passage once in a year for the purpose of Annual Leave for himself (Spouse and dependent children are also eligible if they are residing in India with him.)
7. The company will bear the actual expenses incurred for shifting his household goods on return from India to Japan on expiry of his term.
8. Employers' Contribution to the Provident Fund as per the prevailing law.

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

**FURTHER RESOLVED THAT** subject to Schedule XIII to the Companies Act, 1956 and other applicable provisions, if any, of the Companies Act, 1956, the salary, perquisites, benefits and amenities as set out above be paid or granted to Mr. Yoshihisa Mizuno as minimum remuneration during the term of Mr. Yoshihisa Mizuno's tenure as the Executive Director.

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, and other applicable provisions, if any of the Companies Act, 1956, and subject to such other 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. Tadasu Sakamoto as the Executive Director of the Company from 26 May 2009 to 25 May, 2012 on the following terms of remuneration –

1. Salary of Rs.63,000/- (Rupees Sixty Three 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 his 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 bear the cost of fuel, maintenance, road tax, insurance and driver for vehicle provided to him by the company.
6. Entitlement to free Air Passage once in a year for the purpose of Annual Leave for himself (Spouse and dependent children are also eligible if they are residing in India with him.)

7. The company will bear the actual expenses incurred for shifting his household goods from Japan to India and on return from India to Japan on expiry of his term.
8. Employers' Contribution to the Provident Fund as per the prevailing law.

The above perquisites granted to the Executive Director shall be evaluated on actual basis, Provided that the overall monthly remuneration payable to the Executive 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, perquisites, benefits and amenities as approved by the remuneration committee and set out above be paid or granted to Mr. Tadasu Sakamoto as minimum remuneration notwithstanding that in any financial year of the Company during the term of Mr. Tadasu Sakamoto's Office as Executive 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 Executive 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 26, 2009

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 & 8 is 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, **Link Intime India Private Limited** (Formerly known as : 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 **Tuesday 25<sup>th</sup> August 2009 to Wednesday, 2<sup>nd</sup> September 2009. (both days inclusive).**
7. Members are requested to bring along with them a copy of the Annual Report as the same will not be distributed in the meeting.
8. 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 & 8 :

Sharp Corporation, Japan recalled Mr. Yoshihisa Mizuno and hence he resigned as the Executive Director as well as the Director with effect from 26<sup>th</sup> May 2009. In place of Mr. Yoshihisa Mizuno, Sharp Corporation, Japan recommended the appointment of Mr. Tadasu Sakamoto as the Executive Director of the Company.

Mr. Tadasu Sakamoto was appointed as an additional director of the Company with effect from 26<sup>th</sup> May, 2009. He was also appointed as an Executive Director from that day to hold office for a period of three years up to 25 May 2012. Mr. Tadasu Sakamoto's appointment is subject to the approval from the Central Government and that of the members. The Company is making an application to the Ministry of Corporate Affairs for obtaining its approval for the appointment and remuneration payable to Mr. Tadasu Sakamoto as the Executive Director. The remuneration committee has also approved the remuneration payable to Mr. Tadasu Sakamoto in its meeting held on 26 May 2009 and the same is placed before the shareholders for their approval. 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 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. Tadasu Sakamoto's candidature as a director. In terms of the Articles of Association of the Company, Mr. Tadasu Sakamoto being an Executive Director, will not be subject to retirement by rotation.

The company has also executed an Agreement with Mr. Tadasu Sakamoto on 3<sup>rd</sup> June 2009 and the same is available for inspection of members during working hours from **Tuesday, 25<sup>th</sup> August, 2009 to Wednesday 2<sup>nd</sup> September 2009 (both days inclusive).**

Except Mr. Tadasu Sakamoto none of the directors are interested in the resolutions. The Board recommends the resolution for acceptance by the members.

##### ITEM NO. 6 :

Mr. Noboru Fujimoto was appointed as the additional director of the Company with effect from 26<sup>th</sup> May 2009. 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.

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

Mr. Noboru Fujimoto 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 :**

Mr. Yoshihisa Mizuno was appointed as the Executive Director of the Company for the period from 6<sup>th</sup> February 2006 to 5<sup>th</sup> February 2009 for a period of three years. The Board of Directors in its meeting held on 29<sup>th</sup> January 2009 reappointed Mr. Yoshihisa Mizuno as the Executive Director of the Company for a further period of three years from 6<sup>th</sup> February 2009 to 5<sup>th</sup> February 2012. The Remuneration Committee in its meeting held on 29<sup>th</sup> January 2009 approved the remuneration payable to Mr. Yoshihisa Mizuno.

Mr. Yoshihisa Mizuno's appointment was made under the provisions of Schedule XIII to the Companies Act, 1956 and is subject to the approval of the members. Mr. Yoshihisa Mizuno resigned as the Executive Director as well as Director of the Company with effect from 26<sup>th</sup> May 2009. Hence members approval is sought for his reappointment and remuneration payable to him for the period from 6<sup>th</sup> February 2009 to 26<sup>th</sup> May 2009.

The Board recommends the resolution for acceptance by the members. None of the directors other than Mr. Yoshihisa Mizuno may be treated as concerned or interested in the resolution.

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

- ▶ Mr. S. S. Vaidya, is a Chartered Accountant and a partner of M/s. Kunte & Vaidya – Chartered Accountants, 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, Sahyadri Hospitals Ltd and MRF Limited. He does not hold any shares in the company. He is also Chairman of audit committee and member of remuneration committee and investor grievance and transfer committee of the company.
  - ▶ Mr. Sanjay Asher aged 45 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 : Bajaj Allianz General Insurance Company Ltd, Bajaj Allianz Life Insurance Company Ltd, Dewas Soya Ltd, Divinet Access Technologies Ltd, Finolex Cables Ltd, Finolex Plasson Industries Limited, Kryfs Power Components Ltd, Mandhana Industries Ltd, Paess Industrial Engineers Ltd, Repro India Ltd, Schlaforst Engineering (India) Ltd, Sparsh BPO Services Ltd, Shree Renuka Sugars Ltd, Sudarshan Chemical Industries Limited. He holds 100 shares of the Company. He is also member of audit committee and remuneration committee and chairman of investor grievance and transfer committee of the company.
  - ▶ Mr. Yoshihisa Mizuno was reappointed as the Executive Director for a period of three years effective from February 6, 2009. Mr. Mizuno aged 47 years, graduated from Waseda University and holds a degree of Bachelor in Education. He has more than 22 years of experience in the field of Finance and Administration and has held various positions in Sharp Group of Companies. Before joining Sharp India Limited, Mr. Mizuno was the Corporate Director of Sharp Manufacturing (Thailand) Company Limited, Thailand. He is a director in Sharp Business Systems (India) Limited. He did not hold any shares of the Company. He was a member of investor grievance and transfer committee of the company up to the date of his resignation. He resigned as a Director as well as Executive Director of the Company w.e.f. 26 May 2009.
  - ▶ Mr. Tadasu Sakamoto was appointed as an Executive Director for a period of three years effective from 26 May 2009. Mr. Tadasu Sakamoto is aged about 50 years. He graduated in Economics from Wakayama University, Japan. He has a wide experience in the field of Economics & Finance and has held various positions in Sharp Group of Companies before joining Sharp India Limited. He does not hold any shares of the Company. He is a member of investor grievance and transfer committee of the company.
  - ▶ Mr. Noboru Fujimoto was appointed as an additional director of the Company with effect from 26 May 2009. He graduated in Economics from Kwansei Gakuin University in the year 1976. He has an experience of about 33 years and has held various positions in Sharp Group of Companies before joining Sharp India Limited. He does not hold any shares in the Company.
- Mr. S.S.Vaidya and Mr.Sanjay Asher, Directors of the Company, 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 26, 2009

Mayuresh Vaze  
Company Secretary

**SHARP INDIA LIMITED****SHARP****DIRECTORS' REPORT**

To

The Members,

Your Directors have pleasure in presenting their Twenty-Fourth Report together with the Audited Statement of Accounts for the year ended on March 31, 2009.

**1. FINANCIAL RESULTS :**

Rs. In Million

	Year ended March 31, 2009	Year ended March 31, 2008
<b>INCOME</b>		
Sales and Services (Gross)	1014.073	986.053
Less : Excise Duty	(98.959)	(71.862)
Sales and Service income (Net)	915.114	914.191
Other Income	4.190	18.153
	<u>919.304</u>	<u>932.344</u>
<b>EXPENDITURE</b>		
Manufacturing and other expenses	887.435	904.019
Depreciation	18.660	17.870
Interest expense	10.953	27.021
	<u>917.048</u>	<u>948.910</u>
<b>PROFIT BEFORE TAX</b>	<u>2.256</u>	<u>(16.566)</u>
<b>PROVISION FOR TAX</b>		
Current tax	(0.027)	(0.020)
Deferred tax	-	-
Fringe Benefit Tax / Wealth Tax	(1.429)	(1.236)
<b>NET PROFIT/(LOSS) FOR THE YEAR</b>	<u>0.800</u>	<u>(17.822)</u>
<b>PROFIT AND LOSS ACCOUNT,</b> beginning of the year	(219.507)	(201.685)
<b>PROFIT AND LOSS ACCOUNT,</b> end of the year	<u>(218.707)</u>	<u>(219.507)</u>

**2. OPERATIONS :**

Gross sales and service income during the year under review has marginally increased by 2.84%, over the previous year mainly due to increase in sales of LCD televisions. The strict credit control measures introduced by your company since last year, has improved the recovery & reduced the no of days outstanding. The cash flow during the current year is further improved & has resulted in to reduction in borrowings as well as Interest cost. Besides your company has continued it's efforts in cost reduction activities resulting in reduction in manufacturing & other expenses.

During the current year under review, your company has made a marginal profit of Rs. 0.800 millions after tax.

**3. DIRECTORS :**

Mr. Y. Mizuno was reappointed as the Executive Director of the Company with effect from 6th February 2009 for a period of three years. He resigned from the Board as a Director as well as Executive Director with effect from 26 May 2009. Mr. M. Takahashi resigned as a Director with effect from 26 May 2009. The Board place on record their sincere appreciation for the useful contribution made by Mr. Y. Mizuno and Mr. M. Takahashi.

Mr. Tadasu Sakamoto was appointed as an additional director of the Company with effect from, 26 May 2009. He was also appointed as the Executive Director of the Company for a period of three years with effect from 26 May 2009. He holds office till the ensuing Annual General Meeting as he was appointed as an additional director. A notice proposing appointment of Mr. Tadasu Sakamoto 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 Executive Director. His appointment & remuneration is also subject to the approval of the Central Government.

Mr. Noboru Fujimoto was appointed as an additional director of the Company with effect from 26 May 2009. He holds office till the ensuing Annual General Meeting. A notice proposing appointment of Mr. Noboru Fujimoto 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. Sanjay Asher retire by rotation and being eligible they have offered themselves for the reappointment

**4. MANAGEMENT DISCUSSION ANALYSIS AND CORPORATE GOVERNANCE :**

The Management Discussion Analysis and the report on Corporate Governance are attached to the Directors' Report and forms part 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.

**5. 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, 2009, 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 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, 2009 on a 'going concern' basis.

**6. 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.

**7. 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.

**8. CERTIFICATES AND MARKS :**

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

**9. INDUSTRIAL RELATIONS :**

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

**10. 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 S and 1 R Policy i.e. – Super Green factory, Super Green mind, Super 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
- Introduction of new LCD models.

Expenditure on R & D :

Capital	Rs. Nil
Recurring	Rs. 3,894,931
Total	Rs. 3,894,931
Total R&D Expenditure as a percentage of total sales turnover	0.386 %

Foreign Exchange Earnings and Out go :

Used : Rs. 484,326,153 (includes CIF value of Imports, Royalty, Traveling and Bills Negotiation charges)

Earnings : Rs. 2,894,120

**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 26, 2009

**K.Ajikawa**  
Managing Director

**T. Sakamoto**  
Executive Director

## MANAGEMENT DISCUSSION & ANALYSIS

Indian Economy has been witnessing a phenomenal growth since last decade. After witnessing a growth rate in excess of 9% for the last three years, the year 2008 -2009 witnessed a retarded growth rate of around 7%. Indian economy witnessed fall in production levels, jobs losses especially in the information technology sector and stock markets also dwindled considerably. However Indian Economy is still holding its ground amidst the current global financial crises and is on the path of revival.

### INDUSTRY STRUCTURE AND DEVELOPMENTS :

The key products in consumer durable industry are CTV, Flat Panel LCDs and Plasma, DVD players, refrigerators, Washing machines, air conditioners and micro wave ovens and small appliances. India has witnessed dynamic changes in the consumer electronic industry in the last decade and is fast emerging as the key player in the global television market both as a manufacturer and a consuming nation. In recent years the CTV market in India has changed rapidly and with the up - gradation of technology there has been shift from the conventional CRT technology to Flat panel display television viz : Liquid Crystal Display (LCD) and PDP. The television market has shown a growth of around 15% during the year with growth primarily coming from LCD and PDP segments in value terms. While the CRT television is likely to remain stagnant in the coming years, the flat panel television [mainly LCD] is expected to grow at 30% level for the next few years.

Refrigerator market has also witnessed a boom in last few years and has been growing over 15% level. Consumer preference for higher capacity frost free and energy efficient models are on the rise. The refrigerator industry should do well in the coming years as well.

### OPPORTUNITIES AND THREATS :

#### Opportunities :

Demand for consumer electronic goods have a very good growth potential in the Indian market for the years to come due to (a) Phenomenal growth of media and entertainment in India and flurry of television channels. (b) Nuclearization of families and changing life styles. (c) Rise in consumer disposable income not only in big cities but even in the tier II & III cities. (d) The rising demand for LCD not only in urban areas but also in semi urban areas. (e) The narrowing gap between conventional TV and flat TV and similarly Flat TV and LCD TV. (f) Changing perception of refrigerator as a utility product rather than a luxury. (g) Electrification in rural areas. (h) Rising consumer aspirations for latest technology models.

#### Threats :

- (a) Due to the emergence of many market players and stiff competition there is continuous pressure on margins. (b) The cost of advertising, and after sales service are increasing tremendously (c) The focus of consumers is shifting on energy efficient appliances. Providing such appliances at competitive prices is a challenge.

### OUTLOOK :

The consumer durable industry is witnessing a phenomenal technology change and consumer demand is shifting from conventional models to latest technology models especially in the television and refrigerator segment. There is a huge growth potential for the consumer goods industry in India and it is one of the booming industry since last few years. Your Company is determined to focus on appropriate product

mix, expanding sales and distribution channel, and after sales service and create a brand image in the mind of consumers to encash on opportunities.

### RISKS & CONCERNS :

- (a) Continuing erosions in prices and margins as a result of stiff competition. (b) The impact of global economic slow down is adversely affecting domestic consumer demand. (c) Widening gap in demand for electricity and availability of power and the gestation period of Power Projects and likely drop in government spending on rural electrification program and shortages of electricity supply are major concerns.

### FINANCIAL AND OPERATIONAL PERFORMANCE :

The financial highlights for the fiscal 2008 - 2009 are dealt with in the Directors' Report. During the year under review your company has achieved a gross turnover of Rs.1014.073 mn which is 2.84% higher compared with the previous year. This was mainly in the area of LCD - TV. Continued strict credit control measures, & cost reduction activities has impacted reduction in working capital and loans reducing the interest burden & other expenses. In terms of volume turnover of LCD sales has increased by 29.36%, Refrigerators sales has increased by 4.34%, CTV sales has remained the same as compared with the previous year. 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 appropriate and adequate internal control system to ensure maintenance of proper and accurate accounting records, compliance with applicable laws and regulations etc.

The internal control system is supported by internal audit carried out by professional independent audit firm. The Internal Auditors carry out extensive audits through out the year, across all functional areas & submit reports to the management. The Audit committee of the Board of Directors reviews the findings of Internal Auditors & suggests improvements for strengthening the Internal Control systems on regular basis .

### HUMAN RESOURCES :

Your company has maintained a very cordial and healthy atmosphere with the employees at all levels.

Company is conscious in providing equal opportunities to the employees to excel in their work and advance themselves in their carrier depending on their abilities. It commits itself to grow hand-in-hand with our employees, encouraging and aiding them to reach their full potential and improve their standard of living. The total number of employees as on March 31,2009 was 303.

### CAUTIONERY 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

Corporate Governance is based on the principles of transparency, accountability, integrity equity, fairness and commitment to the stakeholders. 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 2008 - 2009.

#### • COMPOSITION OF THE BOARD :

The Board of Directors comprised of six members as on 31st March 2009 out of which two were Executive Directors, and four are Non - Executive Directors and out of which three were Non Executive Independent Directors. Mr. Y. Mizuno – Executive Director resigned w.e.f. 26 May 2009 and Mr. Tadasu Sakamoto was appointed as the Executive Director w.e.f. 26 May 2009. Mr. M. Takahshi resigned as the Non Executive Director of the Company w.e.f. 26 May 2009 and Mr. Noboru Fujimoto was appointed

as a Non Executive Director w.e.f. 26 May 2009. The number of directors and composition of executive directors and non executive directors remained the same as it was as on 31st March 2009 after the aforesaid changes in directors. The details of number of meetings held, and attended by directors and other related information is given in Table 1.

The Board Meetings are generally held in Pune. During the financial year, 4 (four) Board Meetings were held on 21/05/2008, 21/07/2008, 23/10/2008 and 29/01/2009 respectively and the time gap between two consecutive meetings did not exceed four months. 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 during the year 2008 -2009

Name of Director	Category	Number of Board Meetings held	Number of Board Meetings Attended	Whether attended last AGM	No. of directorships of other public limited companies	+ No of Board Committees in which Chairman / Member (Other than Sharp India Limited )	
						Chairman	Member
a) Mr. T. Mori *	Non – Executive	4	Nil	No	1	0	1
b) Mr. K.Ajikawa	Executive	4	3	Yes	1	0	1
c) Mr. Y. Mizuno **	Executive	4	4	Yes	1	0	1
d) Mr. S.S. Vaidya	Non Executive Independent	4	4	Yes	9	4	9
e) Mr. Sanjay Asher	Non Executive Independent	4	3	No	14	4	7
f) Mr .M.Takahashi ***	Non Executive	4	Nil	No	1	0	0
g) Mr.M.Eiryu #	Non Executive Independent	4	Nil	No	Nil	0	0
h) Mr. K.Kawamata @	Non Executive Independent	4	2	Yes	Nil	0	0

#### Notes :

- a) \* Mr. T. Mori, resigned w.e.f. 21 May 2008
- b) \*\* Mr. Y.Mizuno resigned w.e.f. 26 May 2009
- c) \*\*\* M.Takahashi resigned w.e.f. 26 May 2009
- d) # Mr. M.Eiryu resigned w.e.f. 21 May 2008
- e) @ Mr. Katsuhiko Kawamata was appointed as a Non Executive Independent Director of the Company w.e.f. 21 May 2008
- f) + 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. For this purpose Audit Committee & Investor Grievance Committee only have been considered as stipulated in clause 49 of the 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.Sanjay Asher.	4	4	Member	1	1	Member
c) + Mr. M. Eiryu	4	-	Member	1	-	Chairman
d) ++Mr. K. Kawamata	4	2	Member	1	1	Chairman