

**25th Annual Report
2009-2010**



Sharp Minds, Sharp Products.

SHARP

SHARP INDIA LIMITED

BOARD OF DIRECTORS

K. AJIKAWA
[Managing Director]

T. SAKAMOTO
[Executive Director]

K. DOMOTO

S. S. VAIDYA

SANJAY ASHER

H. TAKAYAMA

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BANKERS

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 25th 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 Monday, 20th September 2010 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 2010 and the Profit and Loss Account for the year ended on 31st March 2010 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. Hiroaki Takayama 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."

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

"RESOLVED THAT Mr. Koji Domoto 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, 310, the Articles of Association read with Schedule XIII to the Companies Act, 1956 and other applicable provisions, if any, the reappointment of Mr. K. Ajikawa as the Managing Director of the Company for a period from 12th August 2010 till 11th August 2013 be and is hereby approved on the following 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 the telephone facility at residence to be used for the business of 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 a year for the purpose of Annual Leave for self and family (Spouse and dependent children are also eligible) if residing in India.
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 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 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.K. Ajikawa as minimum remuneration during the term of Mr. K. Ajikawa's tenure as the Managing Director, notwithstanding that in any of the financial years, 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 re -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
August 2, 2010

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 to section 173(2) in respect of item nos. 5, 6 and 7 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 Wednesday, 8th September, 2010 to Monday, 20th September, 2010 (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

Mr. Hiroaki Takayama was appointed as an additional director of the Company with effect from 29th January 2010. 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. Hiroaki Takayama 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.

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

ITEM NO. 6

Mr. Koji Domoto was appointed as an additional director of the Company with effect from 28th May 2010. 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.

He graduated in Economics from Kwansei Gakuin University in the year 1985. He has an experience of about 25 years and has held various positions in Sharp Group of Companies before joining Sharp India Limited.

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

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

ITEM NO. 7

Mr. K. Ajikawa was appointed as the Managing Director of the Company for the period from 12th August, 2007 to 11th August, 2010 for a period of three years. Sharp Corporation, Japan has recommended the re-appointment of Mr. K. Ajikawa as the Managing Director of the Company for a further period of three years with effect from 12th August, 2010. Accordingly, the Board of Directors in its meeting held on 2nd August, 2010 reappointed Mr. K. Ajikawa as the Managing Director of the Company for a further period of three years from 12th August, 2010 to 11th August, 2013. The Remuneration Committee in its meeting held on 2nd August, 2010 approved the remuneration payable to Mr. K. Ajikawa for term of his re-appointment as the Managing Director of the Company.

Mr. K. Ajikawa's appointment has been made under the provisions of Schedule XIII to the Companies Act, 1956 and is subject to the approval of the members. Hence members approval is sought for his reappointment and remuneration payable to him for the period from 12th August, 2010 to 11th August, 2013.

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

The above statement may also be treated as an abstract of the terms and Memorandum of Interest under section 302 of the Companies Act, 1956.

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. 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 ,MRF Limited and Kalyani Investments Company Ltd.. 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 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, Peass Industrial Engineers Ltd, Repro India Ltd, Schlafhorst Engineering (India) Ltd, Sparsh BPO Services Ltd, Shree Renuka Sugars Ltd, Sudarshan Chemical Industries Limited , Finolex Infrastructure Ltd, 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. Hiroaki Takayama is a Joint General Manager of Mizuho Corporate Bank, Limited Mumbai. Mr. Hiroaki Takayama was inducted on the Board as an additional director on January 29, 2010. He has a very wide experience in the banking field. He is a member of the audit committee and chairman of the remuneration

committee of the company. He does not hold any shares in the company.

- ▶ Mr. Koji Domoto was appointed as an additional director of the Company with effect from 28 May 2010. He graduated in Economics from Kwansei Gakuin University in the year 1985. He has an experience of about 25 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. K. Ajikawa has been re- appointed as the Managing Director with effect from August 12, 2010 for a period of three years. He has held various positions in Sharp Corporation Japan and associate Companies. Mr. K. Ajikawa has wide experience in the field of Sales and Marketing. He is also a Director on the Board of Sharp Business Systems (India) Limited. He is also member of investor grievance and transfer committee of the company. He does not hold any shares in the company.

By Order of the Board of Directors
For Sharp India Limited

Pune
August 2, 2010

Mayuresh Vaze
Company Secretary

DIRECTORS' REPORT

To

The Members,

Your Directors have pleasure in presenting their Twenty-Fifth Report together with the Audited Statement of Accounts for the year ended on March 31, 2010.

1. FINANCIAL RESULTS :

Rs. In Million

	Year ended March 31, 2010	Year ended March 31, 2009
INCOME		
Sales and Services (Gross)	1142.884	1014.073
Less : Excise Duty & Service Tax	(73.253)	(98.959)
Sales and Service income (Net)	1069.631	915.114
Other Income	10.630	4.190
	<u>1080.261</u>	<u>919.304</u>
EXPENDITURE		
Manufacturing and other expenses	1035.224	887.435
Depreciation	23.785	18.660
Interest expense	5.154	10.953
	<u>1064.163</u>	<u>917.048</u>
PROFIT BEFORE TAX	16.098	2.256
PROVISION FOR TAX		
Wealth tax	(0.017)	(0.027)
Fringe Benefit Tax	-	(1.429)
NET PROFIT / (LOSS) FOR THE YEAR	<u>16.081</u>	<u>0.800</u>
PROFIT AND LOSS ACCOUNT, beginning of the year	(218.707)	(219.507)
PROFIT AND LOSS ACCOUNT, end of the year	<u>(202.626)</u>	<u>(218.707)</u>

2. OPERATIONS :

Gross sales and service income during the year under review has increased by 12.70%, over the previous year mainly due to increase in sales of Colour Televisions and LCDs. The Company has continued its efforts in inventory control, quick realization of the receivables which has resulted in reduction in interest cost.

During the current year under review, your company has made a profit of Rs.16.08 millions after tax.

3. DIRECTORS :

Mr. K. Ajikawa - Managing Director of the company has been re-appointed for a period of three years with effect from 12th August, 2010. Members consent is sought for his re- appointment and remuneration payable to him during his tenure as the Managing Director.

Mr. K. Kawamata resigned as a director of the company with effect from 29th January, 2010. Mr. Noboru Fujimoto resigned as a director of the company with effect from 28th May, 2010. The Board places on record their sincere appreciation for the useful contribution made by Mr. K.Kawamata and Mr.Noboru Fujimoto.

Mr. Hiroaki Takayama was appointed as an additional director of the company with effect from 29th January, 2010. Mr. Koji Domoto was appointed as an additional director of the company with effect from 28th May, 2010. They hold office till the ensuing Annual General Meeting as they have been appointed as the additional directors. A notice proposing appointment of Mr. Hiroaki Takayama and Mr. Koji Domoto under section 257 of the Companies Act, 1956 have been received from the members 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 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.

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, 2010, 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, 2010 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 is conscious of its responsibility towards conservation of energy, power and environment and has taken the necessary steps to conserve the same. Your company implements the 3E Policy i.e. -

- Eco-positive Product - Products having less usage of resources and are safe for use,
- Eco-positive Operation - Reduce adverse impact on environment during manufacturing processes
- Eco -positive Relationship. - Enhance corporate value during involvement of employees.

Even though the nature of company's operations is not energy-intensive, your company make constant efforts to reduce consumption of energy, light, oil, water & fuel.

The in-house development of new models of Colour Televisions, and LCDs is supported by strong overseas technical knowledge from Sharp Corporation, Japan. 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.

Benefits derived from R&D :

- Development of new CTV models with innovative features & superior technology
- Cost saving and reduction
- Introduction of new LCD models.

Expenditure on R & D :

Capital	Rs. Nil
Recurring	Rs. 6,759,038
Total	Rs. 6,759,038
Total R&D Expenditure as a percentage of total sales turnover	0.635 %

Foreign Exchange Earnings and Out go :

Used : Rs. 617,538,779 (includes CIF value of Imports, Royalty, Traveling and Bills Negotiation charges)

Earnings : Rs. 777,424

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,
August 2, 2010

K. Ajikawa
Managing Director

T. Sakamoto
Executive Director

MANAGEMENT DISCUSSION & ANALYSIS

The Growth rate of the Indian economy (GDP) registered a growth of around 7.4% during the year 2009-2010 against the estimates of 7.2%. The economy has posted remarkable recovery. The growth in the industrial sector was accelerated. The manufacturing sector registered a growth of 10.8% in 2009-10 as against a growth of 3.2% in 2008-09. The government through its various measures was successful in restricting the economic slowdown by increasing the disposable income in the hands of the people.

INDUSTRY STRUCTURE AND DEVELOPMENTS :

The electronics market in India is growing strongly at the rate of 22% to 25%. 'Consumer Electronics' market is one of the largest segment of the electronics segment in India and with the boom in the Indian economy in the current year it is poised for a strong growth in the years to come and is expected to have very good demand in the current year. The key products in consumer durable industry are Colour TV, LCD, refrigerators, washing machines, air conditioners and micro wave ovens.

CTV market has witnessed very rapid changes in the last decade in terms of technology, prices and consumer aspirations. The consumer demand is rapidly shifting from the conventional Colour TVs to LCD, plasma displays. The Television market is witnessing an immense competition from domestic as well as foreign brands.

The refrigerator market is growing at the tremendous rate of around 23%. The demand for refrigerators is continuously escalating due to the low penetration and increase in demand from the rural and semi urban areas. The demand for micro wave ovens with latest technology is also on a rise and has a very good growth potential.

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) growing consumer confidence due to rising disposable income. (b) easy financing schemes that are making purchases possible. (c) increased local manufacturing (d) expanding distribution network (e) sporting events, such as football world cup, cricket etc. (g) increasing number of TV channels day by day and services of cable network and DTH (Direct to Home) in urban as well as rural areas and availability of the same at affordable prices.

Threats :

Despite the emerging opportunities consumer durable industry remains vulnerable to stiff competition, technological obsolescence, erosion in prices and increasing marketing and distribution cost.

OUTLOOK :

The consumer demand is rapidly shifting to latest technology & energy efficient products. There is a huge growth potential for the consumer electronics goods industry in India. Your company is determined to make available "one of its kind products" with latest technology to its customers. LCD has a very good growth potential due its competitive prices, low power consumption, performance and technology and your company will focus on the same along with conventional CTV. Your company will also focus on the sales of refrigerators and microwave ovens. Your company will aim at making available environment friendly, energy efficient and economical products to the consumers. Your Company is inclined to keep a proper product mix, well established distribution network, technological superiority, and after sales service and create a brand image in the mind of consumers to combat with the stiff competition and rising consumer aspirations.

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

RISKS & CONCERNS :

The risk associated with the consumer electronics are :-

- (a) Due to competition & existence of local brands there is continuous pressure on the price of the products (b) Since most of the raw material & components are imported, there is exchange fluctuation risk in case of abnormal exchange rate fluctuation (c) Increase in the input costs. (d) product obsolescence (e) seasonal fluctuations in demand.

The management is aware of these risks and has been taking steps to minimize the same.

FINANCIAL AND OPERATIONAL PERFORMANCE :

The financial highlights for the fiscal 2009 - 2010 are dealt with in the Directors' Report. During the year under review your company has achieved a gross turnover of Rs.1142.884 mn which is 12.70% higher compared with the previous year. This was mainly due to increase in sale of Colour televisions and LCD. In terms of volume turnover of CTV has increased by 16.1% and of LCD by 81.6%. Your company will continue to focus on increasing the sale of LCD Televisions and improve sales of Refrigerators and microwave ovens in the coming years.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY :

Your company has in place appropriate and adequate internal control system to ensure maintenance of proper and accurate accounting records, compliance with applicable laws and regulations etc. & is supported by strong EDP system.

The independent internal auditors appointed by the company decides the Internal Audit plan for the year in consultation with the statutory Auditors. The Internal Auditors carry out extensive audits through out the year, across all functional areas & submit reports to the management. The Internal Auditors submits summary of their findings along with recommendations to Audit committee of the Board of Directors. The Audit committee reviews the findings & recommendations of Internal Auditors & suggests improvements for strengthening the Internal Control systems on regular basis.

HUMAN RESOURCES :

Your company continues to maintain a cordial and healthy atmosphere with the employees at all levels.

Your company considers the quality of its human resources to be the most important asset and places emphasis on training and development of employees at all levels. Company ensures equal opportunities to the employees to excel in their work and advance themselves in their career 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.

Industrial relations were cordial during the year under review. The total number of employees as on March 31, 2010 is 296.

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.

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 2009-2010.

• **COMPOSITION OF THE BOARD :**

The Board of Directors comprised of six members as on 31st March 2010 out of which two were Executive Directors, and four were 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. Takahashi 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. Mr. K. Kawamata resigned as a non executive independent director w.e.f. 29 January 2010 and Mr. Hiroaki Takayama was appointed as a non executive independent director w.e.f. 29 January 2010. Mr. Noboru Fujimoto resigned as the non executive director of the company w.e.f. 28th May 2010 and Mr. Koji Domoto was appointed as the non executive director of the company w.e.f. 28th May 2010. 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 26/05/2009, 29/07/2009, 30/10/2009 and 29/01/2010 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 2009-2010

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	Number of Committees in which Chairman / Member (Other than Sharp India Limited)	
						Chairman	Member
a) Mr. K. Ajikawa	Executive	4	4	Yes	1	0	1
b) Mr. Y. Mizuno *	Executive	4	1	No	1	0	1
c) Mr. T. Sakamoto **	Executive	4	3	Yes	1	0	1
d) Mr. S. S. Vaidya	Non Executive Independent	4	4	Yes	10	4	9
e) Mr. Sanjay Asher	Non Executive Independent	4	4	No	14	4	8
f) Mr. M. Takahashi \$	Non Executive	4	Nil	No	1	0	0
g) Mr. N. Fujimoto #	Non Executive	4	Nil	No	1	0	0
h) Mr. K.Kawamata @	Non Executive Independent	4	2	No	Nil	0	0
i) Mr. H. Takayama +	Non Executive Independent	4	0	No	Nil	0	0

Notes :

- * Mr. Y.Mizuno resigned w.e.f. 26 May 2009
- ** Mr. T.Sakamoto was appointed w.e.f. 26 May 2009
- \$M.Takahashi resigned w.e.f. 26 May 2009
- # Mr. N.Fujimoto was appointed w.e.f. 26 May 2009 and resigned w.e.f. 28 May 2010
- @ Mr. K. Kawamata resigned w.e.f. 29 January 2010.
- + Mr.H.Takayama was appointed w.e.f. 29 January 2010.
- 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. K. Kawamata	4	2	Member	1	1	Chairman
d) ++ Mr. H. Takayama	4	0	Member	1	0	Chairman

- + Mr. K.Kawamata resigned as a director w.e.f. 29 January 2010 and also ceased to be the member of audit committee and Chairman as well as member of remuneration committee from that day.
- ++ Mr. H.Takayama was inducted as a Director w.e.f.29 January 2010 and became member of audit committee and member as well as Chairman of the remuneration committee from that day.

INFORMATION SUPPLIED TO THE BOARD :

Information supplied to the Board includes-

- Quarterly and annual results of the Company
- Annual operating plans and budgets, capital budgets, updates
- Minutes of board meetings and committees thereof
- Compliance of statutory and regulatory nature, listing requirements and investor grievances, if any and shareholder services
- Disclosures pertaining to clause 49 of the Listing Agreement.
- Important show cause notices and demand notices.

• **DIRECTORS' MATERIAL PECUNIARY OR BUSINESS RELATIONSHIP WITH THE COMPANY :**

There have been no transactions or pecuniary relationships between the company and its Non-Executive and/or Independent directors during the year 2009-2010.No payment other than the sitting fees was made to any of the non - Executive Directors. Mr. Sanjay Asher holds 100 equity shares of the Company, no other director holds shares in the company.

• **REMUNERATION TO DIRECTORS :**

The details of the remuneration package for the financial year 2009 - 2010 of directors and relationship, if any are given in the following table:

Table 2

Name of the Director	Relationship With other Directors (Rs.)	Sitting Fees (Rs.)	Salaries & Perquisites (Rs.)	Commission (Rs.)	Total (Rs.)
a) Mr. K. Ajikawa	None	Nil	12,37,273	Nil	12,37,273
b) Mr. Y. Mizuno	None	Nil	1,25,975	Nil	1,25,975
c) Mr. T. Sakamoto	None	Nil	10,04,295	Nil	10,04,295
d) Mr. S. S. Vaidya	None	3,42,500	Nil	Nil	3,42,500
e) Mr. Sanjay Asher	None	3,42,500	Nil	Nil	3,42,500
f) Mr. M. Takahashi	None	Nil	Nil	Nil	Nil
g) Mr. N. Fujimoto	None	Nil	Nil	Nil	Nil
h) Mr. K. Kawamata	None	Nil	Nil	Nil	Nil
i) Mr. H. Takayama	None	Nil	Nil	Nil	Nil

The payments made to the Executive Directors & Managing Directors are in the nature of salary and perquisites as approved by the Remuneration Committee, the shareholders and the central government as required by the Companies Act, 1956 and other applicable regulations. No other benefits / stock options / bonuses, pensions are given to any of the Directors. There is no fixed component and performance linked incentive. There are no severance fees payable to the Executive Directors and Managing Director. The Company has not issued any stock options or any other convertible instruments to any of its Directors. The Company does not pay any remuneration to the non executive directors except sitting fees. Rs. 20,000/- are paid as sitting fees for attending every board meeting & audit committee meeting, Rs. 10,000/- are paid for attending every remuneration committee meeting and Rs. 7,500/- are paid for attending every investor grievance and transfer committee meeting.

• **REMUNERATION COMMITTEE :**

The terms of references of the Remuneration Committee pertain to determining the Company's policy on and approving remuneration packages for Managing Director / Executive Director. The Committee consists of three Non-Executive Independent Directors. The Remuneration Committee at the beginning of the year consisted of Mr. K. Kawamata (Chairman), Mr. S. S. Vaidya, and Mr. Sanjay Asher as the members. Mr. K. Kawamata, Chairman of the Committee resigned as a Director with effect from 29th January 2010 and also ceased to be the Chairman and member of the committee. The

Committee was reconstituted with effect from 29th January 2010 by inducting Mr. Hiroaki Takayama, Non Executive Independent Director of the Company as the Chairman of the Committee and since 29th January 2010 the committee consisted of Mr. Hiroaki Takayama (Chairman), Mr. S. S. Vaidya and Mr. Sanjay Asher as the members. One meeting of the committee was held on 26th May 2009 during the year under review to consider and approve the remuneration payable to Mr. Tadasu Sakamoto upon his appointment as the Executive Director of the Company with effect from 26th May 2009 for a period of three years & the said meeting was attended by the Chairman, Mr. K. Kawamata and other two members - Mr. S.S.Vaidya and Mr. Sanjay Asher.

• **AUDIT COMMITTEE :**

The Audit Committee consists of three non executive independent directors of the Company. The Audit Committee at the beginning of the year under review consisted of three Non - Executive and Independent Directors viz. Mr.S.S.Vaidya (Chairman), Mr.K.Kawamata and Mr. Sanjay Asher as the Members. Mr.K.Kawamata resigned as a Director with effect from 29th January 2010 and also ceased to be a member of the audit committee and the audit committee was reconstituted with effect from 29th January 2010 by inducting Mr. Hiroaki Takayama, Non Executive Independent Director of the Company as the Member of the Committee and since 29th January 2010 the audit committee consists of Mr. S.S. Vaidya, (Chairman), Mr. Hiroaki Takayama and Mr. Sanjay Asher as the members.

The Audit Committee met 4 (four) times in the year on May 26, 2009, July 29, 2009, October 30, 2009 and January 29, 2010. The attendance of the committee members is given in the separate table attached. The Audit Committee reviews on quarterly basis the reports submitted by Internal Auditors, Unaudited and Audited Financial Results and also reviews the matters falling within the scope of the committee as defined by the Board of Directors. The scope of the Committee includes -

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending the appointment, re-appointment and removal of statutory auditor, fixation of audit fee and also approval for payment for any other services.
3. Approval of payment to statutory auditors for any other services rendered by them.
4. Reviewing with management the annual financial statements before submission to the board, with particular reference to:
 - a) Matters required to be included in the Directors' Responsibility Statement to be included in the Board's Report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
 - b) Changes if any, in accounting policies and practices and reasons for the same
 - c) Major accounting entries based on exercise of judgement by management.
 - d) Significant adjustments arising out of audit findings
 - e) Compliance with stock exchange and legal requirements concerning financial statements.
 - f) Disclosure of any related party transactions
 - g) Qualifications in draft audit report.
5. Reviewing with the management, the quarterly financial statements before submission to the Board for approval.
6. Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
7. Reviewing the adequacy of internal audit function, and reports submitted by the internal auditors.