

**26th Annual Report  
2010-2011**

**SHARP**

**SHARP INDIA LIMITED**

**BOARD OF DIRECTORS**

TAKASHI MIKAMI  
[Managing Director]

T. SAKAMOTO  
[Executive Director]

TOMIO ISOGAI

S. S. VAIDYA

SANJAY ASHER

H. TAKAYAMA

**CONTENTS**

Notice	1
Directors' Report	4
Management Discussion & Analysis	6
Corporate Governance	8
Auditors' Report	12
Financials	14

**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 26th 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 Saturday, 10th September 2011 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 2011 and the Profit and Loss Account for the year ended on 31st March 2011 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. "Resolved That M/s. S.R.Batliboi & Co, Chartered Accountants (Firm Registration No. 301003E) be and are hereby appointed as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as shall be fixed by the Board of Directors."

**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. Tomio Isogai 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. Takashi Mikami 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."

7. To consider and, if thought fit, to pass, with or without modifications, the following resolution as a **SPECIAL 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. Takashi Mikami as the Managing Director of the Company from 30th May, 2011 to 29th May 2014 on the following terms of remuneration -

1. Salary of Rs.1,20,000 /- (Rupees One Lakhs Twenty 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 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 & 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 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 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, perquisites, benefits and amenities as approved by the remuneration committee and set out above be paid or granted to Mr. Takashi Mikami as minimum remuneration notwithstanding that in any financial year of the Company during the term of Mr. Takashi Mikami's Office as the 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 30, 2011

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 number 5, 6 & 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 Tuesday, 30th August 2011 to Saturday, 10th September 2011 (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. Tomio Isogai was appointed as an additional director of the Company with effect from 25th February 2011. 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.

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

##### ITEM NO. 6 & 7 :

Sharp Corporation, Japan recalled Mr. K.Ajikawa and hence he resigned as the Managing Director as well as the Director with effect from 30<sup>th</sup> May 2011. In place of Mr. K. Ajikawa, Sharp Corporation, Japan recommended the appointment of Mr. Takashi Mikami as the Managing Director of the Company . The Company is making an application to the Ministry of Corporate Affairs for obtaining its approval for the appointment and remuneration payable to Mr. Takashi Mikami as the Managing Director.

The Board of Directors in its meeting held on 30<sup>th</sup> May 2011 appointed Mr. Takashi Mikami as an additional director as well as Managing Director to hold office for a period of three years effective from 30<sup>th</sup> May 2011 to 29<sup>th</sup> May 2014. Mr.Takashi Mikami's appointment is subject to the approval from the Central Government and that of the

members. The remuneration committee has also approved the remuneration payable to Mr. Takashi Mikami in its meeting held on 30<sup>th</sup> May 2011 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. Takashi Mikami's candidature as a director. In terms of the Articles of Association of the Company, Mr. Takashi Mikami being the Managing Director, will not be subject to retirement by rotation. The Company has also executed an Agreement with Mr. Takashi Mikami on 8<sup>th</sup> July 2011 and the same is available for inspection of members during working hours from Tuesday, 30<sup>th</sup> August 2011 to Saturday, 10<sup>th</sup> September 2011 (both days inclusive).

**The information as required to be given under Schedule XIII to the Companies Act, 1956 is as under: -**

#### I. GENERAL INFORMATION:

- (1) **Nature of Industry - Manufacturing of CTV & LCD.**
- (2) **Date or expected date of commencement of commercial operation : -** The Company started its commercial operations from July 1986 onwards. .
- (3) **In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus - N.A**
- (4) **Financial Performance :**

(Rs. In Lakhs)

Financial Parameters	2008-2009	2009-2010	2010-2011
Turnover (Net)	9151.14	10696.31	11161.65
Net Profit/ (Loss) for the year as per Profit & Loss Account	8.00	160.82	81.69
EPS	0.03	0.62	0.31

- (5) **Export performance and net foreign exchange collaborations as on 31.03.2011- Nil**
- (6) **Foreign investments or collaborators, if any, as on 31.03.2011 -** The total Foreign Holdings in the company as on 31.03.2011 were 20,885,750 equity shares i.e. 80.50% of the total Paid up Capital. Out of that Sharp Corporation, Japan who are promoters of the company hold 20,755,200 equity shares i.e. 80% equity shares in the company. The Company has entered in to a technical collaboration with Sharp Corporation, Japan for the manufacture of LCD type Color TV Receivers on 20<sup>th</sup> January 2011.

#### II. INFORMATION ABOUT THE APPOINTEE:

- (1) **Background Details -** Mr. Takashi Mikami, a Japanese National, aged about 55 years, is a Bachelor of Electronics from Musashi Institute of Technology from Japan in the year 1978. He has a total experience of about 33 years and he has an expertise in the field of "Electrical Design". He worked with Japan Air Self Defense Force during the period 1978 to 1981, and joined Sharp Corporation, Japan in the year 1981. He has held various positions in Sharp Group of Companies before joining Sharp India Limited
- (2) **Past remuneration, Recognition & awards, Job profile & his suitability -**  
Mr. Takashi Mikami was paid Japanese Yen 12000 K per year as remuneration & was working with

Sharp Electronics (Malaysia) SDN BHD in Malaysia . Taking into consideration the present activity of the company i.e. manufacture of CTV & LCD TV , Mr. Takashi Mikami possesses a wide experience in that field and his association with the company will be great help to the company. Subject to the superintendence, direction and control of the Board, Mr. Takashi Mikami has the substantially the whole powers of the management of business and affairs of the company.

- (4) Remuneration proposed - as set out in the resolution for the item no. 7. The remuneration to Managing Director has the approval of the Remuneration Committee.
- (5) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin) - Taking into consideration the size of the Company, the profile of Mr. Takashi Mikami, a Japanese National, the responsibilities shouldered by him, the aforesaid remuneration package is commensurate with the remuneration package paid to managerial position in other Companies.
- (6) Pecuniary relationship directly or indirectly with the company, or relationship with managerial personnel, if any - Besides, the remuneration proposed, Mr. Takashi Mikami does not have any other pecuniary relationship with the Company.

### III. Other Information:

- (1) Reasons for Loss or inadequate profit, Steps taken or proposed to be taken for improvement and Expected increase in productivity and profits in measurable terms:  
The company has made profits in the last three years. However the same is inadequate to wipe off the accumulated losses. Intense competition, increase in input cost and reduction in selling prices are affecting profitability of the company.  
As a part of improvement plan the role of the company with effect from 1<sup>st</sup> April 2011 being redefined enabling the company to focus on its core strength of manufacturing. Company will expand its capacity of manufacture of liquid crystal display televisions ("LCD TVs) in addition to cathode ray televisions (CRT TVs). The company may consider adding more product categories from time to time. Considering the steps taken, the Company expects to increase productivity & profits in coming years. However it will be difficult to predict the same in measurable terms.

### IV. DISCLOSURES:

The disclosures as required under this clause have been made separately in notice of the annual general meeting & also Corporate Governance section.

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

### **DISCLOSURES AND INFORMATION ABOUT DIRECTORS BEING APPOINTED OR REAPPOINTED AT THE ANNUAL GENERAL MEETING PURSUANT TO CLAUSE 49(IV)(G) OF THE LISTING AGREEMENT:**

- ▶ 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: Ashok Leyland Limited, Bajaj Allianz General Insurance Company Limited, Bajaj Allianz Life Insurance Company Limited, Balkrishna Industries Limited, Dewas Soya Limited, Finolex Cables Limited, Finolex Plasson Industries Limited, Kryfs Power Components Limited, Mandhana Industries Limited, Repro India Limited, Sparsh BPO Services Limited, Shree Renuka Sugars Limited, Sudarshan Chemicals Industries Limited, Tribhovandas Bhimji Zaveri 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. Tomio Isogai was appointed as an additional director of the Company with effect from 25th February 2011. He graduated in English from Kyoto University of Foreign Studies in the year 1979. He has an experience of about 30 years and has held various positions in Sharp Group of Companies in various fields which include Managing Director of some regional sales subsidiaries before joining Sharp India Limited. He does not hold any shares in the Company. He is also a director in Sharp Business Systems (India) Limited.
- ▶ Mr. Takashi Mikami was appointed as an additional director as well as the Managing Director for a period of three years effective from 30<sup>th</sup> May 2011. Mr. Takashi Mikami, a Japanese National, aged about 55 years, is a Bachelor of Electronics from Musashi Institute of Technology from Japan in the year 1978. He has a total experience of about 33 years and he has an expertise in the field of "Electrical Design". He worked with Japan Air Self Defense Force during the period 1978 to 1981, and joined Sharp Corporation, Japan in the year 1981. He 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. 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 30, 2011

**Mayuresh Vaze**  
Company Secretary

**DIRECTORS' REPORT**

To

The Members,

Your Directors have pleasure in presenting their Twenty-Sixth Report together with the Audited Statement of Accounts for the year ended on March 31, 2011.

**1. FINANCIAL RESULTS :**

Rs. In Million

	Year ended March 31, 2011	Year ended March 31, 2010
<b>INCOME</b>		
Sales and Services (Gross)	1206.028	1143.333
Less : Excise Duty & Service Tax	(89.863)	(73.702)
Sales and Service income (Net)	1116.165	1069.631
Other Income	6.859	10.630
	<u>1123.024</u>	<u>1080.261</u>
<b>EXPENDITURE</b>		
Manufacturing and other expenses	1092.635	1035.224
Depreciation	16.451	23.785
Financial expense	5.756	5.154
	<u>1114.842</u>	<u>1064.163</u>
<b>PROFIT BEFORE TAX</b>	8.182	16.098
<b>PROVISION FOR TAX</b>		
Wealth tax	(0.013)	(0.017)
<b>NET PROFIT / (LOSS) FOR THE YEAR</b>	8.169	16.081
<b>PROFIT AND LOSS ACCOUNT,</b> beginning of the year	(202.626)	(218.707)
<b>PROFIT AND LOSS ACCOUNT</b> end of the year,	<u>(194.457)</u>	<u>(202.626)</u>

**2. OPERATIONS :**

Gross sales and service income during the year under review has marginally increased by 5.48%, over the previous year. This was mainly due to increase in sales of LCD Televisions, Refrigerators & Microwave Ovens.

During the current year under review, your company has made a profit of Rs.8.169 millions after tax.

Your company passed a special resolution on 22<sup>nd</sup> March 2011 through postal ballot for "Redefining the Role of Sharp India Limited: Focus on Manufacturing". Now as per the aforesaid resolution your company will focus on manufacturing of CTV & LCD and any other products which may be added in the future. Sharp Business Systems (India) Limited is entrusted with the sales, service and distribution of products manufactured by your company with effect from 1<sup>st</sup> April 2011.

**3. DIRECTORS :**

Mr. K. Ajikawa was re-appointed as a Managing Director of the company for a period of three years with effect from 12<sup>th</sup> August 2010. He resigned as a Managing Director as well as a director w.e.f 30<sup>th</sup> May 2011. The Board places on record their sincere appreciation for the useful contribution made by Mr. K. Ajikawa as the Managing Director.

Mr. Takashi Mikami was appointed as an additional director of the company with effect from 30<sup>th</sup> May 2011. He was also appointed as the Managing Director of the Company with effect from 30<sup>th</sup> May 2011 for a period of three years. He holds the office till the ensuing Annual General Meeting as he has been appointed as the

additional director. A notice proposing appointment of Mr. Takashi Mikami 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. His appointment and remuneration is also subject to the approval of the Central Government.

Mr. Koji Domoto resigned as a director of the company with effect from 12<sup>th</sup> February 2011. The Board places on record their sincere appreciation for the useful contribution made by Mr. Koji Domoto.

Mr. Tomio Isogai was appointed as an additional director of the company with effect from 25<sup>th</sup> February 2011. He holds office till the ensuing Annual General Meeting as he has been appointed as an additional director. A notice proposing appointment of Mr. Tomio Isogai under section 257 of the Companies Act, 1956 have been received from the 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 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:

- i) that in the preparation of the accounts for the financial year ended March 31, 2011, 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, 2011 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 about its responsibility to conserve energy, power and other energy sources and has taken necessary steps to conserve the same. It lays great emphasis towards a safe and clean environment and continues to adhere to all regulatory requirements and guidelines. Your company implements the 3E Policy i.e. -

- a) Eco-positive Product - Products having less usage of resources and are safe for use,
- b) Eco-positive Operation - Reduce adverse impact on environment during manufacturing processes
- c) 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 eco friendly initiatives adopted by the company includes tree plantation, regular internal environmental audit, effective storage and disposal of hazardous waste as per statutory requirements and celebration of world environment day to increase awareness among the employees.

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 :

The Research & Development initiatives taken by the company helped in introducing energy efficient products with superior technology. As stated above the products were designed keeping in view customer requirements. Such in-house efforts facilitate all round savings in costs as well.

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

Expenditure on R & D :

Capital	Rs. Nil
Recurring	Rs. 4,466,761
Total	Rs. 4,466,761

Total R&D Expenditure as a percentage of total sales turnover	0.400 %
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Foreign Exchange Earnings and Out go :

Used : Rs. 756,764,921 (includes CIF value of Imports, Royalty, Traveling and Bills Negotiation charges)

Earnings :	Rs. 156,836.
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**11. Delisting From Pune Stock Exchange:**

Your Company has passed a board resolution on 30.05.2011 for delisting the company's equity shares from Pune Stock Exchange Limited as it is not mandatory to continue listing on one or more stock exchange(s), if company continues to be listed on any stock exchange having nationwide trading terminals. Besides that there are hardly any share transactions executed through Pune Stock Exchange Limited in last few years. Your company will continue to be listed on Bombay Stock Exchange Limited which is having nationwide trading terminals. An application will be made to Pune Stock Exchange Limited for getting the company delisted from Pune Stock Exchange Limited.

**12. 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 30, 2011

**Takashi Mikami**  
Managing Director

**T. Sakamoto**  
Executive Director

**MANAGEMENT DISCUSSION & ANALYSIS**

In the mixed picture presented on global scenario Indian Economy has emerged with remarkable rapidity from the slowdown caused by global financial crises from 2007-2009. However continued high inflation, sharp increase in oil prices as a result of the turmoil in the Middle East and North Africa and temporary slowdown in the industrial growth is adding uncertainty to the pace of global recovery.

Indian Economy recorded a growth of around 8.6 % during the year under review, as compared to 7.2. % in the earlier year. Further it is expected that the growth for 2011-2012 to be in the range of 8.75% to 9.25 %.

**INDUSTRY STRUCTURE & DEVELOPMENT :**

The consumer electronics and home appliance industry market in India is growing at moderate speed. The boom in real estate / housing industry, higher disposable income and availability of variety of products as per consumer choice are responsible for growth in the consumer durable sector.

Colour Television continues to be the main product of the Consumer Electronics Industry in India, Though CRT segment dominated the Indian television market; there is a rapid growth in demand for LCD TVs. Consumer preference is increasing for high definition TV with better image quality, high & clear audio output and better colour resolution.

LCD TVs are replacing older CRT TVs for a number of reasons. LCDs take up less space than bulky CRT TVs, consume less energy and are free from the radiation that is emitted from cathode rays in the CRT TVs. As a result, the sleek, energy efficient LCD TVs have been at the top of the wish list for many consumers around the world.

LCD TV sales in India are gaining momentum in 2011. India represents one of the last strong holds for CRT TV, with consumers in other economy have transitioned the majority or nearly all their television purchasing to LCD display technology in recent years. However the allure and declining prices of LCD TV along with increased consumer awareness have spurred the sales of the LCD TVs and eroded the dominance of CRT TVs.

A sharp growth is expected in the LED TV market in the forthcoming years. Considering the availability in all sizes & the reduction in prices, the LED TV is poised to transform the existing premium category to a generalized category. Eco-friendliness, saving on power consumption & ultra slim features will accelerate the transformation of LED televisions while growth is expected to continue. This is in line with the global trend.

**OPPORTUNITIES AND THREATS :****Opportunity:**

Consumer Durable Industry has good opportunity to grow due to following reasons:

(1) Growth in the retail sector has led to the emergence of specialty retail as a key channel for the consumer electronics

industry. (2) Rising income levels, competitive pricing, changing lifestyles have led to consumer durables being increasingly perceived as utility items rather than luxury possessions. (3) Availability of more variety of models due to product innovations is attracting the consumers. (4) Urbanization and greater brand awareness: India's urban population has increased in past few years and is expected to increase up to 41% of the total population by 2030. The younger generation is inclined towards good life style and has become increasingly brand conscious. Urban population have started to perceive consumer durables as life style product and are open to pay higher prices for branded premium products. (5) Demand from rural area is tremendously increasing in last few years. (6) The rising demand for premium products within different product categories is primarily driving growth in the consumer durables segment.

**Threats:**

(1) Stiff competition in the market. (2) Rising inputs costs of raw materials & inability to pass on input cost rises to consumers has put pressure on the margins. (3) Increase in Interest rates. (4) The focus of consumers is shifting to energy efficient appliances and providing such appliances at a competitive price is a challenge. (5) Big market spends are required for building Brand Image. (6) Cyclical demand for products has triggered an industry recession.

**Outlook:**

Your Company will focus on manufacturing of various models of LCD TVs in addition to the current range of CRT TV in the forthcoming year, which will make our product offering more competitive and with indigenous features. We are planning to explore OEM opportunities within and outside India to leverage our production capacity. All these will definitely help us to put our foot forward with respect to competition.

**Risks & Concerns:**

The risk associated with the consumer electronics are:-

(a) The Consumer Electronics and Home Appliances business is highly competitive thereby making it difficult for companies to increase the bottom line. (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) Due to acceptability of technically innovative products by Indian consumers there is a risk of 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 2010-2011 are dealt with in the Directors' Report. Gross sales and service income during the year under review has increased by 5.48%, over the previous year. This was mainly due to increase in sales of LCD Televisions, Refrigerators & Microwave Ovens. In terms of volume turnover of LCD TV increased by 47%. Refrigerators by 29% & Microwave ovens by 106%. Your company will focus on manufacture of CTV and LCD televisions in the current fiscal 2011- 2012.

During the current year under review, your company has made a profit of Rs.8.169 millions after tax.



**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 decide 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 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.

Industrial relations were cordial during the year under review. The total number of employees as on March 31, 2011 is 300.

**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 2010-2011.

• **COMPOSITION OF THE BOARD :**

The Board of Directors comprised of six members as on 31<sup>st</sup> March 2011 out of which two were Executive Directors, and four were Non-Executive Directors and out of which three were Non Executive Independent Directors. Mr. N. Fujimoto resigned as

a director w.e.f. 28<sup>th</sup> May 2010. Mr. Koji Domoto was appointed as an additional director w.e.f 28<sup>th</sup> May 2010 and he resigned as an additional director w.e.f 12<sup>th</sup> February 2011. Mr. Tomio Isogai was appointed as an additional director of the company w.e.f 25<sup>th</sup> February 2011. Mr.K. Ajikawa resigned as a director as well as managing director of the company w.e.f 30<sup>th</sup> May 2011. Mr. Takashi Mikami was appointed as the additional director as well as managing director of the company w.e.f. 30<sup>th</sup> May 2011. 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, 6 (Six) Board Meetings were held on 28/05/2010, 02/08/2010, 01/11/2010, 27/12/2010, 12/02/2011 and 25/02/2011 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 2010-2011**

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	6	6	Yes	1	0	1
b) Mr. T. Sakamoto	Executive	6	6	Yes	1	0	1
c) Mr. S. S. Vaidya	Non Executive Independent	6	5	Yes	10	4	8
d) Mr. Sanjay Asher	Non Executive Independent	6	5	No	14	3	8
e) \$ Mr. Koji Domoto	Non Executive	6	0	No	1	0	0
f) @ Mr. T. Isogai	Non Executive	6	0	No	1	0	1
g) Mr. H. Takayama	Non Executive Independent	6	2	No	0	0	0
h) # Mr. N. Fujimoto	Non Executive	6	0	No	1	0	1

**Notes :**

- \$ Mr. Koji Domoto was appointed as an additional director w.e.f .28<sup>th</sup> May 2010 and he resigned as a director w.e.f 12<sup>th</sup> February 2011.
- @ Mr. T. Isogai was appointed as an additional director w.e.f. 25<sup>th</sup> February 2011.
- # - Mr. N.Fujimoto resigned as a director w.e.f. 28<sup>th</sup> May 2010.
- ++ - Mr. K.AjiKawa resigned as a director as well as managing director of the company w.e.f. 30.05.2011
- 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. H. Takayama	4	1	Member	1	1	Chairman