

***27th Annual Report***  
**2011-2012**

**SHARP**

**SHARP INDIA LIMITED**

**BOARD OF DIRECTORS**

SUNILKUMAR SINHA  
[Chairman & Executive Director]

TAKASHI MIKAMI  
[Managing Director]

MASAHICO NAKAGAWASAI  
[Executive Director]

SANJAY VAIDYA

SANJAY ASHER

HIROAKI 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

**REGISTRARS & TRANSFER AGENTS**

Link Intime India Private Limited  
Flat No. 202, 2nd Floor,  
Akshay Complex,  
Off. Dhole Patil Road,  
Near Ganesh Mandir,  
Pune 411 001.  
Phone No. (020) - 26161629

**NOTICE**

Notice is hereby given that the 27<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 Tuesday, 25<sup>th</sup> September 2012 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 31<sup>st</sup> March 2012 and the Profit and Loss Account for the year ended on 31<sup>st</sup> March 2012 and the Reports of the Auditors and Directors thereon.
2. To appoint a Director in place of Mr. Hiroaki Takayama who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Sanjay Vaidya who retires by rotation and being eligible, offers himself for re-appointment.
4. "Resolved That M/s. S.R.Batilboi & 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. Masahiko Nakagawasai who was appointed as an additional director of the Company by the board of directors and who holds office up to 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. Sunil Kumar Sinha who was appointed as an additional director of the Company by the board of directors and who holds office up to 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 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. Masahiko Nakagawasai as an Executive Director of the Company from 28<sup>th</sup> May 2012 to 27<sup>th</sup> May 2015 on the following terms of remuneration -

1. Salary of Rs.1,10,000 / - (Rupees . One Lacs Ten 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 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 from Japan to India and on return from India to Japan on the 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. Masahiko Nakagawasai as the minimum remuneration notwithstanding that in any financial year of the Company during the term of Mr. Masahiko Nakagawasai's Office as the Executive Director, the Company has made no profits or the profits made are inadequate.

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 269, Schedule- XIII of the Companies Act, 1956, and other applicable provisions, if any of the Companies Act, 1956, subject to the provisions of the Articles of Association of the Company and subject to such other approvals as may be required consent of the Company be and is hereby accorded to the appointment of Mr. Sunil Kumar Sinha, Chairman, as an Executive Director of the Company from 28<sup>th</sup> May 2012 to 27<sup>th</sup> May 2015 and he shall not receive any remuneration."

By Order of the Board of Directors  
**For Sharp India Limited**

Pune  
7<sup>th</sup> August 2012

**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 & 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 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 Saturday, 15<sup>th</sup> September 2012 to Tuesday, 25<sup>th</sup> September 2012 (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 & 7 :

Sharp Corporation, Japan recalled Mr. Tadasu Sakamoto and hence he resigned as the Executive Director as well as the Director of the Company with effect from 25<sup>th</sup> May 2012. In place of Mr. Tadasu Sakamoto, Sharp Corporation, Japan recommended the appointment of Mr. Masahiko Nakagawasai as an Executive Director of the Company with effect from 28<sup>th</sup> May 2012. The Company has made an application to the Ministry of Corporate Affairs for obtaining its approval for the appointment and remuneration payable to Mr. Masahiko Nakagawasai as an Executive Director.

The Board of Directors in its meeting held on 28<sup>th</sup> May 2012 appointed Mr. Masahiko Nakagawasai as an additional director as well as an Executive Director to hold office for a period of three years effective from 28<sup>th</sup> May 2012 to 27<sup>th</sup> May 2015. Mr. Masahiko Nakagawasai's appointment is subject to the approval from the Central Government (Ministry of Corporate Affairs) and that of the members. The remuneration committee has also approved the remuneration payable to Mr. Masahiko Nakagawasai in its meeting held on 28<sup>th</sup> May 2012 and the same is placed before the shareholders for their approval. In terms of section 260 of the Companies Act, 1956, and article 141 of the Articles of Association of the Company, he holds office till the 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. Masahiko Nakagawasai's candidature as a director.

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   | 2010-2011 | 2011-2012 |
|--|-----------|-----------|
| Total Revenue  | 11233.98  | 8414.65   |
| Net Profit/ (Loss)<br>for the year as per<br>Profit & Loss Account | 81.69     | (50.47)   |
| EPS  | 0.31      | (0.19)    |

- (5) **Export performance and net foreign exchange collaborations as on 31.03.2012 - Rs. 452.33 Lakhs**
- (6) **Foreign investments or collaborators, if any, as on 31.03.2012 -** The total Foreign Holdings in the company as on 31.03.2012 were 2,08,93,400 equity shares i.e. 80.53% 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. Masahiko Nakagawasai a Japanese National, aged about 53 years, is a Bachelor of Economics from University of Fukushima, Japan. He has wide experience in the field of Accounts. 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. Masahiko Nakagawasai was paid around 10,500,000 Japanese Yen last financial year as remuneration and was working as the Manager of the Accounting Department of Communications Systems Group, in Japan. Mr. Masahiko Nakagawasai possesses a wide experience in the field of Accounts and his association with the company will be of great help to the company. Subject to the superintendence, control and direction of the Board of Directors of the Company and also subject to the directions from time to time given by the Managing Director, Mr. Masahiko Nakagawasai shall exercise the control and supervise the general conduct and management of the business and affairs of the Company save and except the matters which require approval of the Board under the Companies Act or any other Act or by the Company's Articles of Association. The Executive Director shall exercise and perform such powers and duties as the Board of Directors of the Company may from time to time determine and delegate.

- (3) Remuneration proposed - as set out in the resolution for the Item no.7 The remuneration to the Executive Director has the approval of the Remuneration Committee.
- (4) 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. Masahiko Nakagawasai, the responsibilities shouldered by him, the aforesaid remuneration package is commensurate with the remuneration package paid to managerial position in other Companies.
- (5) Pecuniary relationship directly or indirectly with the company, or relationship with managerial personnel, if any - Besides, the remuneration proposed, Mr. Masahiko Nakagawasai 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:  
Company has accumulated losses & has incurred loss in the current year. Intense competition, increase in input cost and reduction in selling prices, wide & adverse fluctuations in the currency exchange rates 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). Company is also about to start the production of LEDs. The company is also considering adding more products in the near future considering the available resources & facilities. 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. Masahiko Nakagawasai none of the directors are interested in the resolutions. 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.

### ITEM NO. 6 & 8:

Sharp Corporation, Japan, recommended the appointment of Mr. Sunil Kumar Sinha as an Executive Director of the Company with effect from 28<sup>th</sup> May 2012 for a period of three years. He was appointed as an additional director as well as the Executive Director of the Company with effect from 28<sup>th</sup> May 2012 for a period of three years. He was also appointed as the 'Chairman' of the Board of Directors of the company with effect from 28<sup>th</sup> May 2012. His appointment as an Executive Director of the company has been made under section 269 & Schedule- XIII of the Companies Act, 1956, and requires approval of Shareholders of the Company. In terms of section 260 of the Companies Act, 1956 read with 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. Sunil Kumar Sinha's candidature as a director.

Except Mr. Sunil Kumar Sinha none of the directors are interested in the resolutions. 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.

### **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. Hiroaki Takayama is a Joint General Manager of Mizuho Corporate Bank, Limited Mumbai. 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. He is also a director in Kokuyo Camlin Limited.
- ▶ Mr. Sunil Kumar Sinha was appointed as an additional director as well as an Executive Director of the Company with effect from 28<sup>th</sup> May 2012 for a period of three years. He was also appointed as the 'Chairman' of the board of directors from that day. He is a Graduate Engineer & has wide experience in the field of manufacturing, Sales, marketing, management & administration in office automation & consumer electronics business. He is also the Managing Director of Sharp Business Systems (India) Limited and CEO of India region. He does not hold any shares in the Company.
- ▶ Mr. Sanjay 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 Enterprise Ltd, Nandi Highway Developers Ltd., Sahyadri Hospitals Ltd ,MRF Limited, Kalyani Investments Company Ltd and Foundation Brake Manufacturing 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. Masahiko Nakagawasai was appointed as an additional director as well as an Executive Director of the Company for a period of three years effective from 28<sup>th</sup> May 2012. Mr. Masahiko Nakagawasai is aged about 53 years & is a Bachelor of Economics from University of Fukushima , Japan. He has a wide experience in the field of Accounts 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. Hiroaki Takayama and Mr. Sanjay Vaidya 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  
7<sup>th</sup> August 2012

**Mayuresh Vaze**  
**Company Secretary**

**DIRECTORS' REPORT**

To

The Members,

Your Directors have pleasure in presenting their Twenty- Seventh Report together with the Audited Statement of Accounts for the year ended on March 31, 2012.

**1. FINANCIAL RESULTS :**

Rs. In 000

|  | Year<br>ended<br>March 31, 2012 | Year<br>ended<br>March 31, 2011 |
|--|---------------------------------|---------------------------------|
| <b>INCOME</b>  |                                 |                                 |
| Sales and Services (Gross)                               | 969,107                         | 1208,165                        |
| Less : Excise Duty & Service Tax                         | <u>(131,506)</u>                | <u>(89,863)</u>                 |
| Sales and Service income (Net)                           | 837,601                         | 1118,302                        |
| Other Income   | 3,864                           | 5,096                           |
|  | <u>841,465</u>                  | <u>1123,398</u>                 |
| <b>EXPENDITURE</b>                                       |                                 |                                 |
| Manufacturing and other expenses                         | 815,053                         | 1093,009                        |
| Depreciation   | 21,982                          | 16,451                          |
| Financial expense  | 9,470                           | 5,756                           |
|  | <u>846,505</u>                  | <u>1115,216</u>                 |
| <b>PROFIT/(LOSS) BEFORE TAX</b>                          | <u>(5,040)</u>                  | 8,182                           |
| <b>PROVISION FOR TAX</b>                                 |                                 |                                 |
| Wealth tax   | 0,007                           | 0,013                           |
| <b>NET PROFIT / (LOSS) FOR THE YEAR</b>                  | <u>(5,047)</u>                  | 8,169                           |
| <b>PROFIT AND LOSS ACCOUNT,</b><br>beginning of the year | <u>(194,458)</u>                | (202,626)                       |
| <b>PROFIT AND LOSS ACCOUNT</b><br>end of the year,       | <u>(199,505)</u>                | <u>(194,458)</u>                |

**2. OPERATIONS :**

Gross Sales income during the year under review was Rs. 969.107 mn. Effective from 1st April 2011, the company has shifted to a new business model wherein it has focused on its core strength of manufacturing. The products manufactured by the Company have been sold to Sharp Business Systems (India) Limited, (SBSIL) a 100% subsidiary company of Sharp Corporation, Japan. SBSIL will handle the after sales activity for all products manufactured by the Company. Due to the change in the business model, the results of the current financial year are not comparable with the results of the previous financial year.

The net loss of the company for the fiscal 2011- 2012 is Rs. 5.047 mn. This was mainly due to the adverse exchange rate

**3. DIRECTORS :**

Mr. Tadasu Sakamoto resigned as an Executive Director as well as Director of the Company with effect from 25<sup>th</sup> May 2012. The Board places on record their sincere appreciation for the useful contribution made by Mr. Tadasu Sakamoto as an Executive Director.

Mr. Masahiko Nakagawasai was appointed as an additional director of the company with effect from 28<sup>th</sup> May 2012. He was also appointed as an Executive Director of the Company with effect from 28<sup>th</sup> May 2012 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. Masahiko Nakagawasai 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 an Executive Director. His appointment and remuneration is also subject to the approval of the Central Government.

Mr. Tomio Isogai resigned as a Director of the Company with effect from 28<sup>th</sup> May 2012. The Board places on record their sincere appreciation for the useful contribution made by Mr. Tomio Isogai

Mr. Sunil Kumar Sinha was appointed as an additional director of the company with effect from 28<sup>th</sup> May 2012. He was also appointed as an Executive Director of the Company with effect from 28<sup>th</sup> May 2012 for a period of three years. He was also appointed as the 'Chairman' of the board of directors of the Company. He holds the office till the ensuing Annual General Meeting as he has been appointed as an additional director. A notice proposing appointment of Mr. Sunil Kumar Sinha 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. His appointment has been made under Schedule -XIII of the Companies Act, 1956. Members consent is also sought for his appointment as an Executive Director of the Company.

In accordance with the provisions of the Companies Act, 1956, and the Articles of Association of the Company Mr. Hiroaki Takayama and Mr. Sanjay Vaidya 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, 2012, 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 loss 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, 2012 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 in following ways:  
 (i) Reduction of energy consumption by turning off lights, personal computers and other electronic equipments, when not in use;  
 (ii) Timely maintenance and up-gradation of machinery & equipments;(iii)Plantation of trees in the factory (iv).Awareness programs towards optimum utilization of natural resources.

Your company has not imported any new technology during the year under review.

Benefits derived from R&D :

The efforts made by the company have helped in introducing derivative LCD models with unique features & superior technology at competitive costs. These models are designed keeping in view customer requirements.

| <u>Expenditure on R &amp; D :</u>                             | <u>Amount Rs.000</u> |
|---|----------------------|
| Capital   | -                    |
| Recurring   | 4,747                |
| Total   | 4,747                |
| Total R&D Expenditure as a percentage of total sales turnover | 0.56%                |
| <u>Foreign Exchange Earnings and Out go :</u>                 | <u>Amount Rs.000</u> |
| Foreign Exchange outgo  | 739,210              |
| Foreign Exchange earning                                      | 45,232               |

**11. Delisting From Pune Stock Exchange Limited:**

Your Company has been Delisted from Pune Stock Exchange Limited with effect from 1st March 2012 as per the SEBI (Delisting of Equity Shares)Regulations ,2009. Your company will continue to be listed on Bombay Stock Exchange Limited (BSE) which is having nation wide trading terminals.

**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,  
7<sup>th</sup> August 2012

**Takashi Mikami    Masahiko Nakagawasai**  
**Managing Director    Executive Director**

## MANAGEMENT DISCUSSION & ANALYSIS

During the fiscal 2011 -2012 the Indian economy slowed down substantially compared to previous year. GDP growth rate dropped down to around 6.9 per cent to 7 percent. Tight Monetary policy, high inflation, rising interest rates, increasing oil prices and weak business sentiments contributed to the slowdown. The global economy also witnessed a lower economic growth due to Euro Zone crisis, high crude prices and unrest in the Middle East countries.

India's GDP growth in 2012-13 expected to be around 7.6 per cent +/- 0.25 per cent.

### INDUSTRY STRUCTURE & DEVELOPMENT:

Your Company is principally engaged in the manufacture and sale of Colour televisions (CRT TVs) and LCD TVs. The conventional colour television market in India witnessed a sharp decline of 33.3 % for the first time in 2011, from 18 million TV Sets to 12 million units. This decline is perceived as being in line with global trend of a discerning shift towards LCD technology.

The Indian television industry has been undergoing a major shift over the past few years. The conventional CRT TVs are being replaced with LCD TVs. In the LCD TVs there is a continuous technology advancement and decline in the prices.

However, globally India commands major consumption of CRT TV technology. In spite of the upgradation of the technology to LCD TVs, demand for CRT TVs segment is likely to come from tier- II and tier - III cities and rural markets, which are still growing at a considerable rate. In this area Slim & ultra-slim TVs have emerged as the preferred segments. New customers and new markets may well support the falling CRT sales to some extent.

During the current year flat panel TVs which includes LCDs, LEDs & Plasma TVs registered a growth of 50 percent over the previous year. The LEDs, being the latest in technology, received good response from consumers because of its design, high definition and less energy consumption. LED TVs enjoy a share of 15% in India's total flat panel market while LCD TVs dominated the segment with 85%, down by 7% over previous year. The industry also introduced high-end technology products like 3D and smart televisions during the current year. This will have considerable impact on total energy consumption of TVs.

### OPPORTUNITIES AND THREATS :

#### Opportunity:

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

(1) The overall increase in the disposable income, declining prices and shortened replacement cycle are the factors which are expected to sustain the growth momentum. (2) Increasing consumer awareness and preference for new technology like LCD & LED TVs have added to the demand. (3) Easy availability of finance scheme for purchase of the products. (4) In India, the penetration level of consumer durables is lower than in the developed countries. Thus low penetration level offers a huge market opportunity for the industry. (5) The demand for the products from tier- II & tier-III cities and from rural area is increasing. (6) There has been an incremental shift towards organized retail (brands) from the unorganized (unbranded) products. With the rising income, the new generation prefers branded products as compared to unbranded products.

#### Threats:

(1) Due to stiff competition, the industry is facing a constant pressure on margins due its inability to pass on the input cost to the consumers. (2) Increase in Raw material prices is also affecting the profitability of the products. (3) Tight liquidity conditions have led to the increased interest

rates. (4) Frequent changes in technologies is making product life cycle short.

#### Outlook:

In the years to come product mix, brand image, well established distribution network, after sales service and technological superiority will be the factors which will decide the competitive advantage of the industry players. Increase in the TV Channels, increase in consumer base and changing lifestyles, penetration of the TV market in the rural areas is expected to have a good growth in the future too. Your Company will explore manufacturing of other consumer electronic product & will focus on manufacturing of various models of LCD and LED TVs in addition to the current range of CRT & LCD TV in the forthcoming year, which will make your company more competitive. 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 best 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 and volatile and 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) There is a risk of obsolescence of technology. (d) Striking balance between increasing input cost & pressure on prices

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 2011-2012 are dealt with in the Directors' Report. During the current year under review, your company has made a loss of Rupees 5.047 Million. High Interest Rates, ever increasing input costs, inflation, exchange rate fluctuations, immense competition, are the factors which have an effect on the financial results of your company.

### INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The management continuously reviews the internal control systems and procedures leading to orderly and efficient conduct of its business. The company always adheres to the prescribed guidelines with respect to all the transactions to ensure that all its assets are safeguarded properly and protected against losses and from unauthorized use or disposition and that transactions are authorized, recorded and reported correctly.

Internal audit is conducted by an independent Audit firm through out the year to monitor and report on the effectiveness of the internal controls in the organization.

Significant findings of the internal audit are brought to the notice of the Audit Committee and corrective measures are recommended for implementation. Reports of the internal auditors are also continuously reviewed by the management and corrective action initiated to strengthen the controls and enhance the effectiveness of the existing systems.

### 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



its 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, 2012 is 149.

**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 contains a set of principles, process and systems to be followed by Directors, Management and all Employees of the Company for increasing the shareholders' value, keeping in view interest of other stakeholders. While adhering to the above, the Company is committed to integrity, accountability, transparency and compliance with laws in all dealings with the Government, customers, suppliers, employees and other stakeholders. 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 2011-2012.

### • COMPOSITION OF THE BOARD :

The Board of Directors of the Company represents an optimum

combination of Executive Directors, Non - Executive directors and Independent Directors as required under clause 49 of the listing agreement. The total strength of the directors is Six. There are three Executive Directors comprising of Chairman who is an Executive Director, Managing Director and one more Executive Director. The remaining three directors are Non Executive Independent 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 30/05/2011, 05/08/2011, 05/11/2011, & 30/01/2012. 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 2011- 2012 :**

| 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                             | 0                                 | No                        | 1  | 0   | 1      |
| b) # Mr. T. Mikami   | Executive                 | 4                             | 4                                 | Yes                       | 1  | 0   | 0      |
| c) Mr. T. Sakamoto   | Executive                 | 4                             | 4                                 | Yes                       | 1  | 0   | 1      |
| d) Mr. S.S. Vaidya   | Non Executive Independent | 4                             | 4                                 | Yes                       | 10   | 4   | 8      |
| e) Mr. Sanjay Asher  | Non Executive Independent | 4                             | 4                                 | No                        | 14   | 3   | 8      |
| f) Mr. T. Isogai     | Non Executive             | 4                             | 3                                 | Yes                       | 1  | 0   | 1      |
| g) Mr. H.Takayama    | Non Executive Independent | 4                             | 2                                 | No                        | 1  | 1   | 1      |

### Notes :

a) ++ - Mr. K.AjiKawa resigned as a director as well as Managing Director of the company w.e.f. 30.05.2011

b) # - Mr. T.Mikami was appointed as an additional director as well as Managing Director w.e.f 30.05.2011

c) 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                        | 2                           | Member        | 1                               | 0                           | Chairman      |

### • 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 clause 49 of the Listing Agreement.
- Important show cause notices and demand notices.