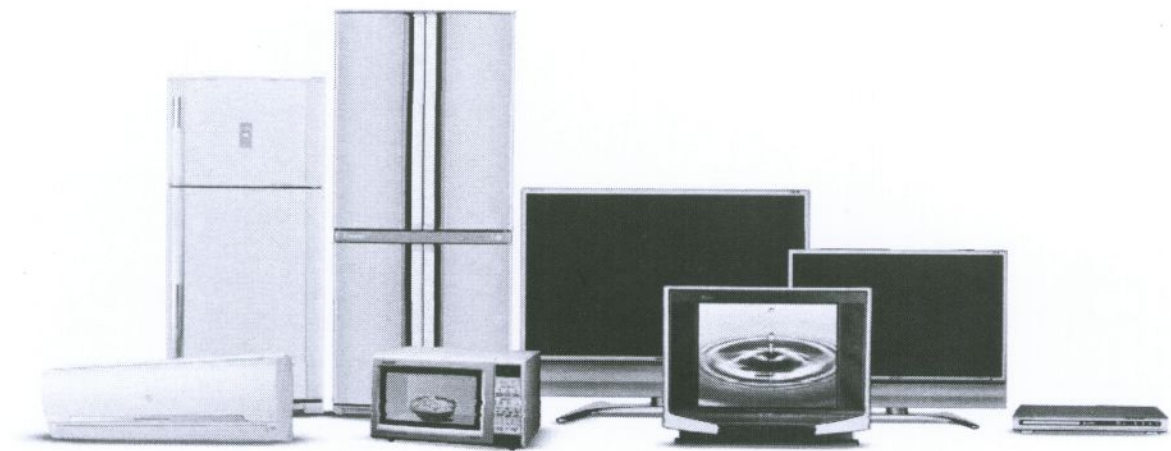


**23rd Annual Report  
2007-2008**



**SHARP**

**SHARP INDIA LIMITED**

**BOARD OF DIRECTORS**

K. AJIKAWA  
[Managing Director]

Y. MIZUNO  
[Executive Director]

M. TAKAHASHI

S. S. VAIDYA

SANJAY ASHER

K KAWAMATA

**23rd ANNUAL GENERAL MEETING**

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

Time : 11.00 A. M.

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

**BANKERS**

STATE BANK OF INDIA

BANK OF INDIA

THE BANK OF TOKYO-MITSUBISHI UFJ LTD.

THE MIZUHO CORPORATE BANK LTD.

CITI BANK N.A.

**SOLICITORS & ADVOCATES**

CRAWFORD BAYLEY & CO., MUMBAI

**AUDITORS**

S. R. BATLIBOI & CO.,  
Chartered Accountants

**REGISTERED OFFICE & FACTORY**

Gat No.686/4, Koregaon Bhima,  
Tal. Shirur, Dist. Pune 412 216

Phone No. (02137) - 252417 / 666520

**REGISTRAR & TRANSFER AGENT**

Intime Spectrum Registry Limited  
Flat No. 202, 2nd Floor,  
Akshay Complex,  
Dhole Patil Road,  
Near Ganesh Mandir,  
Pune 411 001.  
Phone No. (020) - 26051629

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## SHARP INDIA LIMITED

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

### NOTICE

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

#### ORDINARY BUSINESS:

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

#### SPECIAL BUSINESS:

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

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

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

**"RESOLVED THAT** Mr. K. Kawamata who was appointed as an additional director of the Company by the board of directors and who holds office upto the date of this annual general meeting of the Company under section 260 of the Companies Act, 1956, and in respect of whom the Company has received a notice in writing from a member, proposing his candidature for the office of a director, be and is hereby appointed as a director of the company liable to retire by rotation."

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

**"RESOLVED THAT** Mr. K. Ajikawa be and is hereby appointed as a director of the Company."

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

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

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

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

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

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

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

By Order of the Board of Directors  
For Sharp India Limited

Pune  
May 21, 2008,

Mayuresh Vaze  
Company Secretary

#### NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ABOVE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. Explanatory Statement pursuant section 173(2) in respect of item nos. 5, 6, 7 and 8 are annexed hereto.
3. Members are requested to notify any change of address to their Depository Participants (DPs) in respect of their electronic share accounts and to the Registrars & Transfer Agents, Intime Spectrum Registry Limited, 202, 2nd Floor, Akshay Complex, Off Dhole Patil Road, Near Ganesh Mandir, Pune 411 001, in respect of their physical share folios.



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

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

##### **ITEM NO. 5 :**

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

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

##### **ITEM No. 6**

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

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

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

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

The Directors recommend the resolution for acceptance by the Members.

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

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

Managing Director.

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

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

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

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

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

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

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

Pune  
May 21, 2008,

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



## DIRECTORS' REPORT

To

The Members,

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

## 1. FINANCIAL RESULTS :

Rs. In Million

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

## 2. OPERATIONS :

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

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

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

## 3. CERTIFICATES AND MARKS :

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

## 4. INDUSTRIAL RELATIONS:

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

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

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

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

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

Benefits derived from R&D

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

Expenditure on R & D :

Capital	Rs. Nil
Recurring	Rs. 4,322,483
Total	Rs. 4,322,483
Total R&D Expenditure as a percentage of total sales turnover	0.441%

Foreign Exchange Earnings and Out go:

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

Earnings: Rs. Nil

## 6. PARTICULARS OF EMPLOYEES :

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

## 7. DIRECTORS :

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

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

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

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

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

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

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

#### 9. DIRECTORS' RESPONSIBILITY STATEMENT :

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed:

- i.) that in the preparation of the accounts for the financial year ended March 31, 2008, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) that the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;

iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

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

#### 10) AUDITORS:

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

#### 11) ACKNOWLEDGEMENTS :

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

For and on behalf of the Board of Directors

Pune,  
May 21, 2008

K.Ajikawa  
Managing Director

Y. Mizuno  
Executive Director



## MANAGEMENT DISCUSSION & ANALYSIS

### INDUSTRY STRUCTURE AND DEVELOPMENTS:

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

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

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

### OPPORTUNITIES AND THREATS :

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

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

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

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

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

### OUTLOOK:

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

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

### RISKS & CONCERNS:

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

### FINANCIAL AND OPERATIONAL PERFORMANCE:

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

### INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

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

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

### HUMAN RESOURCES:

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

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

### CAUTIONARY STATEMENT:

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

## CORPORATE GOVERNANCE

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

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



• **COMPOSITION OF THE BOARD :**

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

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

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

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

**Table 1 : Details about Board of Directors**

Name of Director	Category	Number of Board Meetings Held	Number of Board Meetings Attended	Whether Attended Last AGM	Number of Directorships of Other Public Limited Companies
a) T. Mori #	Non Executive	4	Nil	No	1
b) T. Yamazaki*	Executive	4	2	No	1
c) K.Ajikawa **	Executive	4	2	Yes	1
d) Y. Mizuno	Executive	4	3	Yes	1
e) S.S. Vaidya	Non Executive Independent	4	4	Yes	8
f) Sanjay Asher***	Non Executive Independent	4	2	No	14
g) Mr.M.Takahashi	Non Executive	4	Nil	No	Nil
h) Mr.M.Eiryu ****	Non Executive Independent	4	4	No	Nil
i) Mr. F. Misuge *****	Non Executive Independent	4	Nil	No	Nil

**Notes:**

- # Mr. T. Mori, resigned w.e.f 21 May 2008
- \* Mr. T. Yamazaki resigned w.e.f. 5 August 2007
- \*\* Mr. K.Ajikawa was appointed as the Managing Director w.e.f 12 August 2007.
- \*\*\*Mr. Sanjay Asher was appointed a director in casual vacancy caused by the resignation of Mr. F.Misuge. He was appointed as the director as aforesaid w.e. f. 23 July 2007.
- \*\*\*\* Mr. M.Eiryu resigned w.e.f.21 May 2008
- \*\*\*\*\* Mr. F. Misuge resigned w.e.f 23 July 2007
- Mr. Katsuhiko Kawamata has been appointed as a Non Executive Independent Director of the Company w.e.f. 21 May 2008.
- None of the directors is a Member of more than 10 Board level committees of the public Companies in which they are directors or is a Chairman of more than 5 such committees as included for the purposes of Corporate Governance laid down by Listing agreement.

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

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



- ② Mr. F. Misuge resigned as a director w.e.f. 23 July 2008 and ceased to be the committee member of audit committee and remuneration committee from that day.
- + Mr.M.Eiryu resigned as a director w.e.f.21 May 2008 and also ceased to be the member of audit committee and Chairman as well as member of remuneration committee from that day.
- ++ Mr. Sanjay Asher was inducted as a Director w.e.f.23 July 2007 and become member of audit committee and 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 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 2007-2008.No payment other than the sitting fees was made to any of the non- Executive directors.

#### • REMUNERATION TO DIRECTORS :

The details of the remuneration package of directors and relationship, if any are given in the following table:

Table 2

Name of the Director	Relationship With other Directors	Sitting Fees (Rs.)	Salaries & Perquisites (Rs.)	Commission (Rs.)	Total (Rs.)
a) Mr. T. Mori	None	Nil	Nil	Nil	Nil
b) Mr. T. Yamazaki	None	Nil	3,33,317	Nil	3,33,317
c) Mr. K. Ajikawa	None	Nil	7,04,608	Nil	7,04,608
d) Mr.Y. Mizuno	None	Nil	11,24,444	Nil	11,24,444
e) Mr. M. Takahashi	None	Nil	Nil	Nil	Nil
f) Mr.S.S.Vaidya	None	2,97,500	Nil	Nil	2,97,500
g) Mr. Sanjay Asher	None	80,000	Nil	Nil	80,000
h) Mr. F.Misuge	None	Nil	Nil	Nil	Nil
i) Mr.M.Eiryu	None	Nil	Nil	Nil	Nil

The payments made to the Executive Directors are in the nature of salary and perquisites as approved by the Remuneration Committee and the shareholders as required 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. No other remuneration is paid to the Independent Directors. 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.

#### • 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. M. Eiryu (Chairman), Mr. S.S. Vaidya, and Mr. F. Misuge as the Members. The Committee met on July 23, 2007 and Mr. M. Eiryu and Mr. S. S. Vaidya attended the meeting. Mr.F. Misuge resigned from the Board with effect from 23 July 2007 and also ceased to be the member of the remuneration committee and hence the remuneration committee was reconstituted on 23 July 2007 by inducting Mr. Sanjay Asher, Independent Director of the Company as the member of the Committee and since 23 July 2007 the committee consisted of Mr. M. Eiryu (Chairman), Mr. S.S. Vaidya, and Mr. Sanjay Asher as the Members. Mr .M. Eiryu , Chairman of the Committee resigned as a Director with effect from 21<sup>st</sup> May 2008 and also ceased to be the committee Chairman and member and once again the committee was

reconstituted with effect from 21<sup>st</sup> May 2008 by inducting Mr. Katsuhiko Kawamata, Independent Director of the Company as the Chairman of the Committee and since 21<sup>st</sup> May 2008 the committee consists of Mr. Katsuhiko Kawamata (Chairman), Mr. S.S. Vaidya and Mr.Sanjay Asher as the members.

#### • 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. F. Misuge and Mr. Eiryu as the members. Mr. F. Misuge , resigned from the Board with effect from 23 July 2007 and hence also ceased to be the member of the audit committee and hence the audit committee was reconstituted on 23 July 2008 by inducting Mr. Sanjay Asher, Independent Director of the Company as the member of the Committee and since 23th July 2007 the audit committee consisted of Mr. S.S.Vaidya (Chairman), Mr. M. Eiryu, and Mr. Sanjay Asher as the Members. Mr .M. Eiryu , resigned as a Director with effect from 21<sup>st</sup> May 2008 and also ceased to be a member of the audit committee. and once again the audit committee was reconstituted with effect from 21<sup>st</sup> May 2008 by inducting Mr. Katsuhiko Kawamata, Independent Director of the Company as the Member of the Committee and since 21<sup>st</sup> May 2008 the audit committee consists of Mr. S.S. Vaidya, (Chairman) , Mr. Katsuhiko Kawamata and Mr.Sanjay Asher as the members.

The Audit Committee met 4 (four) times in the year on May 21, 2007, July 23, 2007, October 29, 2007 and January 24, 2008. 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
8. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.



9. Discussion with external auditors before the audit commences, nature and scope of audit as well as have post-audit discussion to ascertain any area of concern.
10. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.

• **SHAREHOLDERS'/INVESTORS' GRIEVANCE AND TRANSFER COMMITTEE:**

The Committee handles redressal of shareholders' and investors' complaints and oversees transfer of shares as well. The committee at the beginning of the year consisted of Mr. S.S. Vaidya (Chairman), Mr. T. Yamazaki and Mr. Y. Mizuno as the members. Mr. T. Yamazaki resigned as a Director as well as Managing Director of the Company with effect from 5 August 2007 and hence ceased to be a member of the committee. Mr. K. Ajikawa, Managing Director of the Company was inducted as a Member of the Committee with effect from 12 August 2007 and hence the committee was reconstituted with effect from 12 August 2007 consisting of Mr. S.S. Vaidya (Chairman), Mr. K. Ajikawa and Mr. Y. Mizuno as the Members. The status of complaints is reported to the Committee as well as the Board of Directors. The Committee met 19 times during the year 2007 - 2008. All queries pertaining to non-receipt of annual reports, redemption of debentures, transfer of shares, duplicate share certificates, change of address, dematerialization, rematerialization of shares, etc. were resolved to the satisfaction of the shareholders /investors.

Mr. Mayuresh Vaze, Company Secretary is the Compliance Officer. The Board has authorized Mr. Mayuresh Vaze to expedite process of share transfer and investors' grievances redressal.

The Shareholders' / Investor's Grievance and Transfer Committee has been delegated the powers to consider the transfer and transmission related issues and meets every fortnightly to look after share transfer process and redressal of investor's complaints. Intime Spectrum Registry Limited, Pune, the Registrar & Transfer Agents conduct the share transfer work.

• **MANAGEMENT DISCUSSION AND ANALYSIS :**

A separate chapter on Management Discussion & Analysis is incorporated in the Annual Report.

• **DISCLOSURES**

There has been no instances of non-compliance by the Company. There are no penalties, strictures imposed on the Company by any Stock Exchange or SEBI or any statutory authority on any matter related to capital market, during the last year.

None of the Senior Management Personnel has material, financial

and commercial interest in the transactions that may have a potential conflict with that of the Company. As required by clause 49(IV)(F)(ii) of the Listing Agreement the Senior Management Personnel have given declarations to that effect.

There are no significant related party transactions of material nature, with its directors or their relatives, the management or any relative of the Senior Management personnel that may have potential conflict with the interests of the Company. Some of the employees nominated by Sharp Corporation, Japan holding positions in the Senior Management may be deemed to be interested as employees of Sharp Corporation, Japan.

**AFFIRMATION OF COMPLIANCE OF CODE OF CONDUCT**

The Board of Directors of the company has laid down a Code of conduct for all its Board Members and the Senior Management Personnel of the Company. All the Board Members and Senior Management Personnel of the Company have affirmed compliance of the said Code of Conduct and I hereby confirm the same.

Sd/-

*Managing Director*

The Code of Conduct can be viewed on the company's website [www.sharpindialimited.com](http://www.sharpindialimited.com).

• **COMMUNICATION TO SHAREHOLDERS :**

The Company has its own website- [www.sharpindialimited.com](http://www.sharpindialimited.com) - for the benefit of the various stakeholders like customers, suppliers, investors and public at large. The Shareholding Pattern, Unaudited and Audited Financial Results are uploaded on the company's website and also on SEBI's website viz. [www.sebi.gov.in](http://www.sebi.gov.in) through EDIFAR System of Filing. Annual Report is also available on SEBI'S website. Since the company deals only in one primary segment of products i.e. consumer durables, segment wise reporting as required by AS-17 issued by Institute of Chartered Accountants of India is not applicable. The quarterly unaudited results and audited yearly results are published generally in Financial Express (English daily) and Loksatta (Marathi daily). The shareholders can seek communication with the Company on the email address dedicated for investor communication – [mayuresh.vaze@sharpindialimited.com](mailto:mayuresh.vaze@sharpindialimited.com).

• **DETAILS OF GENERAL BODY MEETINGS FOR LAST THREE YEARS:**

Financial Year	Date	Time	Venue
March 31, 2005	June 30, 2005	11:00 a.m.	Registered Office
March 31, 2006	Sept. 9, 2006	11:00 a.m.	Registered Office
March 31, 2007	August 21, 2007	11:00 a.m.	Registered Office

During the year no resolutions were put through postal ballot.

**CERTIFICATE ON CORPORATE GOVERNANCE – MARCH 31, 2008**

To,

The Members of Sharp India Limited

I have examined the compliance of conditions of Corporate Governance by Sharp India Limited ("the Company") for the year ended March 31, 2008 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. My examination was limited to procedure and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

I state that no investor grievance is pending for a period exceeding one-month against the Company as per the records maintained by the Shareholders/Investor Grievance Committee.

I further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Date: May 21, 2008  
Place: Pune

Sridhar G. Mudaliar  
Company Secretary  
Membership No.: ACS10535  
C P No : 2664



**ADDITIONAL INFORMATION TO SHAREHOLDERS****1. ANNUAL GENERAL MEETING :**

Date : 29<sup>th</sup> August 2008  
 Time : 11:00 a.m.  
 Venue : Registered Office of the Company at  
 Gat No.686/4, Koregaon Bhima,  
 Tal. Shirur, Dist. Pune 412 216

**2. FINANCIAL YEAR :** April 1 to March 31**3. BOOK CLOSURE :** The Books will be closed from Thursday, 21<sup>st</sup> August 2008 to Friday, 29<sup>th</sup> August, 2008 (both days inclusive) as Annual Closure for the Annual General Meeting**4. FINANCIAL CALENDAR -****(Tentative and subject to change)**

- : Results for quarter ending June 30, 2008 – Last week of July 2008
- : Results for quarter and half-year ending September 30, 2008 – Last week of October 2008
- : Results for quarter and nine months ending December 2008 – Last week of January 2009
- : Results for the year ending March 31, 2009 – Last Week of May 2009

**5. LISTING ON STOCK EXCHANGES:**

The shares of the Company are listed on Bombay Stock Exchange Limited and Pune Stock Exchange Limited. The Company has paid the Listing fee for the year 2008-09 to both the Stock Exchanges.

**6. STOCK CODE AND ISIN**

Stock codes : Pune Stock Exchange Limited, **KALSH**  
 : Bombay Stock Exchange Limited,  
**523449**

ISIN : INE207B01011 with NSDL and CDSL

**7. MARKET PRICE DATA:**

The monthly High and Low prices of the Equity Shares of the Company quoted on the Bombay Stock Exchange Limited along with the monthly Sensex for the year 2007 -2008 is given below.

**Table 3**

MONTH	HIGH (Rs.)	LOW (Rs.)	BSE Sensex	
			High	Low
April 2007	25.95	21.75	14383.72	12425.52
May 2007	38.80	22.10	14576.37	13554.34
June 2007	48.60	32.50	14683.36	13946.99
July 2007	79.80	41.90	15868.85	14638.88
August 2007	78.40	52.20	15542.40	13779.88
Sept. 2007	79.30	57.00	17361.47	15323.05
Oct. 2007	70.00	49.25	20238.16	17144.58
Nov. 2007	57.00	40.30	20204.21	18182.83
Dec. 2007	58.95	43.00	20498.11	18886.40
Jan. 2008	77.80	35.10	21206.77	15332.42
Feb. 2008	50.00	35.50	18895.34	16457.74
March 2008	37.00	19.50	17227.56	14677.24

**8. REGISTRAR AND SHARE TRANSFER AGENTS AND SHARE TRANSFER SYSTEM :**

Consequent to the acquisition of the R & T Agency business of M/s MCS Limited, Pune by M/s Intime Spectrum Registry Limited,

the company has appointed M/s Intime Spectrum Registry Limited as its Registrar and Share Transfer Agents. Intime Spectrum Registry Limited deals with all matters pertaining to transfers, transmissions, subdivisions and consolidation of Company's securities as also correspondence for holdings in Physical or Dematerialized form and replying to investor queries. There are no legal proceedings against the Company on any share transfer matter.

**9. SHAREHOLDING PATTERN (as on March 31, 2008):**

Category	No. of Shares	% of Shareholding
Promoters	20,755,200	80.000
Foreign Institutional Investor	800	0.003
Bodies Corporate	492,041	1.896
Indian Public	4,645,372	17.907
Bank/ Mutual Funds	2,100	0.008
NRIs / OCBs	48,487	0.186
<b>TOTAL</b>	<b>25,944,000</b>	<b>100.00</b>

**10. Distribution of Shareholding as on March 31, 2008**

Shareholding of Nominal Value of		Share		Share Amount	
Rs.	Rs.	Number of Shareholders	% to Total	Rs.	% to Total
(1)	(2)	(3)	(4)	(5)	(6)
Upto - 5,000	13291	91.97	18,426,320	7.10	
5,001 - 10,000	600	4.15	5,183,560	1.99	
10,001 - 20,000	262	1.81	4,151,990	1.60	
20,001 - 30,000	79	0.54	2,071,230	0.79	
30,001 - 40,000	47	0.32	1,684,270	0.64	
40,001 - 50,000	43	0.29	2,069,180	0.79	
50,001 - 100,000	74	0.51	5,496,900	2.11	
100,001 and above	55	0.38	220,356,550	84.93	
<b>TOTAL</b>	<b>14451</b>	<b>100.00</b>	<b>259,440,000</b>	<b>100.00</b>	

**11. Dematerialisation:**

The Company's Equity Shares are under compulsory dematerialized (demat) mode of trading. As on March 31, 2008, shares in dematerialized form accounted for 15.59% of total equity.

**12. Details of Public funding obtained in the last three years:**

No capital has been raised from Public during the last three years.

**13. Outstanding GDRs / ADRs / Warrants and their likely impact on Equity:**

There are no outstanding GDRs / ADRs / Warrants or other instruments.

**14. Address for Investor Correspondence:**

1) Secretarial Department,  
**Sharp India Limited,**  
 Gat No.686/4, Koregaon Bhima,  
 Tal. Shirur, Dist. Pune 412 216  
 Phone No. (02137) 252417  
 Fax No. (02137) 252453  
 Email ID: mayuresh.vaze@sharpindialimited.com

2) Intime Spectrum Registry Limited,  
 202, 2nd Floor Akshay Complex,  
 Off. Dhule Patil Road, Near Ganesh Mandir,  
 Pune- 411 001 Tel: (020) 26051629  
 Fax: No.(020)- 2605 3503  
 Email: pune@intimespectrum.com



## AUDITORS' REPORT

To

## The Members of Sharp India Limited

1. We have audited the attached balance sheet of Sharp India Limited as at March 31, 2008 and also the profit and loss account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
  - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

- iii. The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
- iv. In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- v. On the basis of the written representations received from the directors, as on March 31, 2008, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2008;
  - b) in the case of the profit and loss account, of the loss for the year ended on that date; and
  - c) in the case of cash flow statement, of the cash flows for the year ended on that date.

For S. R. BATLIBOI & Co.  
Chartered Accountants

per Arvind Sethi  
Partner

Membership No.: 89802

Pune  
May 21, 2008

## Annexure referred to in paragraph 3 of our report of even date

## Re: Sharp India Limited

1. (i) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- (ii) Fixed assets were physically verified by management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and the nature of its assets.
- (iii) There was no substantial disposal of fixed assets during the year.
2. (i) Management has conducted physical verification of inventory at reasonable intervals.
- (ii) The procedures of physical verification of inventory followed by management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (iii) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
3. As informed to us, the Company has not granted / taken any loans, secured or unsecured to / from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, paragraphs 4(iii) (a), (b), (c), (d), (e), (f) and (g) of the Companies (Auditors Report) Order, 2003 (as amended) are not applicable.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit no major weakness has been noticed in the internal control system in respect of these areas.
5. According to the information and explanations provided by management, we are of the opinion that there are no particulars of contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 and hence clauses 4(v), (a) and (b) of the Companies (Auditors Report) Order, 2003 (as amended) are not applicable.
6. The Company has not accepted any deposits from the public and hence clause 4(vi) of the Companies (Auditors Report) Order, 2003 (as amended) is not applicable.
7. In our opinion, the Company has an internal audit system, which is commensurate with the size and nature of its business.
8. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determining whether they are accurate or complete.
9. (i) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees state insurance, income-tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it.
- (ii) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees state insurance, income-tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (iii) According to the information and explanations given to us and the records of the Company examined by us, the particulars of disputed amounts of income-tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess as at March 31, 2008, which have not been deposited, are referred to as below:

Name of the statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
Excise Duty	MODVAT on WIP destroyed in fire	3,504,746	1999-2000	Customs/Central Excise and Service Tax Appellate Tribunal
Excise Duty	Remission of Excise Duty on Finished Goods destroyed in fire	7,778,232	1999-2000	Customs/Central Excise and Service Tax Appellate Tribunal
Service Tax	Service Tax on Royalty paid to Sharp Corporation, Japan	478,629	August 2002 to March 2004	Commissioner Central Excise

10. The Company's accumulated losses at the end of the financial year are less than fifty percent of its net worth. The Company has not incurred a cash loss during the current and immediately preceding year.
11. Based on our audit procedures and according to the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to banks. The company did not have any dues payable to a financial institution or any debentures outstanding during the current year.
12. According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities and hence clause 4(xii) of the Companies (Auditors Report) Order, 2003 (as amended) is not applicable.
13. In our opinion and according to the information and explanations given to us, the nature of activities of the Company does not attract any special statute applicable to chit fund and nidhi / mutual benefit fund/societies and hence clause 4(xiii) of the Companies (Auditors Report) Order, 2003 (as amended) is not applicable.
14. In our opinion, the Company does not deal or trade in shares, securities, debentures and other investments and hence clause 4(xiv) of the Companies (Auditors Report) Order, 2003 (as amended) is not applicable.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions and hence clause 4(xv) of the Companies (Auditors Report) Order, 2003 (as amended) is not applicable.
16. The Company did not have any term loans outstanding during the year and hence clause 4(xvi) of the Companies (Auditors Report) Order, 2003 (as amended) is not applicable.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment by the Company.
18. The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956 and hence clause 4(xvii) of the Companies (Auditors Report) Order, 2003 (as amended) is not applicable.
19. The Company did not have any outstanding debentures during the year and hence clause 4(xix) of the Companies (Auditors Report) Order, 2003 (as amended) is not applicable.
20. The Company has not raised any money through a public issue during the year and hence clause 4(xx) of the Companies (Auditors Report) Order, 2003 (as amended) is not applicable.
21. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For S. R. BATLIBOI & Co.  
Chartered Accountants

per Arvind Sethi  
Partner

Membership No.: 89802

Pune  
May 21, 2008

**BALANCE SHEET AS AT MARCH 31, 2008**  
(All amounts in thousands of Rupees, unless otherwise stated)

	<u>Schedules</u>	<u>2008</u>	<u>2007</u>
<b><u>SOURCES OF FUNDS</u></b>			
<b>Shareholders' Funds</b>			
Share capital	1	259,440	259,440
Reserves and surplus	2	180,600	180,600
		<u>440,040</u>	<u>440,040</u>
<b>Loan Funds</b>			
Secured loans	3	14,421	26,232
Unsecured loans	4	100,000	260,000
		<u>114,421</u>	<u>286,232</u>
		<u>554,461</u>	<u>726,272</u>
<b><u>APPLICATION OF FUNDS</u></b>			
<b>Fixed Assets (including intangible assets)</b>			
Gross Block	5	865,782	846,323
Less: Accumulated Depreciation/Amortisation		<u>733,645</u>	<u>717,589</u>
Net Block		132,137	128,734
Capital work-in-progress including capital advances		<u>1,750</u>	-
		<u>133,887</u>	<u>128,734</u>
<b>Investments</b>			
	6	36	37
<b>Current Assets, Loans and Advances</b>			
Inventories	7	159,091	296,622
Sundry debtors	8	115,007	296,273
Cash and bank balances	9	34,627	73,656
Loans and advances	10	90,150	99,638
		<u>398,875</u>	<u>766,189</u>
<b>Less: Current Liabilities and Provisions</b>			
Current liabilities	11	191,652	364,347
Provisions	12	6,192	6,026
		<u>197,844</u>	<u>370,373</u>
<b>Net Current Assets</b>			
		201,031	395,816
<b>Profit and Loss account</b>			
		219,507	201,685
		<u>554,461</u>	<u>726,272</u>

**Notes to Accounts**

19

The schedules referred to above and Notes to Accounts form an integral part of the Balance Sheet

As per our report of even date

For and on behalf of the Board of Directors

**S. R. Batliboi & Co.**  
Chartered Accountants

**K. Ajikawa**  
Managing Director

**Y. Mizuno**  
Executive Director

Pune  
May 21, 2008

per **Arvind Sethi**  
Partner  
Membership No. : 89802

Pune  
May 21, 2008

**M. P. Vaze**  
Company Secretary



**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2008**

(All amounts in thousands of Rupees, unless otherwise stated)

	<u>Schedules</u>	<u>2008</u>	<u>2007</u>
<b>INCOME</b>			
Sales and service income (Gross)	13	986,053	1,411,718
Less: Excise duty		(71,862)	(108,433)
Sales and service income (Net)		914,191	1,303,285
Other income	14	18,153	15,015
		<u>932,344</u>	<u>1,318,300</u>
<b>EXPENDITURE</b>			
Raw materials and components consumed	15	214,537	394,254
Purchase of traded products		306,663	681,418
Personnel expenses	16	109,665	92,374
Operating and other expenses, net	17	141,139	217,008
(Increase)/Decrease in work-in-progress and finished goods		138,243	(113,742)
Depreciation/Amortisation, net	5	17,870	24,607
Financial expenses	18	20,793	20,968
		<u>948,910</u>	<u>1,316,887</u>
<b>PROFIT/(LOSS) BEFORE TAX</b>		(16,566)	1,413
<b>PROVISION FOR TAX</b>			
Wealth tax(charge)/reversal		(20)	(3)
Fringe Benefit Tax		(1,236)	(1,305)
<b>NET PROFIT/(LOSS) FOR THE YEAR</b>		<u>(17,822)</u>	<u>105</u>
<b>BALANCE BROUGHT FORWARD FROM PREVIOUS YEAR</b>		<u>(201,685)</u>	<u>(201,790)</u>
<b>PROFIT AND LOSS ACCOUNT, balance at end of year</b>		<u>(219,507)</u>	<u>(201,685)</u>
Basic and diluted loss per share (in Rupees)		(0.687)	0.004
Weighted average number of shares outstanding during the year		25,944,400	25,944,400
Nominal value of shares (in Rupees)		10	10

**Notes to Accounts**

19

The schedules referred to above and Notes to Accounts form an integral part of the Profit and Loss account

As per our report of even date

For and on behalf of the Board of Directors

**S. R. Batliboi & Co.**  
Chartered Accountants

**K. Ajikawa**  
Managing Director

**Y. Mizuno**  
Executive Director

Pune  
May 21, 2008

per **Arvind Sethi**  
Partner  
Membership No. : 89802

Pune  
May 21, 2008

**M.P. Vaze**  
Company Secretary

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2008

(All amounts in thousands of Rupees, unless otherwise stated)

	<u>2008</u>	<u>2007</u>
<b>CASH FLOWS PROVIDED BY/(USED IN) OPERATING ACTIVITIES:</b>		
Net Profit/(Loss) before tax	(16,566)	1,413
Adjustments to reconcile profit/(loss) before tax to cash provided by operations:		
Depreciation	17,870	24,607
(Profit) / Loss on sale of fixed assets, net	257	(1)
Interest expense	20,793	20,968
Provision for doubtful debts	4,332	23,548
Operating profit before working capital changes	26,686	70,535
(Increase)/Decrease in Current Assets, Loans and Advances		
Inventories	137,531	(109,997)
Sundry debtors	176,934	(18,330)
Loans and advances	9,488	(31,273)
(Decrease)/Increase in current liabilities and provisions	(171,498)	61,168
Cash used in / provided by operating activities	179,141	(27,897)
Income-tax payment	(1,309)	(2,422)
Net cash provided by /(used in) operating activities	<u>177,832</u>	<u>(30,319)</u>
<b>CASH FLOWS PROVIDED BY/(USED IN) INVESTING ACTIVITIES:</b>		
Purchase of fixed assets	(23,435)	(5,568)
Proceeds from sale of fixed assets/settlement of insurance claim	155	331
Sale of Investments	1	-
Net cash provided by /(used in) investing activities	<u>(23,279)</u>	<u>(5,237)</u>
<b>CASH FLOWS PROVIDED BY/(USED IN) FINANCING ACTIVITIES:</b>		
Proceeds from/(repayment of) short-term secured loans	(11,811)	6,637
Proceeds from/(repayment of) short-term unsecured loans	(160,000)	60,000
Interest paid	(21,771)	(21,394)
Net cash provided by /(used in) financing activities	<u>(193,582)</u>	<u>45,243</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(39,029)</b>	<b>9,687</b>
CASH AND CASH EQUIVALENTS, beginning of year [Refer Schedule 9]	<u>73,656</u>	<u>63,969</u>
CASH AND CASH EQUIVALENTS, end of year [Refer Schedule 9]	<u><u>34,627</u></u>	<u><u>73,656</u></u>

The schedules referred to above and Notes to Accounts form an integral part of the Cash Flow Statement

As per our report of even date

For and on behalf of the Board of Directors

S. R. Batliboi & Co.  
Chartered AccountantsK. Ajikawa  
Managing DirectorY. Mizuno  
Executive DirectorPune  
May 21, 2008per Arvind Sethi  
Partner  
Membership No. : 89802Pune  
May 21, 2008M. P. Vaze  
Company Secretary



**SCHEDULES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2008**

(All amounts in thousands of Rupees, unless otherwise stated)

<b>1. SHARE CAPITAL</b>	<b><u>2008</u></b>	<b><u>2007</u></b>
Authorised		
40,000,000 (2007 - 40,000,000) equity shares of Rs 10/- each	<u>400,000</u>	<u>400,000</u>
Issued and subscribed		
25,944,000 (2007 - 25,944,000) equity shares of Rs 10/- each, fully paid-up	<u>259,440</u>	<u>259,440</u>
Of the above, 20,755,200 (2007 - 20,755,200) equity shares of Rs 10/- each, are held by Sharp Corporation, Japan, the Holding Company.		
<b>2. RESERVES AND SURPLUS</b>	<b><u>2008</u></b>	<b><u>2007</u></b>
Capital reserve		
- Special capital incentive received from the Government of Maharashtra	2,000	2,000
Securities premium account	<u>178,600</u>	<u>178,600</u>
	<u>180,600</u>	<u>180,600</u>
<b>3. SECURED LOANS</b>	<b><u>2008</u></b>	<b><u>2007</u></b>
Cash credit from banks	<u>14,421</u>	<u>26,232</u>
The above is secured by first hypothecation charge on the Company's entire stock of raw materials, finished goods, work-in-progress, consumable stores, and spares and book debts and second charge on the Company's movable plant and machinery.		
<b>4. UNSECURED LOANS</b>	<b><u>2008</u></b>	<b><u>2007</u></b>
Loans from banks	<u>100,000</u>	<u>260,000</u>
Aggregate amount of unsecured loans from banks repayable within one year	<u>100,000</u>	<u>260,000</u>

## 5. FIXED ASSETS (INCLUDING INTANGIBLE ASSETS)

	Land- Freehold	Factory Buildings	Plant and machinery	Moulds, jigs and fixtures	Furniture fittings and equipments	Computers	Vehicles	Total	Previous Year	SAP Software	Technical know how	Total	Previous Year	Grand Total	Grand Total Previous year
<b>Gross Block</b>															
At 01.04.2007	1,931	90,916	363,185	262,054	30,605	48,952	9,844	807,487	815,175	25,236	13,600	38,836	38,386	846,323	854,011
Additions	-	-	4,133	12,070	922	3,350	1,174	21,649	5,568	36	-	36	-	21,685	5,568
Deductions	-	-	-	-	1,083	508	635	2,226	13,256	-	-	-	-	2,226	13,256
<b>At 31.03.2008</b>	<b>1,931</b>	<b>90,916</b>	<b>367,318</b>	<b>274,124</b>	<b>30,444</b>	<b>51,794</b>	<b>10,383</b>	<b>826,910</b>	<b>807,487</b>	<b>25,272</b>	<b>13,600</b>	<b>38,872</b>	<b>38,836</b>	<b>865,782</b>	<b>846,323</b>
<b>Depreciation/Amortisation</b>															
At 01.04.2007	-	32,592	325,746	250,254	19,792	46,854	4,584	679,822	672,049	24,167	13,600	37,767	33,861	717,589	705,910
For the year	-	2,820	5,916	4,329	1,610	1,180	967	16,822	20,701	1,048	-	1,048	3,906	17,870	24,607
Deletions	-	-	-	-	749	507	558	1,814	12,928	-	-	-	-	1,814	12,928
<b>At 31.03.2008</b>	<b>-</b>	<b>35,412</b>	<b>331,662</b>	<b>254,583</b>	<b>20,653</b>	<b>47,527</b>	<b>4,993</b>	<b>694,830</b>	<b>679,822</b>	<b>25,215</b>	<b>13,600</b>	<b>38,815</b>	<b>37,767</b>	<b>733,645</b>	<b>717,589</b>
<b>Net Block</b>															
At 31.03.2008	1,931	55,504	35,656	19,541	9,791	4,267	5,390	132,080	127,665	57	-	57	1,069	132,137	128,734
At 31.03.2007	1,931	58,324	37,439	11,800	10,813	2,098	5,260	127,665	143,126	1,069	-	1,069	4,975	128,734	

The Company had paid Rs 1,812 for the acquisition of land at Koregaon Bhima. Although the Company possesses the title deeds to this land, the final purchase consideration is still to be determined. Management believes that no additional claims are likely to be made against the Company consequent to the finalisation of the purchase consideration.



## 6. INVESTMENTS

	Number		Face value per unit	Cost	
	<u>2008</u>	<u>2007</u>	<u>Rupees</u>	<u>2008</u>	<u>2007</u>
<b>Long term, non-trade, quoted</b>					
Equity Shares (fully paid-up)					
Videocon Industries Limited	20	20	10	5	5
BPL Limited	100	100	10	13	13
MIRC Electronics Limited	1000	1000	01	4	4
Panasonic AVC Networks India Co. Ltd. (Formerly Matsushita Television and Audio India Limited)	-	100	10	-	1
				<u>22</u>	<u>23</u>
Aggregate market value of quoted non-trade investments				<u>27</u>	<u>33</u>
Philips (India) Limited [ <b>Long-term, non-trade, unquoted</b> ]	100	100	10	<u>14</u>	<u>14</u>

## 7. INVENTORIES

	<u>2008</u>	<u>2007</u>
Raw materials and components	48,225	30,562
Stores and packing materials	304	343
Work-in-progress	993	3,883
Traded and manufactured finished goods	100,454	209,809
Materials-in-transit-traded goods	6,897	32,895
Materials-in-transit-raw materials	2,218	19,130
	<u>159,091</u>	<u>296,622</u>

## 8. SUNDRY DEBTORS (unsecured)

	<u>2008</u>	<u>2007</u>
Debts outstanding for a period exceeding six months		
- Considered good	15,793	22,105
- Considered doubtful	90,746	86,414
	<u>106,539</u>	<u>108,519</u>
Less: Provision for doubtful debts	(90,746)	(86,414)
	<u>15,793</u>	<u>22,105</u>
Other debts - considered good	99,214	274,168
	<u>115,007</u>	<u>296,273</u>

There are no debts due from companies under the same management.

## 9. CASH AND BANK BALANCES

	<u>2008</u>	<u>2007</u>
Cash in hand	129	134
Balances with scheduled banks		
- current accounts	2,815	3,070
- cash credit accounts	1,915	399
Cheques in hand and in transit	29,768	70,053
	<u>34,627</u>	<u>73,656</u>

	<u>2008</u>	<u>2007</u>
<b>10. LOANS AND ADVANCES</b> (unsecured, considered good)		
Advances recoverable in cash or kind or for value to be received	71,612	81,206
Balances with customs and excise authorities	5,486	8,280
Sundry deposits	13,052	10,152
	<u>90,150</u>	<u>99,638</u>
Included in 'Advances recoverable in cash or kind or for value to be received':		
Dues from companies under the same management as listed below:		
	<u>2008</u>	<u>2007</u>
Sharp Electronics Malaysia SDN	1,039	790
Sharp Manufacturing Thailand Co. (Thailand) Ltd.	367	5,322
Sharp Appliances (Thailand) Ltd.	25	-
Sharp-Roxy Corporation (M) Sdn.Bhd.	348	-
Sharp Business Systems India Limited	1,435	-
Maximum amount outstanding during the year, from companies under the same management as listed below:		
	<u>2008</u>	<u>2007</u>
Sharp Electronics Malaysia SDN	1,265	790
Sharp Manufacturing Thailand Co. (Thailand) Ltd.	4,975	5,322
Sharp Appliances (Thailand) Ltd.	25	-
Sharp-Roxy Corporation (M) Sdn.Bhd.	348	-
Sharp Business Systems India Limited	1,435	-
<b>11. CURRENT LIABILITIES</b>	<u>2008</u>	<u>2007</u>
Acceptances	28,254	47,724
Sundry creditors (see note below)	121,956	277,878
Other liabilities	38,555	36,772
Security deposits and advances from customers	2,868	1,364
Interest accrued but not due on loans	19	609
	<u>191,652</u>	<u>364,347</u>
As at March 31, 2008, no supplier has intimated the Company about its status as micro or small enterprise or its registration with the appropriate authority under the Micro Small and Medium Enterprises Development Act, 2006, hence the total outstanding dues to micro, small and medium enterprises have not been provided.		
<b>12. PROVISIONS</b>	<u>2008</u>	<u>2007</u>
Provision for bonus	2,040	1,037
Provision for taxation, net of payments	1,253	1,306
Provision for product warranties	2,899	3,683
	<u>6,192</u>	<u>6,026</u>
<b>13. SALES AND SERVICE INCOME</b>	<u>2008</u>	<u>2007</u>
Sale of products	979,592	1,404,875
Service income	6,461	6,843
	<u>986,053</u>	<u>1,411,718</u>
<b>14. OTHER INCOME</b>	<u>2008</u>	<u>2007</u>
Sale of scrap	1,262	1,926
Sales tax assessment refunds	9,720	12,345
Miscellaneous income	6,131	49
Sundry credit balances written back (net)	1,040	695
	<u>18,153</u>	<u>15,015</u>



<b>15. RAW MATERIALS AND COMPONENTS CONSUMED</b>	<b>2008</b>	<b>2007</b>
Opening balance	49,692	53,122
Add: Purchases during the year	215,288	390,824
Less: Closing balance	50,443	49,692
	<u>214,537</u>	<u>394,254</u>
<b>16. PERSONNEL EXPENSES</b>	<b>2008</b>	<b>2007</b>
Salaries, wages and bonus	75,574	70,952
Staff welfare	12,258	11,409
Contributions to provident and other funds	21,833	10,013
	<u>109,665</u>	<u>92,374</u>
<b>17. OPERATING AND OTHER EXPENSES, net</b>	<b>2008</b>	<b>2007</b>
Advertisements, net [See Schedule 19(9)]	10,647	14,052
Freight, octroi and transit insurance	40,582	58,771
Sales promotion, net	18,004	28,234
Stores and packing materials consumed	11,495	17,003
Travel	15,053	13,187
Rent	14,362	10,719
Communication expenses	10,069	9,662
Excise duty on closing stock, net	(2,717)	8,846
Repairs and maintenance:		
- Plant and machinery	714	644
- Building	511	1,016
- Others	3,974	3,943
Bank charges	6,228	7,630
Provision for doubtful debts [See Schedule 19(9)]	4,347	4,425
Power, fuel and water charges	5,548	5,399
Insurance	2,718	3,071
Professional fees and expenses	7,844	6,328
Turnover and additional sales-tax	67	1,393
Packing and forwarding	10,452	13,099
Printing and stationery	1,449	2,115
Processing charges	158	-
Rates and taxes	1,355	1,433
Loss on sale and retirement of assets, net	257	(1)
Director's sitting fees	378	221
After sales service charges	18,497	21,130
Other expenses	14,641	12,940
	<u>196,633</u>	<u>245,260</u>
Less: Reimbursements [See Schedule 19(9)]	(51,429)	(21,206)
Less: Insurance claims*	(4,065)	(7,046)
	<u>141,139</u>	<u>217,008</u>

\* Insurance claims represent recovery of amounts from the insurance company towards incidental expenses incurred towards warranty claims.

<b>18. FINANCIAL EXPENSES</b>	<b>2008</b>	<b>2007</b>
On fixed loans	19,798	19,585
Others	995	1,383
	<u>20,793</u>	<u>20,968</u>

**NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2008**

(All amounts in thousands of Rupees, unless otherwise stated)

**Schedule 19: NOTES TO ACCOUNTS****1. Background**

Sharp India Limited ('the Company') was incorporated on July 5, 1985. The Company is principally engaged in the manufacture and sale of colour televisions. Further, the Company is also engaged in trading microwave ovens, refrigerators, colour televisions, LCD TV's, air conditioners and audio systems.

Sharp Corporation ('Sharp'), a company incorporated in Japan, holds 80 per cent of the issued share capital of the Company. The Company has a technical collaboration with Sharp for the manufacture of colour televisions ('CTVs').

**2. Summary of significant accounting policies**

The financial statements are prepared under the historical cost convention, on the accrual basis of accounting and in accordance with the accounting standards notified under the Companies (Accounting Standards) Rules 2006 and the relevant provisions of the Companies Act, 1956 ('the Act') and generally accepted accounting principles in India. The significant accounting policies are as follows:

**(a) Fixed assets, Intangible Assets and depreciation**

Fixed assets are stated at cost less accumulated depreciation and impairment loss if any. The Company capitalises all costs relating to the acquisition and installation of fixed assets.

Intangible assets are recorded at the consideration paid for their acquisition. The carrying amounts of the assets belonging to each cash generating unit ('CGU') are reviewed at each balance sheet date to assess whether they are recorded in excess of their recoverable amount; and where the carrying amounts exceed the recoverable amount of the asset's CGU, assets are written down to their recoverable amount. Further assets held for disposal are stated at the lower of the net book value or the estimated net realizable value.

Depreciation is provided based on management's estimate of useful lives of the fixed assets, on the straight-line method pro-rata to the period of use of asset or at rates specified in Schedule XIV to the Act, whichever is higher, at the following annual rates:

	%
Buildings	
- Factory	3.34
- Others	1.63
Plant and machinery	5.38*
Moulds, jigs and fixtures	16.21*
Furniture, fittings and equipment	4.75 - 6.33
Computers	16.21 - 25.00*
Vehicles	<u>9.50</u>

\* Plant and machinery, Moulds, jigs and fixtures identified and evaluated technically as obsolete by management are stated at their estimated net realisable values.

\* Computers include capitalised software, which is depreciated over a period of six years.

Assets individually costing below Rs 5,000 are fully depreciated in the year of purchase.

**(b) Use of estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

**(c) Inventories**

Inventories of raw material, components, stores and spares, traded goods, work-in-progress and finished goods are valued at the lower of cost or net realisable value. Cost of materials and traded goods are determined on the weighted average method. Cost of finished goods and work-in-progress comprises materials, labour and manufacturing overheads. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

**(d) Sales and service income**

Sales are recognised on the basis of actual despatch to customers and are recorded net of discounts and sales taxes, but including excise duty. Service income is recognised over the period of the service contracts, in accordance with the terms of the contracts.

**(e) Product Warranty Costs**

Product warranty costs have been provided in the books of account on the basis of expected claims as estimated by management.

**(f) Provision for tax**

Provision for tax comprises of current, deferred and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income-tax Act, 1961. A deferred income tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the



tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. If the company has carry forward of unabsorbed depreciation and tax losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits. Unrecognised deferred tax assets of earlier years are re-assessed and recognised to the extent that it has become reasonably certain that future taxable income will be available against which such deferred tax assets can be realised. The carrying amount of deferred tax assets are reviewed at each balance sheet date. The company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

**(g) Foreign currency transactions**

**Initial Recognition**

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

**Conversion**

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

**Exchange Differences**

Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

**Forward Exchange Contracts not intended for trading or speculation purposes**

The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year.

**(h) Retirement benefits**

Retirement benefits to employees comprise contributions to gratuity, superannuation and provident funds as per the approved scheme of the Company.

Defined contributions to provident fund are charged to the Profit and Loss Account on accrual basis.

Contributions to Superannuation fund with LIC through its employees' trust are charged to the profit and loss account on an accrual basis.

Gratuity liability is a defined benefit obligation and is provided on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.

Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

**(i) Leave entitlement**

Liability in respect of leave entitlement is provided on the basis of an actuarial valuation made at the end of each financial year.

**(j) Operating Leases**

Operating lease rentals are accounted for on an accrual basis, over the terms of the lease and charged to the profit and loss account on a straight-line basis.

**(k) Earnings per share**

Basic earnings/loss per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average numbers of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

**(l) Provisions, Contingent Liabilities and Contingent Assets**

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent Liabilities are disclosed by way of Notes to the accounts. Contingent assets are not recognised.

In pursuance of accounting standard-29, 'Provisions, contingent liabilities and contingent assets' issued by the ICAI, the provisions required have been incorporated in the books of account in the following manner;

Particulars	Product Warranty
Opening Balance	3,683
Additions	2,899
Utilisation/ (Reversal)	<u>3,683</u>
Closing Balance	<u>2,899</u>

The provision for product warranty represents the expected claims on account of field failure of parts and expected expenditure of servicing the products over the period of free warranty, which varies on the product type and model sold, the field failure rate of key parts, the current cost of components etc.



Provision for bonus represents the amounts expected to be paid out to the employees, which is based on the management's estimate.

**(m) Cash and Cash Equivalents**

Cash and cash equivalents in the balance sheet comprise of cash at bank and in hand.

<b>3. MANAGERIAL REMUNERATION</b>	<b>2008</b>	<b>2007</b>
Salary	1,295	1,224
Perquisites [See note (a) below]	867	848
	<u>2,162</u>	<u>2,072</u>

**Note:**

- (a) Perquisites have been determined on actual cost basis.  
 (b) The Managing Director has been paid remuneration subject to Central Government approval being received in respect of the appointment. The company has made an application to the Central Government as required by Schedule XIII of the Companies Act, 1956.

<b>4. CONTINGENT LIABILITIES</b>	<b>2008</b>	<b>2007</b>
Claims against the Company not acknowledged as debts debts, - Central Excise authorities		
	<u>11,762</u>	<u>33,876</u>
	<u>11,762</u>	<u>33,876</u>

Based on the opinion of the legal counsel of the company, all contingent liabilities as at balance sheet date have been assessed as remote. Claims against the Company for Central Excise pertain to claim for cenvat on work-in-progress and finished goods destroyed by fire and service tax on royalty paid to Sharp Corporation, Japan.

**5. DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE**

**Particulars of Derivatives**

**Purpose**

Forward contract outstanding as at Balance Sheet date

Buy USD 622,775 (2007 – USD 600,142)

Hedge against USD liabilities

(These amounts are not in thousands)

**Particulars of Unhedged foreign Currency Exposure as at the Balance Sheet date**

<b>Particulars</b>	<b>Amount (Rs. '000)</b>
Creditors	59,784
Loans and Advances	1,779

**6. LEASE COMMITMENTS**

The Company has entered into operating lease agreements for the rental of property. Typically, lease agreements are for a period of one to three years and contain provisions for early termination. There is also an office premises taken by the Company on operating lease with a non-cancellable three year term. The lease rental charge during the year is Rs. 1,952 and maximum obligation on long-term non-cancellable operating lease payable as per the rentals stated in the agreement is as follows;

<u>Obligations on non-cancellable operating leases</u>	<u>Year ended March 31</u>	
	<u>2008</u>	<u>2007</u>
Not later than one year	3,903	-
Later than one year and not later than five years	5,855	-
Later than five years	-	-

**7. NET EXCHANGE DIFFERENCE**

The net exchange loss/(gain) arising during the year ended March 31, 2008 and recognised in the statement of profit and loss of the current year is Rs. (11,223) [2007 – Rs. (8,771)].

**8. WRITE BACK OF LIABILITIES OF PREVIOUS YEAR**

During the year, the Company has written back liabilities of earlier years no longer required in respect of advertisements amounting to Rs. Nil (2007 –Rs 4,541) and which has been credited to the expense account.

**9. REIMBURSEMENTS FROM HOLDING COMPANY**

During the current year, the Company has received Rs.51,429 (2007-Rs.21,206) as reimbursements from Sharp Corporation, Japan, towards Selling and General Administration expenses. Additionally the company has received Rs. Nil (2007-Rs.13,157) towards Advertisement expenses, which have been netted off against the 'advertisement expenses', of the year.

In the previous year ended March 31, 2007, the Company has provided for doubtful debts aggregating Rs. 35,435 of which Rs. 31,010 has been reimbursed by Sharp Corporation, Japan. The provision for doubtful debts aggregating Rs. 4,425 debited to profit and loss account was after netting off the reimbursement of Rs. 31,010. No reimbursements have been received during the current year ended March 31, 2008.

**10. RELATED PARTY TRANSACTIONS**

**(a) Name of the related party and nature of relationship where control exists**

<b>Name of the related party</b>	<b>Nature of relationship</b>
Sharp Corporation, Japan	Holding Company



## (b) Transactions with related parties as per the books of account during the year ended March 31, 2008

Nature of the transaction	2008				2007			
	Holding Company	Fellow Subsidiary	Key Management Personnel	Total 2008	Holding Company	Fellow Subsidiary	Key Management Personnel	Total 2007
Sale of Goods	-	27	-	27	-	135	-	135
Purchases of Fixed Assets	-	-	-	-	-	-	-	-
Purchase of goods	71,218	183,491	-	254,709	113,128	459,485	-	572,613
Reimbursement of expenses (Net) recoverable / (payable)	55,800	3,715	-	59,515	70,443	(1,395)	-	69,048
Salary paid for services received	-	-	2,162	2,162	-	-	2,072	2,072

List of material transactions with fellow subsidiaries:

Type of transaction	Type of relationship	Name of the entity/person	2008	2007
Purchase of goods	Fellow subsidiary	Sharp Electronics Malaysia SDN BHD	40,312	78,293
		Sharp Manufacturing Thailand Co.	98,564	291,207
		Sharp Appliances Thailand Ltd.	32,783	62,427
		Others	11,832	27,558
			<u>183,491</u>	<u>459,485</u>
Sale of goods	Fellow subsidiary	Sharp Business Systems India Limited	27	135
Managerial remuneration	Key management personnel	Mr Y. Mizuno	1,124	987
		Mr T. Yamazaki	333	1,085
		Mr. K. Ajikawa	705	-
			<u>2,162</u>	<u>2,072</u>

## (c) Amounts outstanding as at March 31, 2008

	Balance outstanding at year end			
	2008		2007	
	Holding Company	Fellow Subsidiary	Holding Company	Fellow Subsidiary
Sundry Creditors	47,123	14,433	65,635	120,227
Loans and Advances	46,058	3,214	45,511	6,626

## (d) The names of the related parties under the appropriate relationship included in notes 12(b) and 12(c) above are as follows:

Sr. No	Type of relationship	Name of the party
1.	Holding Company	Sharp Corporation
2.	Fellow Subsidiary	Sharp Electronics Malaysia SDN BHD Sharp (Phils) Corporation Sharp-Roxy Sales (Singapore) Pte Ltd. Sharp Manufacturing Corporation SDN BHD Sharp Business Systems India Limited Sharp Roxy Corporation (M) SDN.BHD Sharp Roxy Electronics Corporation (M) SDN.BHD Sharp Manufacturing (Thailand) Co. Ltd. Sharp Appliances (Thailand) Ltd. P.T. Sharp Electronics Indonesia Sharp Middle-East FZE
3.	Key Management Personnel	T. Yamazaki Y.Mizuno K. Ajikawa

## 11. SEGMENT REPORTING

The Company is exclusively engaged in the business of 'consumer electronics' consisting of all types of Colour Televisions and other products. Further the Company has only one geographical segment. These, in the context of Accounting Standard 17 ('AS-17') on Segment Reporting, issued by the Institute of Chartered Accountants of India, are considered to constitute one single primary segment. Hence, segment information as per AS 17 is not required to be disclosed.

## 12. POST EMPLOYMENT BENEFITS

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service is eligible for gratuity on departure, computed based on the company's gratuity scheme for each completed year of service. The scheme is funded with an insurance company.

The principal assumptions used in determining defined benefit gratuity plan obligations are shown below:

Particulars	March 31, 2008
Discount rate	7.75%
Expected rate of return on plan assets	7.50%
Salary escalation rate	5% for Bargainable & 7.6% for Non-Bargainable
Attrition rate	2%

The estimates of future salary increases takes into account the inflation, seniority, promotion and other relevant factors.

Changes in the present value of the defined benefit gratuity plan are as follows:

Particulars	March 31, 2008
Opening defined benefit obligation as at April 1, 2007 **	30,514
Interest cost	2,365
Current service cost	2,393
Benefits paid	(3,238)
Actuarial (gains)/losses on obligation	3,386
Closed defined benefit obligation	35,420

Changes in the fair value of plan assets are as follows:

Particulars	March 31, 2008
Opening fair value of plan assets	23,986
Expected return	1,800
Contributions by employer	2,953
Benefits paid	(3,238)
Actuarial gains / (losses)	(11)
Closing fair value of plan assets	25,490
Actual return on plan assets	1,788

The company expects to contribute Rs. 3,000,000\* towards gratuity in 2007-08.

\* This amount is not in thousands.

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	2008	2007
Investments with LIC	100%	100%

The following table summarises the components of net benefit expense recognized in the Profit and Loss Account.

Details of defined benefit gratuity plan

Particulars	March 31, 2008
Defined benefit obligation	35,420
Fair value of plan assets	25,490
Present value of unfunded obligations	9,930

Net employees benefit expense recognised in the Profit and Loss Account

Particulars	March 31, 2008
Current Service Cost	2,393
Interest on defined benefit obligation	2,365
Expected return on plan assets	(1,800)
Net actuarial (gain)/loss recognised in the year	3,397
Past service cost (See Note below)	-
Net Benefit expense (a)	6,355
Amounting arising on account of transitional adjustment (b)	6,528
Other adjustments (c)	154
Total amount charged to profit and loss account (a+b+c)	13,037

\*\* Till March 31, 2007 the Company was providing for gratuity based on actuarial valuation as per LIC certificate. In the current period, the Company has adopted the AS-15 (revised) which is mandatory from accounting periods starting from April 1, 2007. Accordingly the company has provided for gratuity based on actuarial valuation done as per projected unit credit method, due to which the liability as at April 1, 2007 has increased by Rs 6,528. Since the Company does not have any accumulated profits, this amount has been charged to the profit and loss account of the year ended March 31, 2008.

Since the Company has adopted AS-15 (revised) for the first time during the current year ended March 31, 2008, no corresponding figures for the prior year have been disclosed.

#### SUPPLEMENTARY PROFIT AND LOSS DATA

##### a) Payment to auditors comprises:

	2008	2007
As auditors	1,430	1,430
As tax auditors	150	150
Limited review	400	400
Reimbursement of out-of-pocket expenses and service tax	337	388
	<u>2,217</u>	<u>2,368</u>



## (b) Licensed capacity, installed capacity and production (in number of units)

Items	Licensed capacity per annum		Installed capacity per annum*		Production for the year	
	2008	2007	2008	2007	2008	2007
Colour TV receivers and sub-assemblies thereof	300,000	300,000	200,000	200,000	64,011	97,955
Video cassette recorders/video cassette players/ video tape deck mechanisms	500,000	500,000	335,000	335,000	-	-
Two-in-one radio-cum-cassette recorders (audio products)	**	**	90,000	90,000	-	-
Radio receivers combined with sound recorders reproducing apparatus	**	**	24,000	24,000	-	-
Video Compact Disk Player	**	**	10,000	10,000	-	-

\* On single shift basis, except the Auto Insertion Section on triple shift basis. Some of the capacities are inter-changeable with other products depending on the need.

\*\* Registered with Ministry of Industry, Government of India.

## (c) Quantitative details of manufactured goods

	Year	OPENING STOCK		CLOSING STOCK		SALES		OTHERS
		Qty	Amount	Qty	Amount	Qty	Amount	Qty
Colour TV receivers	2008	11,029	68,024	7,908	38,913	67,071	467,090	61
	2007	7,039	48,331	11,029	68,024	93,894	711,674	71
Video cassette	2008	-	-	-	-	-	-	-
Recorders/players	2007	73	-	11	-	60	10	2
Audio products	2008	9	-	-	-	-1	(17)	10
	2007	22	-	9	-	10	(57)	3
VCD	2008	-	-	-	-	-	-	-
	2007	5	-	-	-	5	9	-
Spares and Accessories	2008	-	15,393	-	10,820	-	11,787	-
	2007	*	20,339	*	15,393	*	14,013	*
Total	2008		83,417		49,733		478,860	
	2007		68,670		83,417		725,649	

\*Cannot be quantified

## (d) Quantitative details of traded goods

	Year	OPENING STOCK		PURCHASES		CLOSING STOCK		SALES		OTHERS
		Qty	Amount	Qty	Amount	Qty	Amount	Qty	Amount	Qty
Colour TV receivers	2008	12,232	66,635	29,596	134,255	440	1,730	41,231	237,357	157
	2007	5,256	32,112	77,887	399,947	12,232	66,635	70,848	429,482	63
Audio products	2008	18	-	-	-	-	-	1	6	17
	2007	30	-	-	-	18	-	8	(157)	4
Microwave ovens	2008	406	1,813	421	3,634	32	103	784	6,171	11
	2007	116	119	1,729	9,397	406	1,813	1,435	9,191	4
LCD projectors	2008	8	-	-	-	-	-	-	-	8
	2007	10	-	-	-	8	-	1	45	1
Viewcams	2008	1	-	-	-	-	-	-	-	1
	2007	76	-	-	-	1	-	74	11	1
Fax Machines	2008	14	-	-	-	-	-	-	-	14
	2007	16	-	-	-	14	-	-	-	2
VCD	2008	1	-	-	-	-	-	-	-	1
	2007	11	-	-	-	1	-	10	2	-
DVD	2008	2,931	5,249	20	1,736	25	-	2,816	5,918	110
	2007	41	86	8,388	17,770	2,931	5,249	5,451	13,629	47
LCD TV	2008	879	47,328	3,283	121,467	785	44,263	3,369	159,354	8
	2007	213	8,645	2,902	159,928	879	47,328	2,220	132,419	16
Refrigerator	2008	1,729	28,009	2,472	45,099	591	11,522	3,599	81,967	11
	2007	498	5,756	4,943	85,595	1,729	28,009	3,711	81,507	1
Air Purifier	2008	30	-	-	-	-	-	5	45	25
	2007	48	-	-	-	30	-	16	129	2
Air Conditioner	2008	384	8,321	-	472	-	-	377	7,801	7
	2007	828	14,149	-	4,295	384	8,320	443	9,916	1
Washing Machine	2008	133	1,933	-	-	3	-	128	2,113	2
	2007	-	-	312	4,486	133	1,933	175	3,052	4
Total	2008		159,288		306,663		57,618		500,732	
	2007		60,867		681,418		159,287		679,226	

## (e) Raw materials and components consumed (quantities in number of units)

	2008		2007	
	Qty	Amount	Qty	Amount
Colour picture tubes	64,190	92,974	98,260	169,134
Integrated Circuits	636,500	20,536	1,004,143	44,351
Electronic and other components	**	101,027	**	180,769
		<u>214,537</u>		<u>394,254</u>

\*\* In view of the wide variety of items that are included in this category, the quantitative figures would not give a fair and comparable picture and hence, have not been stated.

## (f) Value of imported and indigenous raw materials and components consumed

	2008		2007	
	%	Amount	%	Amount
Imported	71.42	153,212	68.92	273,486
Indigenous	28.58	61,325	31.08	120,768
	<u>100.00</u>	<u>214,537</u>	<u>100.00</u>	<u>394,254</u>

## (g) Value of imports on CIF basis

	2008	2007
Raw material and components	155,611	263,245
Capital goods	13,105	517
Spare parts	2,182	3,325
Traded items	240,065	512,719
	<u>410,963</u>	<u>779,806</u>

## (h) Expenditure in foreign currency (on cash basis)

	2008	2007
Travel	1,044	826
Management Consultancy Fees	1,935	1,808
Interest and bill negotiation charges	1,406	2,084
	<u>4,385</u>	<u>4,718</u>

## 13. DEFERRED TAX BALANCES

The break up of components of deferred tax, net is as given below

	March 31, 2008	March 31, 2007
Deferred tax asset		
Provision for Product Warranty	985	1,252
Provision for Doubtful Debts	8,981	5,763
Provision for leave salary	4,781	4,422
VRS Expenditure	3,017	6,748
(A)	<u>17,764</u>	<u>18,185</u>
Deferred tax liabilities		
Depreciation on fixed assets	(17,764)	(18,185)
(B)	<u>(17,764)</u>	<u>(18,185)</u>
Deferred tax asset/(liability), net	<u>-</u>	<u>-</u>

## 14. PRIOR YEAR COMPARATIVES

Previous year's figures have been regrouped wherever necessary to conform to the current year's classification.

The schedules referred to above and Notes to Accounts form an integral part of the Balance Sheet

As per our report of even date

For and on behalf of the Board of Directors

**S. R. Batliboi & Co.**  
Chartered Accountants

**K. Ajikawa**  
Managing Director

**Y. Mizuno**  
Executive Director

Pune  
May 21, 2008

per **Arvind Sethi**  
Partner  
Membership No. : 89802

Pune  
May 21, 2008

**M. P. Vaze**  
Company Secretary



**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

(All amounts in thousands of Rupees, unless otherwise stated)

**(a) Registration details**Registration number **3 6 7 5 9**State code **1 1**Balance sheet date **3 1** **0 3** **2 0 0 8**  
Date Month Year**(b) Capital raised during the year**

Public issue

**N I L**

Rights issue

**N I L**

Bonus issue

**N I L**

Private placement

**N I L****(c) Position of mobilisation and deployment of funds**Total liabilities and  
shareholders funds:**5 5 4 4 6 1**

Total assets

**5 5 4 4 6 1****Sources of funds**

Paid-up capital

**2 5 9 4 4 0**

Reserves and surplus

**1 8 0 6 0 0**

Secured loans

**1 4 4 2 1**

Unsecured loans

**1 0 0 0 0 0****Application of funds**

Net fixed assets

**1 3 3 8 8 7**

Investments

**3 6**

Net current assets

**2 0 1 0 3 1**

Miscellaneous expenditure

**N I L**

Accumulated losses

**2 1 9 5 0 7****(d) Performance of the company**

Turnover

**9 3 2 3 4 4**

Total expenditure

**9 4 8 9 1 0**

+ - Profit before tax

☒ **(1 6 5 6 6)**

+ - Profit after tax

☒ **(1 7 8 2 2)**

Earnings per share in Rs

**(0 . 6 8 7)**

Dividend rate %

**N I L****(e) Generic names of three principal products/services of the company**

Item Code No (ITC Code)

**8 5 2 8 1 0 . 0 1**

Product Description

**C O L O U R T E L E V I S I O N S E T S**

**PROXY**

**SHARP INDIA LIMITED**

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

I/We \_\_\_\_\_ (Folio No./Client ID No. \_\_\_\_\_)

of \_\_\_\_\_

being a Member / Members of **SHARP INDIA LIMITED**, Pune, hereby appoint

\_\_\_\_\_

of \_\_\_\_\_ or

failing him \_\_\_\_\_

of \_\_\_\_\_



as my/our Proxy to vote for me/us and on my/our behalf, at the TWENTY-THIRD ANNUAL GENERAL MEETING  
of the Company to be held on Friday, August 29th, 2008 and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2008.

Please affix  
30 Paise  
Revenue  
Stamp  
here

Signature(s) of Member(s)  
across the stamp

**Note : The Proxy must be deposited with the Registered Office of the Company not less than 48 hours before the time fixed for the Meeting.**



BOOK POST  
UNDER CERTIFICATE OF POSTING

# SHARP

*If undelivered please return to :*

Secretarial Department,  
**SHARP INDIA LIMITED**  
Gat No. 686/4, Koregaon Bhima,  
Taluka Shirur, Dist. Pune - 412 216