

**SHARP INDIA LIMITED**

Registered Office :

Gat No.686/4, Koregaon Bhima, Taluka : Shirur, Dist: Pune- 412216

Ph No. 02137-252417 Fax No. 02137 -252453

Website : www.sharpindialimited.com

CIN : L36759MH1985PLC036759

**NOTICE**

Notice is hereby given that the 31st Annual General Meeting of the members of Sharp India Limited will be held at the Registered Office of the Company situated at Gat No. 686/4, Koregaon Bhima, Taluka Shirur, District Pune 412 216 on Wednesday, 28th September 2016 at 11:00 a.m. (I.S.T.) to transact the following business:

**ORDINARY BUSINESS :**

- To receive, consider and adopt the Audited Financial statements of the Company for the financial year ended on 31st March 2016 and the Reports of the Auditors and Directors thereon.
- To appoint a Director in place of Mr. Kazunori Ajikawa (DIN No. 01637592) who retires by rotation and being eligible, offers himself for re-appointment.
- 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 139,142 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed there under, as amended from time to time and pursuant to the resolution passed by the Members at their 29th Annual General Meeting held on September 22, 2014, the appointment of M/s. S R B C & Co. LLP, Chartered Accountants (Firm's Registration No. 324982E), as Statutory Auditors of the Company which has been made to hold the office till the conclusion of the 32nd Annual General Meeting of the Company, be and is hereby ratified for the financial year 2016-2017 at such remuneration as shall be fixed by the Board of Directors of the Company.

**SPECIAL BUSINESS :**

- To consider and, if thought fit, to pass, with or without modifications, the following resolution as a **SPECIAL RESOLUTION:**

"**RESOLVED THAT** pursuant to the recommendation of the Nomination & Remuneration Committee and approval of the Board of Directors and pursuant to the provisions of section 196, 197, 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), and subject to such other approvals as may be required read with articles 173, 175 and 176 of the Articles of Association of the Company, the consent of the members of the Company is hereby given to the re-appointment of Mr. Tomio Isogai (DIN No.03426524) as the Managing Director of the Company for a period of three years from 9th December 2015 up to 8th December 2018 on the following terms of remuneration.

- Salary of Rs.1,20,000/- (Rupees One Lacs Twenty Thousand Only) per month.
- Rent free furnished residential accommodation together with necessities including gas, electricity, water, etc.
- Reimbursement of medical expenses incurred in India for self and his family (spouse and children) if they reside in India.
- Rental for the telephone facility at residence to be used for the business of the Company.
- 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.

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

The above perquisites granted to the Managing Director shall be evaluated on actual basis, Provided that the overall monthly remuneration payable to the Managing Director during his tenure shall not exceed the limits laid down in schedule - V of the Companies Act, 2013.

**FURTHER RESOLVED THAT** subject to Schedule - V of the Companies Act, 2013 and other applicable provisions, if any, of the Companies Act, 2013, the salary, perquisites, benefits and amenities as set out above be paid or granted to Mr. Tomio Isogai as the minimum remuneration during the term of Mr. Tomio Isogai's tenure as the Managing Director, notwithstanding that in any of the financial years, the company has made no profits or the profits made are inadequate."

- To consider, and if thought fit, to pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION:**

"**RESOLVED THAT** the Report of the Board of Directors of the Company to the members on erosion of more than fifty percent of the Company's peak net worth during the immediately preceding four financial years on account of its accumulated losses as on March 31, 2016 and the causes for such erosion, as required under Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985, ("SICA") be and is hereby considered and approved.

**RESOLVED FURTHER THAT** in accordance with the requirement of Section 23 of the SICA, the Company shall report to the Board for Industrial and Financial Reconstruction ("BIFR") of the fact that the accumulated losses of the Company as on March 31, 2016 have resulted in erosion of more than fifty percent of its peak net worth during the immediately preceding four financial years.

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorised to report the aforesaid erosion to the BIFR and to do all such acts, deeds, matters and things as it may deem necessary, desirable or expedient in relation thereto.

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorised to delegate all or any of the powers herein conferred by this resolution to any director(s) or to any officer(s) of the Company."

- To consider, and if thought fit, to pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION:**

To Approve the Material Related Party Transactions :

"**RESOLVED THAT** pursuant to the provisions of Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, and subject to such other approvals, consents, sanctions and permissions of any authorities as may be necessary, the Members of the Company hereby approve the material related party arrangements or transactions relating to (i) Reimbursement of expenses received / paid, payment of royalty and patent Fees, interest on loan and late payment of royalty totally amounting to Rs.2253.82 lacs from Sharp Corporation, Japan hitherto entered for the financial year 2015 - 2016 and (ii) Reimbursement of expenses, Repayment of ECB Loan or any other activity relating to ECB loan, Interest on loan and any other transaction totally amounting to Rs.3000.00 lacs from Sharp Corporation, Japan to be entered into during the financial year 2016 - 2017, with authority to the Audit Committee and the Board of Directors of the Company to authorize the Management of the Company to enter into the material related party arrangements or transactions for the financial year ending

March 31, 2017, on principal terms mentioned in the Explanatory Statement annexed hereto.

**RESOLVED FURTHER THAT** the Board of Directors (including a Committee thereof) be and is hereby authorized to negotiate and finalize other terms and conditions and to do all such acts, deeds, matters and things and to execute or authorize any person to execute all such documents, instruments and writings as may be considered necessary, relevant, usual, customary and/ or expedient to give effect to this resolution."

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

**"RESOLVED THAT** pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), consent of the Company be and is hereby accorded for payment of remuneration of Rs.1,00,000/- (Rs.One Lakhs only) plus out of pocket expenses etc.for the financial year ending on March 31, 2017 to M/s. C.S.Adawadkar & Co, Practicing Cost Accountants, (Firm Registration No.100401) who are appointed as the Cost Auditors of the Company by the Board of Directors to conduct the audit of the cost records of the Company for the financial ending on 31st March 2017."

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

Date : 8th August 2016  
Place : Pune

**Mayuresh Vaze  
Company Secretary  
Membership No. ACS-19529**

**NOTES:**

1. The Explanatory Statement, pursuant to Section 102 of the Companies Act, 2013 in respect of the special business underItem Nos. 4 to 7 above is annexed hereto.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIM AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.** Proxy Form (Form MGT-11) is attached elsewhere in this report. Kindly fill up appropriate details like your name, address, Folio No./ DPID & Client ID, and the details of the person(s) to be appointed as the proxy - name, address, email ID etc. The proxy form should be signed by the shareholder and the proxy holder and a revenue stamp should be affixed at the place provided for the same. Proxies, in order to be effective, must be received at the Company's Registered Office not less than 48 hours before the meeting. Proxies submitted on behalf of companies, societies, partnership firms, etc. must be supported by appropriate resolution/ authority, as applicable, issued on behalf of the nominating organization. Members are requested to note that a person can act as a proxy on behalf of members not exceeding 50 and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. In case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.
3. A statement giving details of the Directors to be newly appointed or reappointed is annexed herewith as required under SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015.
4. Members are requested to notify any change of address to their Depository Participants (DPs) in respect of their electronic shareaccounts and to the Registrars & Transfer Agents, Link Intime India Private Limited 202, 2nd Floor, Akshay Complex, Off Dhole Patil Road, Near Ganesh Mandir, Pune 411 001, in respect oftheir physical share folios.
5. Members can avail of nomination facility. Blank Nomination formwill be supplied on request.
6. Members who are holding shares in more than one folio undername(s) in the same order are requested to sent the relative share certificates to the Registrar and Transfer Agents for consolidation of the entire holding in one folio. The share certificates after consolidation will be returned by registered post/courier.
7. The Share Transfer Books and the Register of Members of the Company will remain closed from Saturday, 17th September 2016 to Wednesday, 28th September 2016 (both days inclusive).
8. Members are requested to bring along with them a copy of the Annual Report as the same will not be distributed in the meeting.
9. Members are requested to forward their queries on accounts atleast 10 days in advance to enable us to reply the same.
10. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares inelectronic form are, therefore, requested to submit their PANdetails to their respective Depository Participants. Members holding shares in physical form are requested to submit their PAN details to the Company or its Share Registrars and Transfer Agents.
11. Relevant documents referred to in the accompanying notice and the statement are open for inspection by the members at the registered office of the Company during the business hours on all the working days up to the date of 31st annual general meeting.
12. In view of the 'Green Initiative 'introduced by the Ministry of Corporate Affairs all the members who are holding shares of the Company in PHYSICAL Mode are requested to register their Email ID with the Company, so as to enable the Company to send all notices/reports/ intimations and other correspondence etc. through Emails. i.e. in the electronic mode instead of receiving physical copies of the same. Members holding shares in DEMAT Mode, who have not registered their e-mail ID with the Depository Participant (DP) are also requested to register or update their email ID with the Depository Participant, so that all future shareholder's correspondence can be sent to the email ID registered with your DP.
13. In compliance with the provisions of section 108 of the Companies Act, 2013, read with Rule 20 of The Companies (Management and Administration) Rules, 2014, and regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Company is pleased to provide to the Members the facility to exercise their right to vote at the 31st Annual General Meeting (AGM) by electronic means (Remote E- Voting Facility) and the business may be transacted through e-voting services provided by Central Depository Services (India) Limited (CDSL). The instructions for members for voting electronically are as under:-

**The instructions for shareholders voting electronically are as under:**

- (i) The voting period begins on Sunday, 25th September 2016 at 09:00 a.m. and ends on Tuesday, 27th September 2016 at 05:00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date, i.e. Wednesday, 21st September 2016 may cast their vote electronically. The e-voting module

shall be disabled by CDSL for voting after 5:00 p.m. on Tuesday, 27th September 2016.

- (ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below :

<b>For Members holding shares in Demat Form and Physical Form</b>	
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> <li>● Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Postal Ballot / Attendance Slip indicated in the PAN field.</li> </ul>
Dividend Bank Details <b>OR</b> Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. <ul style="list-style-type: none"> <li>● If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).</li> </ul>

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xvii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) **Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively on or after 30th June 2016. Please follow the instructions as prompted by the mobile app while voting on your mobile.**

(xix) **Note for Non-Individual Shareholders and Custodians**

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
  - The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

14. Other information in respect of E- Voting / Voting on Resolutions by the members:

- I. Facility of voting through Poll paper shall be made available at the 31st Annual General Meeting. Members attending the Meeting, who have not already cast their vote by remote e-voting shall be able to exercise their right to vote at the 31st Annual General Meeting
- II. Members who have cast their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to vote again at the AGM.
- III. Mr. Sridhar G. Mudaliar, Partner of M/s. SVD & Associates, Company Secretaries has been appointed as the Scrutinizer for scrutinizing the e-voting & poll process in a fair and transparent manner.

- IV. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and make not later than three days of conclusion of the meeting a consolidated Scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing who shall countersign the same.
- V. The results declared along with the Scrutinizer's Report shall be placed on the Company's website and on the website of CDSL and also will be communicated to the BSE Limited (BSE), where the shares of the Company are listed.
15. Route Map of the venue of the 31st Annual General Meeting is provided to you at the end of this notice to make it convenient to you to attend the 31st Annual General Meeting.

#### EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

##### ITEM NO. 4 :

The First tenure of Mr. Tomio Isogai as the Managing Director of Sharp India Limited concluded on 8th December 2015. The Board of Directors of the Company in its meeting held on 6th November 2015 have re-appointed Mr. Tomio Isogai as the Managing Director of the Company to hold office for a period of three years effective from 9th December 2015 up to 8th December 2018 His appointment has been made under Schedule- V of the Companies Act, 2013. The Nomination & Remuneration committee has approved the appointment and remuneration payable to him for the aforesaid period of three years in their respective meeting held on 6th November 2015 The member's approval is sought for the re-appointment & remuneration payable to Mr. Tomio Isogai for the period of three years from 9th December 2015 upto 8th December 2018 and the same is placed before the members of the Company for their approval.

The information as required to be given under Schedule V to the Companies Act, 2013 is as under :

##### I. GENERAL INFORMATION:

- (1) **Nature of Industry** : Manufacture & sale of LED TVs & Air conditioners
- (2) **Date or expected date of commencement of commercial operation** : The Company started its commercial operations from July 1986
- (3) **In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus** : N.A
- (4) Financial Performance based on given indicators :

Financial Parameters	(Rs. In Lakhs)	
	2014-2015	2015-2016
Total Revenue (Net)	18,903.77	3017.90
Net Profit/(Loss) for the year as per Profit & Loss Account	156.36	(1,406.22)
EPS	0.60	(5.42)

- (5) **Foreign investments or collaborators, if any, as on 31.03.2016** :

The total Foreign Holdings in the company as on 31.03.2016 were 19,63,6171 equity shares i.e. 75.68% of the total Paid

up Capital. Out of that Sharp Corporation, Japan who is promoters of the company hold 19,458,000 equity shares i.e. 75% equity shares in the company. The company has a technical collaboration with Sharp Corporation - Japan for manufacture of Colour Televisions (CTVs) & LED TVs & air conditioners.

##### II. INFORMATION ABOUT THE APPOINTEE:

- (1) **Background Details** - Mr. Tomio Isogai, a Japanese national, graduated in English from Kyoto University of Foreign Studies in the year 1979. He had an experience of about 35 years and has held various positions in Sharp Group of Companies in various fields which include Managing Director of some regional sales subsidiaries before joining Sharp India Limited. He does not hold any shares in the Company.
- (2) **Past remuneration, Recognition & awards, Job profile & his suitability:**

Mr. Tomio Isogai was paid Rs.16.52 Lacs (Salary & Perquisites) as the remuneration in the last financial year 2015-2016. Mr. Tomio Isogai possesses a wide experience in the field of Sales & Marketing and his association with the company is of great help to the company. Subject to the super intendence, control and direction of the Board of Directors of the Company, Mr. Tomio Isogai exercises substantially the whole powers of the management of business and affairs of the Company.

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

##### III. Other Information:

- (1) **Reasons for Loss or inadequate profit, Steps taken or proposed to be taken for improvement and Expected increase in productivity and profits in measurable terms:**

Company has been witnessing a lack of demand for its LED TVs and Air conditioners for almost most last one year. Company imports raw materials for the production of LED TVs and Air Conditioners from Sharp Group Companies abroad and sales final product to Sharp Business Systems (India) Private Limited, which in turn are responsible for sale of those products throughout India. The market demand for the above two products has significantly dropped since last year and hence in turn the supply of the LED TVs and ACs by your Company to Sharp Business Systems (India) Private Limited has significantly dropped down in the last year. There was no production of LED TVs from April 2015 (except in August 2015) and of Air conditioners since June 2015, in the

absence of any orders. This significant drop in the sales of the LEDs and Air conditioners has resulted in to loss of Rs.1406.22 Lacs for the financial year 2015-16 & accumulated loss of Rs.3098.31 Lacs.

Company is trying its best to improve the situation with the help of Sharp Corporation Japan being the promoter of the company and is considering, exploring and evaluating various strategic alternatives. However it will be difficult to predict the same in measurable terms.

#### IV. DISCLOSURES :

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

Except Mr. Tomio Isogai none of the directors, key managerial personnel or their respective relatives are interested in this resolution. He does not have any relationship with any other director of the Company. It is considered desirable that the company should have benefit of his experience and advice The Board recommends the resolution for acceptance by the members. Other information of Mr. Tomio Isogai is provided below the explanatory statement and also forms part of this explanatory statement.

##### Item No. 5 :

In terms of Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985, (SICA) if the accumulated losses of an industrial company, as at the end of any financial year have resulted in erosion of fifty percent or more of its peak net worth during the immediately preceding four financial years, the said company falls under the category of 'Potentially Sick Industrial Company' and is required to report the fact of such erosion to the Board for Industrial and Financial Restructuring ("BIFR") and hold a general meeting of members of such company for considering such erosion both within 60 days from the date of finalization of the audited accounts, which is the date of the Annual General Meeting in which such accounts are approved by the members.

Further the board of directors of the company is required to forward to every member of the company a report as to such erosion and causes for such erosion, at least twenty-one days before the date on which the above mentioned general meeting is held.

As per the audited annual accounts of the Company for the financial year ended 31st March, 2016 to be adopted by the members at their 31st Annual General Meeting to be held on 28th September 2016, the accumulated losses of the Company as at 31st March, 2016 amounting to Rs.3098.31 Lacs have resulted in erosion of more than fifty percent of its peak net worth of Rs.4400.40 Lacs during the four financial years preceding the financial year ended 31st March, 2016 (calculated as per the provisions of SICA).

The facts relating to such erosion and its causes and the revival measures being taken by the Company are explained in the Report of the Board of Directors forming part of this notice.

None of the Directors and Key Managerial Personnel of the Company or their respective relatives are any way concerned or interested, financially or otherwise, in the resolution set out at item No. 5 of this Notice.

The Board recommends the resolution as given in the Notice for your approval as an ordinary resolution.

#### REPORT OF BOARD OF DIRECTORS TO THE SHAREHOLDERS OF SHARP INDIA LIMITED UNDER SECTION 23(1) (b) OF SICK INDUSTRIAL COMPANIES (SPECIAL PROVISIONS) ACT, 1985.

##### To the Members of Sharp India Limited :

In terms of the requirements of Section 23(1) (b) of the Sick Industrial Companies (Special Provisions) Act, 1985, a report of the Board of Directors on erosion of more than 50% of the Company's peak net worth during the immediately preceding four financial years along with its causes and revival plan is being submitted herewith to the Members of the Company.

As per the audited financial accounts of the Company for the financial year ended March 31, 2016 to be adopted by the members at their 31st Annual General Meeting to be held on 28th September 2016, the accumulated losses as at the end of financial year ended March 31, 2016 stood at `3098.31 lacs which exceeds 50% of its peak net worth of Rs.4400.40 lacs during the four financial years preceding the financial year ended March 31, 2016, calculated as per the provisions of SICA. Corresponding accumulated losses for the financial years, 2012-2013, 2013-2014 and 2014-2015 were Rs.2125.49 lacs, Rs.1848.46 lacs and Rs.1692.08 lacs respectively)

##### Causes for Erosion of more than fifty percent of Peak Net worth & steps taken :

As you are aware that from 1st April 2011, the company has shifted to a new model wherein it has focused on its core strength of manufacturing. The products manufactured by the company were sold to Sharp Business System (India) Limited, a 100% subsidiary company of Sharp Corporation Japan. However due to intense competition, increase in input cost and reduction in selling prices, fluctuations in the currency exchange rates, and seasonal demand for the air conditioners has affected the profitability of the company. There was no production of LED TVs from April 2015 (except in August 2015) and of Air conditioners since June 2015, in the absence of any orders. This significant drop in the sales of the LEDs and Air conditioners has resulted in to loss of Rs.1406.22 Lacs for the financial year 2015-2016 & accumulated loss of Rs.3098.31 Lacs.

Sharp Corporation Japan being the promoter of the company is considering, exploring and evaluating strategic alternatives including the possibility of sale of its shares in the company to potential buyers and entering in to appropriate transactions that would be in the best interest of the company and its members.

##### ITEM No. 6 :

Your Company is principally engaged in the manufacture and sale of colour televisions (CTVs), light emitting televisions("LED TVs") and Air Conditioners ("ACs").

In the course of its business operations, your Company engages in transactions with its holding company, Sharp Corporation, Japan ("SC Japan"). Your company substantially depends on SC Japan for financial and operational support.

SC Japan is a related party, with reference to the Company within the meaning of clause (76) of section 2 of the Companies Act, 2013 and Regulation 2 (1) (zb) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations").

As per Regulation 23 of the Listing Regulations, all material related party transactions, that is to say, transactions by a listed entity with a related party if entered individually or taken together with previous transactions during a financial year, exceeding 10 per

cent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity, shall require approval of the members by an ordinary resolution.

SC Japan has provided financial support to your Company at the end of the financial year 2015-2016 of Rs.1987.35 lacs which was in the nature of reimbursement of expenses incurred by your Company and other transactions entered into by your Company with SC Japan in the financial year 2015-2016 are in the nature of payment of interest on ECB Loan, payment for royalty and patent expenses, interest on late payment of royalty, reimbursement of expenses received /paid . totally amounting to Rs. 2253.82 Lacs and hence the related party transactions with SC Japan have exceeded 10% of the last financial year's annual turnover of the Company as at March 31, 2015, thereby qualifying as material related party transactions in the context of the SEBI Listing Regulations.

Your Company continues to rely on SC Japan for necessary financial and operational support.

In the financial year 2016-2017, your Company proposes to enter into arrangements or transactions with Sharp Corporation, Japan which may include reimbursement of expenses received /paid , repayment and any other activity relating to ECB Loan, interest on ECB Loan and other transaction. As per estimates, these transactions would qualify as material related party transactions as they are likely to exceed 10% of the annual turnover of the Company for the financial year 2015-2016.

The particulars of the transactions entered into and proposed to be entered into between your Company and Sharp Corporation, Japan (SC Japan) are as follows:

Name of the Related Party	Relationship	Nature of Transactions	Estimated Value of the Transactions in the financial year INR(in Lacs)	Period
Sharp Corporation	Holding Company	Reimbursement of Expenses Received, Reimbursement of Expenses Paid, Royalty & Patent Expenses incurred, Interest on Late Payment of Royalty, Interest on ECB Loan	2253.82	01.04.2015 to 31.03.2016
Sharp Corporation	Holding Company	Reimbursement of expenses paid / received, repayment and any other activity relating to ECB Loan, interest on ECB Loan and any other transaction	3000.00	01.04.2016 to 31.03.2017

#### Other information:

- 1) Name of the Related Party and relationship : As stated above
- 2) Name of the Directors / Key managerial Personnel who is related, if any- Currently Mr.T.Isogai (Managing Director), Mr. Kazunori Ajikawa (Director) are nominated by Sharp Corporation, Japan on the Board of Sharp India Limited and also Mr. M. Nakagawasai has been nominated as a Chief Financial Officer by Sharp Corporation Japan. These three persons nominated by Sharp Corporation, Japan are related parties.
- 3) Duration- as stated in the resolution.
- 4) Monetary value : Estimated Annual values as mentioned in the resolution
- 5) Nature, material terms and particulars of the arrangement : As stated above
- 6) Any other information relevant or important for the members to make a decision on the proposed transaction: None.

Member's approval is sought for the aforesaid material Related party transactions entered in the financial year 2015-2016 and which may be entered in the financial year 2016-2017.

Mr. T. Isogai Mr. K. Ajikawa and Mr. M. Nakagawasai may be treated as concerned or interested in this resolution. No other directors, key managerial personnel or their respective relatives are interested in the resolution at Item No. 6.

Directors recommend the resolution at Item No. 6 for the acceptance by the Members of the Company.

#### ITEM NO.7 :

Cost Audit is applicable to your company for the financial year 2016-2017. The Board of Directors on the recommendation of the Audit Committee have appointed M/s. C. S. Adawadkar & Co., Practicing Cost Accountant as the 'Cost Auditor' of the Company for the financial year ending 31st March 2017 to audit the cost records of the Company. As per section 148 (3) of the Companies Act, 2013, read with Rule no.14 of the Companies (Audit & Auditors) Rules 2014 the remuneration payable to the 'Cost Auditor' requires to be ratified by the members of the Company. Accordingly members are requested to ratify the remuneration payable to the 'Cost Auditor' for the financial year ending 31st March 2017 as set out in the resolution for the aforesaid services to be rendered by them.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in this resolution. The Directors recommend the resolution for acceptance by the members.

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

- ▶ **Mr. Tomio Isogai:** Mr. Tomio Isogai is working as the Managing Director of the Company from 9th December 2012. Mr. Tomio Isogai has graduated in English from Kyoto University of Foreign Studies in the year 1979. He has an experience of about 35

years and has held various positions in Sharp Group of Companies in various fields which include Managing Director of some regional sales subsidiaries before joining Sharp India Limited. He was also a member of the Audit Committee and Stakeholder's Relationship & Share Transfer Committee of Sharp India Limited and Chairman of the Risk Management Committee of Sharp India Limited. He does not hold any shares in the Company.

the company. He does not hold any shares in the company. He is also a member of the Audit Committee and the Nomination & Remuneration Committee of Sharp Business Systems (India) private Limited.

Mr. Kazunori Ajikawa, Non-Executive Director of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible have offered himself for re-appointment.

► **Mr. Kazunori Ajikawa** : He is the Non-Executive Director of the Company. He has held various positions in Sharp Corporation Japan and associate Companies before joining Sharp India Limited Mr. Kazunori Ajikawa has wide experience in the field of Sales and Marketing. He is also a Managing Director on the Board of Sharp Business Systems (India) Private Limited. He is also a member of the Nomination & Remuneration Committee and Risk Management Committee of

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

Pune  
8th August 2016

**Mayuresh Vaze  
Company Secretary  
Membership No. ACS-19529**

