

**26th Annual Report
2010-2011**

SHARP

SHARP INDIA LIMITED

BOARD OF DIRECTORS

TAKASHI MIKAMI
[Managing Director]

T. SAKAMOTO
[Executive Director]

TOMIO ISOGAI

S. S. VAIDYA

SANJAY ASHER

H. TAKAYAMA

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BANKERS

BANK OF INDIA
THE BANK OF TOKYO-MITSUBISHI UFJ LTD.
THE MIZUHO CORPORATE BANK LTD.
CITI BANK N.A.

SOLICITORS & ADVOCATES

CRAWFORD BAYLEY & CO., MUMBAI

AUDITORS

S. R. BATLIBOI & CO.,
Chartered Accountants

REGISTERED OFFICE & FACTORY

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

Phone No. (02137) - 252417 / 666520

REGISTRARS & TRANSFER AGENTS

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

NOTICE

Notice is hereby given that the 26th Annual General Meeting of the members of Sharp India Limited will be held at the Registered Office of the Company at Gat No. 686/4, Koregaon Bhima, Taluka Shirur, District Pune 412 216 on Tuesday, 20th September 2011 at 11:00 a.m. (I.S.T.) to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2011 and the Profit and Loss Account for the year ended on 31st March 2011 and the Reports of the Auditors and Directors thereon.
2. To appoint a Director in place of Mr. S. S. Vaidya who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Sanjay Asher who retires by rotation and being eligible, offers himself for re-appointment.
4. "Resolved That M/s. S.R.Batlboi & Co, Chartered Accountants (Firm Registration No. 301003E) be and are hereby appointed as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as shall be fixed by the Board of Directors."

SPECIAL BUSINESS :

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

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

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

"**RESOLVED THAT** Mr. Takashi Mikami who was appointed as an additional director of the Company by the board of directors and who holds office upto the date of this annual general meeting of the Company under section 260 of the Companies Act, 1956, and in respect of whom the Company has received a notice in writing from a member, proposing his candidature for the office of a director, be and is hereby appointed as a director of the company not liable to retire by rotation."

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

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

of Mr. Takashi Mikami as the Managing Director of the Company from 30th May, 2011 to 29th May 2014 on the following terms of remuneration -

1. Salary of Rs.1,20,000 /- (Rupees One Lakhs Twenty Thousand Only) per month.
2. Rent free furnished residential accommodation together with necessities including gas, electricity, water, etc.
3. Reimbursement of medical expenses incurred in India for self and his family (spouse and children) if they reside in India.
4. Rental for the telephone facility at residence to be used for the business of the company.
5. The Company will provide car and the company will bear the cost of fuel, maintenance, road tax and insurance. The company will reimburse the expenses incurred on account of salary of the driver.
6. Entitlement to free Air Passage once in a year for the purpose of Annual Leave for self & family (Spouse and dependent children are also eligible) if residing in India.
7. The company will bear the actual expenses incurred for shifting his household goods from Japan to India and on return from India to Japan on expiry of his term.
8. Employers' Contribution to the Provident Fund as per the prevailing law.

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

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

FURTHER RESOLVED THAT the board shall be at liberty to vary the remuneration and other terms and conditions of the agreement appointing the Managing Director as the Board of Directors may think fit and necessary as long as the remuneration does not exceed the maximum limits specified in Schedule XIII to the Companies Act, 1956."

By Order of the Board of Directors
For Sharp India Limited

Pune
May 30, 2011

Mayuresh Vaze
Company Secretary

NOTES :

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ABOVE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

2. Explanatory Statement pursuant section 173(2) in respect of item number 5, 6 & 7 is annexed hereto.
3. Members are requested to notify any change of address to their Depository Participants (DPs) in respect of their electronic share accounts and to the Registrars & Transfer Agents, Link Intime India Private Limited (Formerly known as : Intime Spectrum Registry Limited), 202, 2nd Floor, Akshay Complex, Off Dhole Patil Road, Near Ganesh Mandir, Pune 411 001, in respect of their physical share folios.
4. Members can avail of nomination facility. Blank Nomination forms will be supplied on request.
5. Members who are holding shares in more than one folio under name(s) in the same order are requested to sent the relative share certificates to the Registrar and Transfer Agents for consolidation of the entire holding in one folio. The share certificates after consolidation will be returned by registered post/courier.
6. The Share Transfer Books and the Register of Members of the Company will remain closed from Saturday, 10th September 2011 to Tuesday, 20th September 2011 (both days inclusive).
7. Members are requested to bring along with them a copy of the Annual Report as the same will not be distributed in the meeting.
8. Members are requested to forward their queries on accounts at least 10 days in advance to enable us to reply the same.

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

ITEM NO. 5

Mr. Tomio Isogai was appointed as an additional director of the Company with effect from 25th February 2011. In terms of section 260 of the Companies Act, 1956 and Article No. 141 of the Articles of Association of the Company, he holds office till the date of ensuing annual general meeting. The Company has received notice in writing from a member pursuant to Section 257 of the Companies Act, 1956 along with a deposit of Rs.500/- proposing his candidature as the Director of the Company at the ensuing Annual General Meeting.

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

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

ITEM NO. 6 & 7 :

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

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

members. The remuneration committee has also approved the remuneration payable to Mr. Takashi Mikami in its meeting held on 30th May 2011 and the same is placed before the shareholders for their approval. The Company has also received a notice from a member along with a deposit of Rs. 500/- pursuant to section 257 of the Companies Act, 1956 proposing Mr. Takashi Mikami's candidature as a director. In terms of the Articles of Association of the Company, Mr. Takashi Mikami being the Managing Director, will not be subject to retirement by rotation. The Company has also executed an Agreement with Mr. Takashi Mikami on 8th July 2011 and the same is available for inspection of members during working hours from Saturday, 10th September 2011 to Tuesday, 20th September 2011 (both days inclusive).

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

I. GENERAL INFORMATION:

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

(Rs. In Lakhs)

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

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

II. INFORMATION ABOUT THE APPOINTEE:

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

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

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

III. Other Information:

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

The company has made profits in the last three years. However the same is inadequate to wipe off the accumulated losses. Intense competition, increase in input cost and reduction in selling prices are affecting profitability of the company.

As a part of improvement plan the role of the company with effect from 1st April 2011 being redefined enabling the company to focus on its core strength of manufacturing. Company will expand its capacity of manufacture of liquid crystal display televisions ("LCD TVs) in addition to cathode ray televisions (CRT TVs). The company may consider adding more product categories from time to time. Considering the steps taken, the Company expects to increase productivity & profits in coming years. However it will be difficult to predict the same in measurable terms.

IV. DISCLOSURES:

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

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

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

- ▶ Mr. S.S. Vaidya, is a Chartered Accountant and a partner of M/s. Kunte & Vaidya - Chartered Accountants, Pune. He has got a very wide experience in the field of finance and taxation. He

also serves on the Board of following public limited companies: BF Utilities Ltd, Bosch Chassis Systems India Ltd, Kalyani Steels Ltd, Nandi Economic Corridor Enterprises Ltd, Nandi Infrastructure Corridor Enterprises Ltd, Nandi Highway Developers Ltd. BF Systems Ltd, Sahyadri Hospitals Ltd, MRF Limited and Kalyani Investments Company Ltd.. He does not hold any shares in the company. He is also Chairman of audit committee and member of remuneration committee and investor grievance and transfer committee of the company.

- ▶ Mr. Sanjay Asher is a Chartered Accountant and Solicitor and partner of M/s. Crawfordbayley & Co., Solicitors, Advocates and Notaries, Mumbai. Mr. Sanjay Asher has been practising for a number of years on various matters including corporate laws. He also serves on the Board of following public limited companies: Ashok Leyland Limited, Bajaj Allianz General Insurance Company Limited, Bajaj Allianz Life Insurance Company Limited, Balkrishna Industries Limited, Dewas Soya Limited, Finolex Cables Limited, Finolex Plasson Industries Limited, Kryfs Power Components Limited, Mandhana Industries Limited, Repro India Limited, Sparsh BPO Services Limited, Shree Renuka Sugars Limited, Sudarshan Chemicals Industries Limited, Tribhovandas Bhimji Zaveri Limited. He holds 100 shares of the Company. He is also member of audit committee and remuneration committee and chairman of investor grievance and transfer committee of the company.
- ▶ Mr. Tomio Isogai was appointed as an additional director of the Company with effect from 25th February 2011. He graduated in English from Kyoto University of Foreign Studies in the year 1979. He has an experience of about 30 years and has held various positions in Sharp Group of Companies in various fields which include Managing Director of some regional sales subsidiaries before joining Sharp India Limited. He does not hold any shares in the Company. He is also a director in Sharp Business Systems (India) Limited.
- ▶ Mr. Takashi Mikami was appointed as an additional director as well as the Managing Director for a period of three years effective from 30th May 2011. Mr. Takashi Mikami, a Japanese National, aged about 55 years, is a Bachelor of Electronics from Musashi Institute of Technology from Japan in the year 1978. He has a total experience of about 33 years and he has an expertise in the field of "Electrical Design". He worked with Japan Air Self Defense Force during the period 1978 to 1981, and joined Sharp Corporation, Japan in the year 1981. He has held various positions in Sharp Group of Companies before joining Sharp India Limited. He does not hold any shares of the Company. He is a member of investor grievance and transfer committee of the company.

Mr. S.S.Vaidya and Mr. Sanjay Asher, Directors of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible have offered themselves for re-appointment.

By Order of the Board of Directors
For Sharp India Limited

Pune
May 30, 2011

Mayuresh Vaze
Company Secretary

DIRECTORS' REPORT

To

The Members,

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

1. FINANCIAL RESULTS :

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

2. OPERATIONS :

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

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

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

3. DIRECTORS :

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

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

additional director. A notice proposing appointment of Mr. Takashi Mikami under section 257 of the Companies Act, 1956 has been received from a member and included in the notice for the ensuing Annual General Meeting. Members consent is also sought for his appointment and remuneration payable to him during his tenure as the Managing Director. His appointment and remuneration is also subject to the approval of the Central Government.

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

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

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

4. MANAGEMENT DISCUSSION ANALYSIS AND CORPORATE GOVERNANCE :

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

5. DIRECTORS' RESPONSIBILITY STATEMENT :

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

- i) that in the preparation of the accounts for the financial year ended March 31, 2011, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) that the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;
- iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) that the Directors have prepared the accounts for the financial year ended March 31, 2011 on a 'going concern' basis.

6. AUDITORS :

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

7. PARTICULARS OF EMPLOYEES :

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

8. CERTIFICATES AND MARKS :

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

9. INDUSTRIAL RELATIONS:

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

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

Your Company is conscious about its responsibility to conserve energy, power and other energy sources and has taken necessary steps to conserve the same. It lays great emphasis towards a safe and clean environment and continues to adhere to all regulatory requirements and guidelines. Your company implements the 3E Policy i.e. -

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

Even though the nature of company's operations is not energy-intensive your company make constant efforts to reduce consumption of energy, light oil, water & fuel. The eco friendly initiatives adopted by the company includes tree plantation, regular internal environmental audit, effective storage and disposal of hazardous waste as per statutory requirements and celebration of world environment day to increase awareness among the employees.

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

Benefits derived from R&D :

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

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

Expenditure on R & D :

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

Total R&D Expenditure as a percentage of total sales turnover 0.400 %

Foreign Exchange Earnings and Out go :

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

Earnings : Rs.156,836.

11. Delisting From Pune Stock Exchange:

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

12. ACKNOWLEDGEMENTS :

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

For and on behalf of the Board of Directors

Pune,
May 30, 2011

Takashi Mikami
Managing Director

T. Sakamoto
Executive Director

MANAGEMENT DISCUSSION & ANALYSIS

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

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

INDUSTRY STRUCTURE & DEVELOPMENT :

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

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

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

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

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

OPPORTUNITIES AND THREATS :

Opportunity:

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

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

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

Threats:

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

Outlook:

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

Risks & Concerns:

The risk associated with the consumer electronics are:-

(a) The Consumer Electronics and Home Appliances business is highly competitive thereby making it difficult for companies to increase the bottom line. (b) Since most of the raw material & components are imported, there is exchange fluctuation risk in case of abnormal exchange rate fluctuation. (c) Increase in the input costs. (d) Due to acceptability of technically innovative products by Indian consumers there is a risk of product obsolescence. (e) Seasonal fluctuations in demand.

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

FINANCIAL AND OPERATIONAL PERFORMANCE:

The financial highlights for the fiscal 2010-2011 are dealt with in the Directors' Report. Gross sales and service income during the year under review has increased by 5.48%, over the previous year. This was mainly due to increase in sales of LCD Televisions, Refrigerators & Microwave Ovens. In terms of volume turnover of LCD TV increased by 47%. Refrigerators by 29% & Microwave ovens by 106%. Your company will focus on manufacture of CTV and LCD televisions in the current fiscal 2011- 2012.

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

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

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

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

HUMAN RESOURCES:

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

Your company considers the quality of its human resources to be the most important asset and places emphasis on training

and development of employees at all levels. Company ensures equal opportunities to the employees to excel in their work and advance themselves in their carrier depending on their abilities. It commits itself to grow hand-in-hand with our employees, encouraging and aiding them to reach their full potential and improve their standard of living.

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

CAUTIONERY STATEMENT :

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

CORPORATE GOVERNANCE

Corporate Governance is based on the principles of transparency, accountability, integrity equity, fairness and commitment to the stakeholders. Your company aims at good governance and management practices and believes in fair and transparent business operations in adherence of philosophy and disclosures standards followed globally by Sharp group of companies. The necessary information as stipulated by clause 49 of the Listing Agreement is incorporated in the present annual report at appropriate places to ensure adequate disclosures. Towards this end, the information given under this section, the 'Management Discussion and Analysis' and the 'Shareholder Information' together constitute the report on Corporate Governance for the financial year 2010-2011.

• COMPOSITION OF THE BOARD :

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

a director w.e.f. 28th May 2010. Mr. Koji Domoto was appointed as an additional director w.e.f 28th May 2010 and he resigned as an additional director w.e.f 12th February 2011. Mr. Tomio Isogai was appointed as an additional director of the company w.e.f 25th February 2011. Mr.K. Ajikawa resigned as a director as well as managing director of the company w.e.f 30th May 2011. Mr. Takashi Mikami was appointed as the additional director as well as managing director of the company w.e.f. 30th May 2011. The details of number of meetings held, and attended by directors and other related information is given in Table 1.

The Board Meetings are generally held in Pune. During the financial year, 6 (Six) Board Meetings were held on 28/05/2010, 02/08/2010, 01/11/2010, 27/12/2010, 12/02/2011 and 25/02/2011 respectively and the time gap between two consecutive meetings did not exceed four months.. Table 1 gives the composition of the Board, the category of the Directors, their attendance record and the number of other directorships held by them.

Table 1 : Details about Board of Directors during the year 2010-2011

| Name of Director | Category | Number of Board Meetings held | Number of Board Meetings Attended | Whether attended last AGM | No. of directorships of other public limited companies | Number of Committees in which Chairman / Member (Other than Sharp India Limited) | |
|-----------------------|---------------------------|-------------------------------|-----------------------------------|---------------------------|--|---|--------|
| | | | | | | Chairman | Member |
| a) ++ Mr. K. Ajikawa | Executive | 6 | 6 | Yes | 1 | 0 | 1 |
| b) Mr. T. Sakamoto | Executive | 6 | 6 | Yes | 1 | 0 | 1 |
| c) Mr. S. S. Vaidya | Non Executive Independent | 6 | 5 | Yes | 10 | 4 | 8 |
| d) Mr. Sanjay Asher | Non Executive Independent | 6 | 5 | No | 14 | 3 | 8 |
| e) \$ Mr. Koji Domoto | Non Executive | 6 | 0 | No | 1 | 0 | 0 |
| f) @ Mr. T. Isogai | Non Executive | 6 | 0 | No | 1 | 0 | 1 |
| g) Mr. H. Takayama | Non Executive Independent | 6 | 2 | No | 0 | 0 | 0 |
| h) # Mr. N. Fujimoto | Non Executive | 6 | 0 | No | 1 | 0 | 1 |

Notes :

- \$ Mr. Koji Domoto was appointed as an additional director w.e.f .28th May 2010 and he resigned as a director w.e.f 12th February 2011.
- @ Mr. T. Isogai was appointed as an additional director w.e.f. 25th February 2011.
- # - Mr. N.Fujimoto resigned as a director w.e.f. 28th May 2010.
- ++ - Mr. K.AjiKawa resigned as a director as well as managing director of the company w.e.f. 30.05.2011
- None of the directors is a Member of more than 10 Board level committees of the public Companies in which they are directors or is a Chairman of more than 5 such committees as included for the purposes of Corporate Governance laid down by Listing agreement. For this purpose audit Committee & Investor Grievance Committee only have been considered as stipulated in clause 49 of the listing agreement.

DIRECTORS' ATTENDANCE RECORD FOR AUDIT AND REMUNERATION COMMITTEE MEETINGS :

| Name of Director | Audit Committee Meetings | | | Remuneration Committee Meetings | | |
|---------------------|--------------------------|-----------------------------|---------------|---------------------------------|-----------------------------|---------------|
| | Number of Meetings Held | Number of Meetings Attended | Position Held | Number of Meetings Held | Number of Meetings Attended | Position Held |
| a) Mr. S. S. Vaidya | 4 | 4 | Chairman | 1 | 1 | Member |
| b) Mr. Sanjay Asher | 4 | 4 | Member | 1 | 1 | Member |
| c) Mr. H. Takayama | 4 | 1 | Member | 1 | 1 | Chairman |

● **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 2010-2011. No payment other than the sitting fees was made to any of the non-Executive Directors. Mr. Sanjay Asher holds 100 equity shares of the Company, no other director holds shares in the company.

● **REMUNERATION TO DIRECTORS :**

The details of the remuneration package for the financial year 2010-2011 of directors and relationship, if any are given in the following table :

Table 2

| Name of the Director | Relationship With other Directors (Rs.) | Sitting Fees (Rs.) | Salaries & Perquisites (Rs.) | Commission (Rs.) | Total (Rs.) |
|----------------------|---|--------------------|------------------------------|------------------|-------------|
| a) Mr. K. Ajikawa | None | Nil | 12,15,282 | Nil | 12,15,282 |
| b) Mr. T. Sakamoto | None | Nil | 12,79,691 | Nil | 12,79,691 |
| c) Mr. S. S. Vaidya | None | 3,62,500 | Nil | Nil | 3,62,500 |
| d) Mr. Sanjay Asher | None | 3,55,000 | Nil | Nil | 3,55,000 |
| e) Mr. N. Fujimoto | None | Nil | Nil | Nil | Nil |
| f) Mr. Koji Domoto | None | Nil | Nil | Nil | Nil |
| g) Mr. T. Isogai | None | Nil | Nil | Nil | Nil |
| h) Mr. H.Takayama | None | Nil | Nil | Nil | Nil |

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

● **REMUNERATION COMMITTEE :**

The terms of references of the Remuneration Committee pertain to determining the Company's policy on and approving remuneration packages for Managing Director / Executive Director. The Committee consists of three Non-Executive Independent Directors. The Remuneration Committee consists of Mr. K. Kawamata (Chairman), Mr. S.S. Vaidya, and Mr. Sanjay Asher as the members. One meeting of the committee was held on 2nd August 2011 during the year

under review to consider and approve the remuneration payable to Mr. K. Ajikawa upon his re- appointment as the Managing Director of the Company with effect from 12th August 2011 for a period of three years & the said meeting was attended by the Chairman, Mr. H. Takayama and other two members - Mr..S.S.Vaidya and Mr. Sanjay Asher.

● **AUDIT COMMITTEE :**

The Audit Committee consists of three non executive independent directors of the Company.viz. Mr.S.S.Vaidya (Chairman), Mr. H.Takayama and Mr. Sanjay Asher as the Members.

The Audit Committee met 4 (four) times in the year on May 28, 2010, August 2, 2010, November 1, 2010 and February 12, 2011. 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 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 consisted of Mr. Sanjay Asher (Chairman), Mr.S.S.Vaidya, Mr.K.Ajikawa and Mr. T.Sakamoto as the Members. Due to resignation of Mr. K.Ajikawa as a director well as managing director of the company w.e.f 30th May 2011, the committee was reconstituted on 30th May 2011 and from that day, the committee consists of Mr. Sanjay Asher (Chairman), Mr.S.S.Vaidya, Mr.T.Mikami and Mr. T.Sakamoto as the Members. The status of complaints is reported to the Committee as well as the Board of Directors. The Committee met 24 times during the year 2010-2011. All queries pertaining to non-receipt of annual reports, transfer of shares, duplicate share certificates, change of address, dematerialization, rematerialization of shares, etc. were resolved to the satisfaction of the shareholders / investors. No complaint was received during the year 2010-2011 under review.

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 etc. and meets every fortnightly to look after share transfer process and redressal of investor's complaints. M/s. Link Intime India Private Limited, Pune, the Registrar & Transfer Agents conduct the share transfer and related 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.

The Company has complied with all mandatory requirements of the clause 49 of the listing and it is having 'remuneration committee' which is the only non mandatory requirement adopted by the Company.

• **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 has been posted on the company's website: www.sharpindialimited.com.

• **COMMUNICATION TO SHAREHOLDERS :**

The Company has its own website- 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, Annual reports are uploaded on the company's website. 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@sil.sharp-world.com

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

| Financial Year | Date | Time | Venue |
|----------------|-----------------|------------|-------------------|
| March 31, 2008 | August 29, 2008 | 11:00 a.m. | Registered Office |
| March 31, 2009 | Sept. 02, 2009 | 11:00 a.m. | Registered Office |
| March 31, 2010 | Sept. 20, 2010 | 11:00 a.m. | Registered Office |

No special resolutions were passed in the last three previous annual general meetings. Postal ballot was conducted in the year 2010-2011 for passing the "Special Resolution" for 'Redefining the Role of Sharp India Limited - Focus of Manufacturing' and the same was passed by the shareholders with requisite majority.

ADDITIONAL INFORMATION TO SHAREHOLDERS

1. ANNUAL GENERAL MEETING :

Date : 20th September 2011
 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 Saturday, 10th September 2011 to Tuesday, 20th September 2011 (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, 2011 - Last week of July 2011
 : Results for quarter and half-year ending September 30, 2011 - Last week of October 2011
 : Results for quarter and nine months ending December 2011 - Last week of January 2012
 : Results for the year ending March 31, 2012 – Last Week of May 2012.

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 2011-2012 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 2010 - 2011 is given below.

Table 3

| MONTH | HIGH (Rs.) | LOW (Rs.) | BSE Sensex | |
|----------------|---------------|--------------|------------|-----------|
| | | | High | Low |
| April 2010 | 37.90 | 31.00 | 18047.86 | 17276.80 |
| May 2010 | 37.55 | 31.75 | 17536.86 | 15960.15 |
| June 2010 | 43.30 | 34.20 | 17919.62 | 16318.39 |
| July 2010 | 42.80 | 36.05 | 18237.56 | 17395.58 |
| August 2010 | 41.50 | 36.00 | 18475.27 | 17819.99 |
| September 2010 | 41.90 | 36.00 | 20267.98 | 18027.12 |
| October 2010 | 47.10 | 35.25 | 20854.55 | 19768.96 |
| November 2010 | 39.80 | 26.05 | 21108.64 | 18954.82 |
| December 2010 | 37.40 | 23.25 | 20552.03 | 19074.57 |
| January 2011 | 41.40 | 29.75 | 20664.80 | 18,038.48 |
| February 2011 | 30.95 | 24.75 | 18690.97 | 17295.62 |
| March 2011 | 32.15 | 26.00 | 19575.16 | 17792.17 |

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

Link Intime India Private Limited, are the Registrar and Share Transfer Agents of the Company (R & T Agents). They deal with all matters pertaining to transfers, transmissions, subdivisions and consolidation of Company's securities and also correspondence for holdings in Physical or Dematerialized form of shares and replying to investor queries. It may be noted that the requests for demat of shares should be made by the investors to their respective depository participants. There are no legal proceedings against the Company on any share transfer matter.

9. SHAREHOLDING PATTERN (as on March 31, 2011) :

| Category | No of Shares Held | Percentage to Total (%) |
|------------------------------------|-------------------|-------------------------|
| Promoters | 20755200 | 80.0000 |
| Mutual Funds | 1700 | 00.0066 |
| Foreign Institutional Investors | 1200 | 00.0046 |
| Bodies Corporate | 491078 | 01.8929 |
| Individuals upto 1 Lakhs | 3532595 | 13.6169 |
| Individuals above 1 Lakhs | 996585 | 03.8415 |
| Clearing Members | 35292 | 00.1360 |
| Non - Resident Indian (Repat) | 83537 | 00.3220 |
| Non Resident Indians (Non - Repat) | 45813 | 00.1766 |
| Hindu Undivided Family | 1000 | 00.0039 |
| TOTAL | 25944000 | 100.0000 |

10. Distribution of Shareholding as on March 31, 2011

| Shareholding of Nominal Value of | Share | | Share Amount | |
|----------------------------------|--------------|----------------|------------------|---------------|
| | Rs. | Rs. | In Rs. | % to Total |
| (1) | (2) | % to Total (3) | (4) | (5) |
| Upto 5,000 | 12665 | 91.41 | 17513880 | 06.75 |
| 5,001 - 10,000 | 598 | 04.31 | 5132420 | 01.97 |
| 10,001 - 20,000 | 276 | 01.99 | 4349390 | 01.67 |
| 20,001 - 30,000 | 92 | 00.66 | 2401410 | 00.92 |
| 30,001 - 40,000 | 47 | 00.33 | 1698040 | 00.65 |
| 40,001 - 50,000 | 44 | 00.31 | 2125010 | 00.81 |
| 50,001 - 100,000 | 70 | 00.50 | 5302590 | 02.04 |
| 100,001 and above | 63 | 00.45 | 220917260 | 85.15 |
| TOTAL | 13855 | 100.00 | 259440000 | 100.00 |

11. Dematerialisation :

The Company's Equity Shares are under compulsory dematerialized (demat) mode of trading. As on March 31, 2011, shares in dematerialized form accounted for 15.88% of total equity shares.

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. Sirur, Dist. Pune 412 216
Phone No. (02137) 252417
Fax No. (02137) 252453
Email : mayuresh.vaze@sil.sharp-world.com
- 2) Link Intime India Private Limited
202, 2nd Floor Akshay Complex,
Off. Dhole Patil Road, Near Ganesh Mandir,
Pune- 411 001
Tel: (020) 26051629
Fax: No.(020)- 2605 3503
Email: pune@linkintime.co.in

CERTIFICATE ON CORPORATE GOVERNANCE - MARCH 31, 2011

To,

The Members of Sharp India Limited, Pune

I have examined the compliance of conditions of Corporate Governance by Sharp India Limited ("the Company") for the year ended March 31, 2011 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.

Sridhar G. Mudaliar

Company Secretary

Date : 30th May, 2011

Membership No.: FCS:6156

Place : Pune

C P No : 2664

AUDITORS' REPORT

To

The Members of Sharp India Limited

1. We have audited the attached Balance Sheet of Sharp India Limited ('the Company') as at March 31, 2011 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, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2011 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, 2011;
 - b) in the case of the profit and loss account, of the profit for the year ended on that date; and
 - c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

For S. R. BATLIBOI & Co.
Firm Registration No. 301003E
Chartered Accountants

per Vijay Maniar

Partner

Place : Mumbai

May 30, 2011

Membership No.: 36738

Annexure referred to in paragraph 3 of our report of even date**Re : Sharp India Limited ('the Company')**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (c) There was no disposal of a substantial part of fixed assets during the year.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
- (b) 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.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii) (a) to (d) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company and hence not commented upon.
- (iii) (e) According to the information and explanations given to us, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii) (e) to (g) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company and hence not commented upon.
- (iv) 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, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.
- (v) In our opinion, there are no contracts or arrangements that need to be entered in the register maintained under Section 301 of the Companies Act, 1956.
- (vi) The Company has not accepted any deposits from the public.

- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) 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 related to the manufacture of color televisions and LCD TVs, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
- (ix) (a) 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.
- Further, since the Central Government has till date not prescribed the amount of cess payable under section 441 A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the company in depositing the same.
- (b) 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, wealth-tax, service tax, sales-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.
- (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

| Name of the statute | Nature of dues | Amount (Rs.) (Including interest & penalty) | Period to which the amount relates | Forum where dispute is pending |
|--------------------------------|---|---|------------------------------------|---|
| Excise Act 1944 | MODVAT on WIP destroyed in fire | 3,504,746 | 1999-2000 | Customs/Central Excise and Service Tax Appellate Tribunal, Mumbai |
| Excise Act 1944 | Remission of Excise Duty on Finished Goods destroyed in fire | 7,778,232 | 1999-2000 | Customs/Central Excise and Service Tax Appellate Tribunal, Mumbai |
| Service Tax (Finance Act 1994) | Service Tax on Royalty paid to Sharp Corporation Japan | 478,629 | August 2002 to March 2004 | Commissioner Central Excise, Pune |
| Service Tax (Finance Act 1994) | Service Tax credit availed on Contract Carriage Services. | 179,091 | December 2008 to November 2009 | Commissioner Central Excise, Pune |
| Service Tax (Finance Act 1994) | Service Tax credit availed on Repairs and Maintenance services provided by companies. | 8,109,288 | August 2003 to September 2010 | Customs/Central Excise and Service Tax Appellate Tribunal, Mumbai |
| Service Tax (Finance Act 1994) | Service Tax credit availed on Canteen Services | 138,380 | December 2008 to November 2009 | Dy. Commissioner Central Excise, Pune |
| Customs Act, 1962 | Demand notice for import of refrigerators | 3,161,503 | April 2008 to September 2008 | Assistant Commissioner Customs, Pune |
| Customs Act, 1962 | Provisional assessment for import of refrigerators | 1,778,298 | October 2008 to December 2008 | Appeal filed to Commissioner (Appeals), JNPT |

- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given by Management, we are of the opinion that the Company has not defaulted in repayment of dues to banks. The Company did not have any outstanding dues in respect of a financial institution or debentures during the year.
- (xii) 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.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditors' Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) 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.
- (xvi) The Company did not have any term loans outstanding during the year.
- (xvii) 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.
- (xviii) 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.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money through public issue during the year.
- (xxi) 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 management, we report that no fraud on or by the Company has been noticed or reported during the year.

For S. R. BATLIBOI & Co.
Firm Registration No. 301003E
Chartered Accountants
per Vijay Maniar
Partner
Membership No.: 36738

Place : Mumbai
May 30, 2011

BALANCE SHEET AS AT MARCH 31, 2011
(All amounts in thousands of Rupees, unless otherwise stated)

| | <u>Schedules</u> | <u>2011</u> | <u>2010</u> |
|---|------------------|-------------|-------------|
| <u>SOURCES OF FUNDS</u> | | | |
| Shareholders' Funds | | | |
| Share Capital | 1 | 259,440 | 259,440 |
| Reserves and Surplus | 2 | 180,600 | 180,600 |
| | | 440,040 | 440,040 |
| Loan Funds | | | |
| Secured Loans | 3 | 40,036 | - |
| Unsecured Loans | 4 | 50,000 | - |
| | | 90,036 | - |
| Total | | 530,076 | 440,040 |
| <u>APPLICATION OF FUNDS</u> | | | |
| Fixed Assets & Intangibles | | | |
| Gross Block | 5 | 931,285 | 888,214 |
| Less: Accumulated Depreciation and Amortisation | | (789,499) | (762,421) |
| Net block | | 141,786 | 125,793 |
| Capital Work in Progress including Capital Advances | | 546 | - |
| | | 142,332 | 125,793 |
| Current Assets, Loans and Advances | | | |
| Inventories | 6 | 229,254 | 145,190 |
| Sundry Debtors | 7 | 129,074 | 90,651 |
| Cash and Bank Balances | 8 | 54,176 | 59,042 |
| Other Current Assets | 9 | 244 | 202 |
| Loans and Advances | 10 | 56,063 | 44,714 |
| | | 468,811 | 339,799 |
| Less: Current Liabilities and Provisions | | | |
| Current Liabilities | 11 | 252,209 | 205,528 |
| Provisions | 12 | 23,315 | 22,650 |
| | | 275,524 | 228,178 |
| Net Current Assets | | 193,287 | 111,621 |
| Profit and Loss account | | 194,457 | 202,626 |
| Total | | 530,076 | 440,040 |
| Notes to Accounts | 19 | | |

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

As per our report of even date

S. R. BATLIBOI & CO.

Firm Registration No. 301003E

Chartered Accountants

per Vijay Maniar

Partner

Membership No. : 36738

Place : Mumbai

May 30, 2011

**For and on behalf of the Board of Directors
of Sharp India Limited**

T. Mikami

Managing Director

T. Sakamoto

Executive Director

M. Vaze

Company Secretary

Place : Pune

May 30, 2011

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

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

| | <u>Schedules</u> | <u>2011</u> | <u>2010</u> |
|--|------------------|------------------|------------------|
| INCOME | | | |
| Turnover (Gross) | | 1,200,585 | 1,137,382 |
| Sale of Services | | 5,443 | 5,951 |
| Total | | <u>1,206,028</u> | <u>1,143,333</u> |
| Less : Excise Duty | | (89,473) | (73,253) |
| Less : Service Tax | | (390) | (449) |
| Sales and Service Income (Net) | | <u>1,116,165</u> | 1,069,631 |
| Other Income | 13 | <u>6,859</u> | <u>10,630</u> |
| | | <u>1,123,024</u> | <u>1,080,261</u> |
| EXPENDITURE | | | |
| Raw Materials Consumed | 14 | 551,451 | 546,949 |
| Purchases of Traded Goods | | 284,901 | 174,679 |
| (Increase)/Decrease in Inventories | 15 | (47,699) | 11,042 |
| Personnel Expenses | 16 | 111,921 | 108,396 |
| Operating and Other Expenses | 17 | 192,061 | 194,158 |
| Depreciation and Amortisation (Refer Note 2 of Schedule 5) | 5 | 16,451 | 23,785 |
| Financial Expenses | 18 | 5,756 | 5,154 |
| | | <u>1,114,842</u> | <u>1,064,163</u> |
| PROFIT BEFORE TAX | | 8,182 | 16,098 |
| PROVISION FOR TAX | | | |
| Wealth Tax | | 13 | 17 |
| NET PROFIT | | 8,169 | 16,081 |
| DEFICIT BROUGHT FORWARD FROM PREVIOUS YEAR | | (202,626) | (218,707) |
| DEFICIT carried to Balance Sheet | | (194,457) | (202,626) |
| Earning per Share | | | |
| Basic and Diluted (in Rupees) | | 0.31 | 0.62 |
| Weighted average number of Equity 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 part 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
of Sharp India Limited****S. R. BATLIBOI & CO.**

Firm Registration No. 301003E

Chartered Accountants

per Vijay Maniar

Partner

Membership No. : 36738

Place : Mumbai

May 30, 2011

T. Mikami

Managing Director

T. Sakamoto

Executive Director

M. Vaze

Company Secretary

Place : Pune

May 30, 2011

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

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

| | March 31, 2011 | | March 31, 2010 |
|--|-----------------------|-----------------------|----------------|
| I. CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Net profit before tax | | 8,182 | 16,098 |
| Adjustments for: | | | |
| Depreciation and Amortisation | 30,339 | | 23,785 |
| Unrealised Exchange (gain) | (1,330) | | (1,370) |
| Interest Expense | 2,644 | | 1,252 |
| Interest Income (gross) | – | | (33) |
| (Profit)/Loss on Sale of Assets | (374) | | 105 |
| Provisions no longer required written back | (4,722) | | (3,278) |
| Provision for Warranty | 116 | | 4,826 |
| Provision for Doubtful Debts | 7,991 | 34,664 | 1,008 |
| Operating profit before working capital changes | | 42,846 | 42,393 |
| Movements in Working Capital | | | |
| Increase in Sundry Debtors | (46,414) | | (18,380) |
| Increase in Inventory | (84,064) | | (29,831) |
| Decrease / (Increase) in Loans and Advances | (11,392) | | 48,195 |
| Increase in Current Liabilities and Provisions | 53,237 | (88,633) | 28,679 |
| Cash generated / (used in) from operations | | (45,787) | 71,056 |
| Payment of Taxes | | (17) | (27) |
| NET CASH FROM / (USED IN) OPERATING ACTIVITIES | | (45,804) | 71,029 |
| II. CASH FLOW FROM INVESTING ACTIVITIES | | | |
| Purchase of Fixed Assets | | (46,914) | (26,869) |
| Proceeds from Sale of Fixed Assets | | 410 | 622 |
| Interest Received | | – | 33 |
| NET CASH USED IN INVESTING ACTIVITIES | | (46,504) | (26,214) |
| III. CASH FLOW FROM FINANCING ACTIVITIES | | | |
| Proceed from Borrowings (short term) | | 90,036 | – |
| Repayment of Borrowings | | – | (18,838) |
| Interest Paid | | (2,594) | (1,298) |
| NET CASH FROM / (USED IN) FINANCING ACTIVITIES | | 87,442 | (20,136) |
| Net (Decrease) / Increase in Cash and Cash Equivalents (I + II + III) | | (4,866) | 24,679 |
| Cash and Cash Equivalents at the beginning of the year | | 59,042 | 34,363 |
| Cash and Cash Equivalents at the end of the year | | 54,176 | 59,042 |
| Components of cash and cash equivalents as at | March 31, 2011 | March 31, 2010 | |
| Cash in hand | 74 | 136 | |
| Balances with Bank on current account : | | | |
| On current accounts | 4,315 | 18,586 | |
| Cheques on hand | 49,787 | 40,320 | |
| Total | 54,176 | 59,042 | |

As per our report of even date

S. R. BATLIBOI & CO.
Firm Registration No. 301003E
Chartered Accountants
per Vijay Maniar
Partner
Membership No. : 36738

Place : Mumbai
May 30, 2011

For and on behalf of the Board of Directors
of Sharp India Limited

T. Mikami
Managing Director
T. Sakamoto
Executive Director
M. Vaze
Company Secretary

Place : Pune
May 30, 2011

SCHEDULES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011

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

| 1. SHARE CAPITAL | 2011 | 2010 |
|--|-----------------|-----------------|
| Authorised Capital | | |
| 40,000,000 (Previous year 40,000,000) equity shares of Rs. 10/- each | <u>400,000</u> | <u>400,000</u> |
| Issued and Subscribed and Paid up | | |
| 25,944,000 (Previous year 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 (Previous year 20,755,200) equity shares of Rs. 10/- each, are held by Sharp Corporation, Japan, the Holding Company. | | |
| 2. RESERVES AND SURPLUS | 2011 | 2010 |
| 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> |
| 3. SECURED LOANS | 2011 | 2010 |
| Cash Credit from Banks | <u>40,036</u> | <u>-</u> |
| (Secured by first hypothecation charge on the Company's entire stock of raw materials, finished goods, work-in-progress, spares and packing material, book debts and movable plant and machinery.) | | |
| 4. UNSECURED LOANS | 2011 | 2010 |
| Short Term Loans from Banks | <u>50,000</u> | <u>-</u> |

5. FIXED ASSETS

| | TANGIBLES | | | | | | | | | | INTANGIBLES | | | TOTAL | |
|--|---|----------------------|------------------------|---------------------------------|--|---------------|---------------|----------------|------------------|-----------------|--------------------------|---------------|------------------|---------------------------|---|
| | Land- Freehold [Refer Note No.1] | Factory Buildings | Plant and machinery | Moulds, jigs and fixtures | Furniture fittings and equipment | Computers | Vehicles | Total | Previous year | SAP Software | Technical know how | Total | Previous year | Grand Total (C=A+B) | Grand Total Previous year (F=D+E) |
| | (A) | (B) | (C) | (D) | (E) | (F) | (G) | (H) | (I) | (J) | (K) | (L) | (M) | (N) | (O) |
| Gross Block | | | | | | | | | | | | | | | |
| As at April 01, 2010 | 1,931 | 90,916 | 379,566 | 287,967 | 30,182 | 45,944 | 8,824 | 845,330 | 830,510 | 29,284 | 13,600 | 42,884 | 42,372 | 888,214 | 872,882 |
| Additions | - | - | 12,425 | 19,986 | 219 | 395 | 2,859 | 35,884 | 26,357 | 858 | 9,626 | 10,484 | 512 | 46,368 | 26,869 |
| Deductions | - | - | 194 | - | 1,617 | 98 | 1,388 | 3,297 | 11,537 | - | - | - | - | 3,297 | 11,537 |
| As at March 31, 2011 | 1,931 | 90,916 | 391,797 | 307,953 | 28,784 | 46,241 | 10,295 | 877,917 | 845,330 | 30,142 | 23,226 | 53,368 | 42,884 | 931,285 | 888,214 |
| Accumulated depreciation and amortisation | | | | | | | | | | | | | | | |
| As at April 01, 2010 | - | 41,052 | 341,703 | 288,644 | 23,824 | 42,043 | 5,337 | 722,603 | 710,238 | 26,218 | 13,600 | 39,818 | 39,209 | 762,421 | 749,447 |
| For the year (Refer Note 2) | - | 2,820 | 7,811 | 6,153 | 4,313 | 3,118 | 3,128 | 27,343 | 23,176 | 2,729 | 267 | 2,996 | 609 | 30,339 | 23,785 |
| Deductions | - | - | 194 | - | 1,614 | 65 | 1,388 | 3,261 | 10,811 | - | - | - | - | 3,261 | 10,811 |
| As at March 31, 2011 | - | 43,872 | 349,320 | 274,797 | 26,523 | 45,096 | 7,077 | 746,685 | 722,603 | 28,947 | 13,867 | 42,814 | 39,818 | 789,499 | 762,421 |
| Net Block | | | | | | | | | | | | | | | |
| As at March 31, 2011 | 1,931 | 47,044 | 42,477 | 33,156 | 2,261 | 1,145 | 3,218 | 131,232 | 122,727 | 1,195 | 9,359 | 10,554 | 3,066 | 141,786 | 125,793 |
| As at March 31, 2010 | 1,931 | 49,864 | 37,863 | 19,323 | 6,358 | 3,901 | 3,487 | 122,727 | 132,080 | 3,066 | - | 3,066 | 57 | 125,793 | - |

Note 1

Freehold land includes Rs.1,812,000/- paid 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.

Note 2

Depreciation figure disclosed in the profit and loss account for the year ended March 31, 2011 is net of reimbursement amounting to Rs. 13,888 (previous year Rs.Nil) received from Sharp Corporation, Japan, towards additional depreciation on certain assets of plant and machinery, furniture and fittings and assets located at various branches.

| | | |
|---|-----------------|-----------------|
| 6. INVENTORIES (At lower of cost & net realisable value) | 2011 | 2010 |
| Raw materials and components [including material in transit Rs. 44,371 (Previous Year Rs. 22,074)] | 122,364 | 85,995 |
| Stores and packing materials | 794 | 798 |
| Work-in-progress | 3,806 | 1,858 |
| Traded and manufactured finished goods [including material in transit Rs. Nil (Previous Year Rs. 5,504)] | 102,290 | 56,539 |
| | <u>229,254</u> | <u>145,190</u> |
| 7. SUNDRY DEBTORS (unsecured) | 2011 | 2010 |
| Debts outstanding for a period exceeding six months | | |
| - Considered good | - | - |
| - Considered doubtful | 49,051 | 55,538 |
| Other debts | | |
| - Considered good | 129,074 | 90,651 |
| - Considered doubtful | 8,201 | 3,615 |
| Sub Total | <u>186,326</u> | <u>149,804</u> |
| Less : Provision for doubtful debts | <u>(57,252)</u> | <u>(59,153)</u> |
| | <u>129,074</u> | <u>90,651</u> |
| Included in Sundry Debtors | | |
| Dues from companies under the same management | | |
| Sharp Business Systems India Limited | 11,040 | 879 |
| [Maximum amount outstanding during the year Rs.11,040 (previous year Rs. 6,259)] | | |
| Sharp Electronics (Malaysia) SDN. BHD., Malaysia | 147 | 73 |
| [Maximum amount outstanding during the year Rs.147 (previous year Rs. 73)] | | |
| 8. CASH AND BANK BALANCES | 2011 | 2010 |
| Cash on hand | 74 | 136 |
| Balances with scheduled banks | - | - |
| - current accounts | 2,194 | 1,999 |
| - cash credit accounts | 2,121 | 16,587 |
| Cheques in hand and in transit | 49,787 | 40,320 |
| | <u>54,176</u> | <u>59,042</u> |
| 9. OTHER CURRENT ASSETS | 2011 | 2010 |
| Unamortised Premium on forward contract | 244 | 202 |
| | <u>244</u> | <u>202</u> |
| 10. LOANS AND ADVANCES | 2011 | 2010 |
| (Unsecured, Considered Good) | | |
| Advances recoverable in cash or kind or for value to be received | 31,303 | 18,299 |
| Balances with customs, excise authorities, etc. | 11,795 | 5,248 |
| Special additional duty receivable | 2,212 | 9,204 |
| Deposits - others | 9,577 | 10,952 |
| Advance Income tax (Net of provision for tax Rs. Nil (Previous year Rs. Nil)) | 1,176 | 1,011 |
| | <u>56,063</u> | <u>44,714</u> |
| Included in Advances recoverable in cash or kind or value to be received : | 2011 | 2010 |
| Dues from companies under the same management as listed below : | | |
| Sharp Corporation, Japan | 11,980 | - |
| Sharp Electronics (Malaysia) SDN. BHD. Malaysia | 887 | - |
| Sharp Business Systems India Limited | 73 | 272 |
| Sharp Manufacturing (Malaysia) SDN. BHD. Malaysia | 8,683 | - |
| Sharp Appliances (Thailand) Ltd., Thailand | 45 | - |
| Maximum amount outstanding during the year, from companies under the same management as listed below : | 2011 | 2010 |
| Sharp Corporation, Japan | 11,980 | - |
| Sharp Electronics (Malaysia) SDN. BHD., Malaysia | 10,150 | 2,871 |
| Sharp Business Systems (India) Limited | 787 | 1,928 |
| Sharp Manufacturing (Malaysia) SDN. BHD. Malaysia | 8,682 | - |
| Sharp Appliances (Thailand) Ltd., Thailand | 45 | 29 |

| | <u>2011</u> | <u>2010</u> |
|--|-----------------|----------------|
| 11. CURRENT LIABILITIES | | |
| Sundry creditors | | |
| Dues of micro, small and medium enterprises (Refer Note 14 of Schedule 19) | - | - |
| Dues of others | 155,850 | 134,676 |
| Acceptances | 73,992 | 52,820 |
| Other liabilities | 20,737 | 14,217 |
| Advance from customers | 1,292 | 3,563 |
| Security deposits from customers | 44 | 50 |
| Interest accrued but not due | 50 | - |
| Unamortized premium liability | 244 | 202 |
| | <u>252,209</u> | <u>205,528</u> |
| 12. PROVISIONS | <u>2011</u> | <u>2010</u> |
| Provision for wealth tax | 13 | 17 |
| Provision for Gratuity (Refer note no. 11 of schedule 19) | 5,696 | 5,746 |
| Provision for leave encashment | 10,044 | 9,441 |
| Provision for product warranties (Refer note no. 6 of schedule 19) | 7,562 | 7,446 |
| | <u>23,315</u> | <u>22,650</u> |
| 13. OTHER INCOME | <u>2011</u> | <u>2010</u> |
| Sale of scrap | 2,137 | 1,958 |
| Interest income (TDS Rs. Nil Previous Year : Rs. 7,587) | - | 33 |
| Provision no longer required written back | 1,841 | 3,184 |
| Exchange rate difference (net) | - | 5,361 |
| Sundry credit balances written back (net) | 2,881 | 94 |
| | <u>6,859</u> | <u>10,630</u> |
| 14. RAW MATERIAL CONSUMED | <u>2011</u> | <u>2010</u> |
| Inventories as at April 1, 2010 | 85,995 | 45,514 |
| Add : Purchases during the year | 587,820 | 587,430 |
| Less : Inventories as at March 31, 2011 | 122,364 | 85,995 |
| | <u>551,451</u> | <u>546,949</u> |
| 15. (INCREASE) / DECREASE IN INVENTORIES | <u>2011</u> | <u>2010</u> |
| Inventories as at April 1, 2010 | | |
| Traded and Manufactured Finished goods (Including Material in Transit) | 56,539 | 67,658 |
| Work in progress | 1,858 | 1,781 |
| TOTAL (A) | <u>58,397</u> | <u>69,439</u> |
| Less : Inventories as at March 31, 2011 | | |
| Traded and Manufactured Finished goods (Including material in transit) | 102,290 | 56,539 |
| Work in progress | 3,806 | 1,858 |
| TOTAL (B) | <u>106,096</u> | <u>58,397</u> |
| (Increase) / Decrease in Inventories (A – B) | <u>(47,699)</u> | <u>11,042</u> |

| 16. PERSONNEL EXPENSES | <u>2011</u> | <u>2010</u> |
|--|----------------|----------------|
| Salaries, wages and bonus | 89,869 | 85,924 |
| Staff welfare | 13,347 | 12,649 |
| Contributions to provident fund | 3,544 | 3,385 |
| Grauity Expenses (Refer note no. 11 of schedule 19) | 605 | 1,656 |
| Contributions to pension fund | 1,843 | 1,870 |
| Contributions to super annuation fund | 2,607 | 2,836 |
| Contributions to employees' deposit linked insurance | 106 | 76 |
| | <u>111,921</u> | <u>108,396</u> |
| | | |
| 17. OPERATING AND OTHER EXPENSES | <u>2011</u> | <u>2010</u> |
| Consumption of stores, spares & packing materials | 22,512 | 21,962 |
| Freight, Octroi, Transit Insurance | 40,285 | 35,817 |
| Power, Fuel, Water Charges | 5,402 | 5,293 |
| Packing & forwarding charges | 22,839 | 19,094 |
| Rent | 12,902 | 12,152 |
| Rates & Taxes | 1,431 | 1,388 |
| Repairs and Maintenance | | |
| - Plant & Machinery | 1,524 | 677 |
| - Building | 381 | 191 |
| - Others | 3,838 | 3,438 |
| Insurance | 1,904 | 1,692 |
| Travel | 12,223 | 10,257 |
| Communication Expenses | 9,690 | 9,470 |
| Directors sitting Fees | 733 | 685 |
| Provision For Doubtful Debts | 7,991 | 1,008 |
| Advertisement expenses | 3,963 | 4,124 |
| Royalty | 417 | - |
| Professional Fees & Expenses | 6,248 | 5,956 |
| Auditors remuneration (Refer note No. 16 (i) of schedule 19) | 2,155 | 2,294 |
| (Increase) / Decrease in Excise duty on inventory (Refer note no. 12 of schedule 19) | (5,262) | 414 |
| Turnover & Additional Sales Tax | 90 | 60 |
| Sales Promotion Expenses | 17,693 | 26,699 |
| Printing & Stationary | 1,283 | 1,055 |
| Processing Charges | 45 | 201 |
| Service tax | 1,106 | 1,457 |
| (Profit) / Loss On Sale Of Assets net | (374) | 105 |
| Product Warranty Expenses (Refer note no. 6 of schedule 19) | 116 | 4,826 |
| Exchange rate difference (net) | 3,135 | - |
| After Sales Service Charge | 12,284 | 11,732 |
| Miscellaneous expenses | 6,209 | 12,631 |
| | <u>192,763</u> | <u>194,678</u> |
| Less : Insurance claims* | (702) | (520) |
| | <u>192,061</u> | <u>194,158</u> |
| | | |
| 18. FINANCIAL EXPENSES | <u>2011</u> | <u>2010</u> |
| Interest - On fixed loans | 1,890 | 206 |
| Interest - Others | 754 | 1,046 |
| Bank Charges | 3,112 | 3,902 |
| | <u>5,756</u> | <u>5,154</u> |

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

NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2011

(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 & LCD TV's. 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. Statement of significant accounting policies**(a) Basis of Preparation**

The financial statements have been prepared to comply in all material respects with the Accounting Standards notified by Companies (Accounting Standards) Rule, 2006 (as amended) ("the Rules") and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis. Accounting policies have been consistently applied by the Company; and are consistent with those used in the previous year.

(b) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires 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. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

(c) Fixed assets, Intangible Assets and depreciation

Fixed assets are stated at cost less accumulated depreciation and impairment loss if any. Costs comprises the purchase price and any attributable cost of bringing the assets to its working condition for its intended use.

Intangible assets are recorded at the consideration paid for their acquisition. They are amortised on straight line method as given below:-

SAP Software - 6 years
Technical Know-how - 10 years

Depreciation on tangible assets is provided using the straight line method as per useful lives of the asset estimated by the management or at the rates specified in Schedule XIV to the Act, whichever is higher.

| | <u>Rates Applied by the Company</u> | <u>Rates as per Schedule XIV</u> |
|-----------------------------------|-------------------------------------|----------------------------------|
| Buildings | | |
| - Factory | 3.34% | 3.34% |
| - Others | 1.63% | 1.63% |
| Plant and machinery | 5.38*% | 5.38% |
| Moulds, jigs and fixtures | 16.21*% | 16.21% |
| Furniture, fittings and equipment | 4.75 - 6.33% | 4.75%-6.33% |
| Computers | 16.21 - 25.00% | 16.21% |
| Vehicles | 20% | 9.5% |

* Plant and machinery, Moulds, jigs and fixtures identified and evaluated technically as obsolete by management are stated at lower of their net book value and estimated net realisable values. Any loss is recognised immediately in the profit and loss account.

Depreciation on fixed assets added during the year is provided on pro rata basis with reference to date of addition except in case of assets individually costing below Rs 5,000 which are fully depreciated in the year of purchase.

(d) Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

(e) Leases**Operating Lease -**

Where Company is the Lessee

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss account on a straight-line basis over the lease term.

(f) Inventories

Inventories are valued as follows :

Raw Material, Components, Stores, Packing Material and spares : Lower of cost and net realizable value. However, material and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a weighted average basis.

Work-in-progress and finished goods : Lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty. Cost is determined on a weighted average basis.

Traded Goods : Traded goods are valued at lower of cost and net realizable value. Cost is determined on weighted average basis and includes all costs of purchase, and other costs incurred in bringing the inventories to their present location and condition.

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.

(g) Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and that the revenue can be reliably measured.

Sale of Goods and Services

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, on the basis of actual despatch and are recorded net of discounts and sales taxes, but including excise duty. Revenue from service contracts are recognised pro-rata over the period of the contract as and when services are rendered.

Interest

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

(h) Product Warranty Costs

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

(i) Foreign currency translation

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.

Exchange Differences

Exchange differences arising on the settlement of monetary items of the company 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.

(j) Retirement benefits

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

Retirement benefits in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the Profit and Loss Accounts of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective funds.

Contributions to superannuation fund with LIC through its employees' trust are charged to the profit and loss account on an accrual basis. There are no other obligations other than the contribution made each year.

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. The actuarial valuation is done as per projected unit credit method.

Long term compensated absences are provided for based on actuarial valuation at the end of each financial year. The actuarial valuation is done as per projected unit credit method.

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

(k) Income tax

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. Deferred income taxes 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 and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. 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. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become virtually certain, as the case may be that sufficient 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 virtually certain, 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 virtually certain, that sufficient future taxable income will be available.

(l) 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.

(m) Provisions

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.

(n) Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet and for the purposes of cash flow statement comprises of cash at bank and in hand.

| 3. PAYMENT TO DIRECTORS | 2011 | 2010 |
|--|---------------------|---------------------|
| Salary | 1,460 | |
| Perquisites [See note (a) below] | <u>959</u> | 908 |
| (i) Director Remuneration (Managing Director and Executive Director) | <u>2,495</u> | <u>2,368</u> |
| (ii) Other Cost - Director sitting fees (Non-executive directors) | <u>733</u> | <u>685</u> |
| | <u>3,228</u> | <u>3,053</u> |

Note :

- (a) Perquisites have been determined on actual cost basis.
 (b) The Company has made payments for managerial remuneration for which Central Government approval has been received.
 (c) There are no amounts payable to directors towards gratuity and compensated absences and therefore not included above.

| 4. CONTINGENT LIABILITIES | 2011 | 2010 |
|--|----------------------|----------------------|
| Claims against the Company not acknowledged as debts | | |
| - Central Excise authorities | <u>20,188</u> | <u>20,780</u> |
| | <u>20,188</u> | <u>20,780</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 (i) cenvat on work-in-progress and finished goods destroyed by fire and (ii) service tax on royalty paid to Sharp Corporation, Japan, and service tax on contract carriage services, repairs and maintenance and canteen services.

5. DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE

| Particulars of Derivatives | Purpose |
|---|-------------------------------|
| Forward contract outstanding as at Balance Sheet date | |
| Buy USD 717,909 (2010 – USD 738,429) | Hedge against USD liabilities |
| (These amounts are not in thousands) | |

Particulars of Unhedged foreign Currency Exposure as at the Balance Sheet date March 31, 2011

| Particulars | Foreign Currency | In Foreign Currency | Amount |
|--------------------|-------------------------|----------------------------|---------------|
| Creditors | USD | 2,293 | 102,275 |
| Loans & Advances | USD | (219) | (9,569) |
| | JPY | (17,646) | (9,501) |
| Debtors | USD | (3) | (147) |

Particulars of Unhedged foreign Currency Exposure as at the Balance Sheet date March 31, 2010

| Particulars | Foreign Currency | In Foreign Currency | Amount |
|--------------------|-------------------------|----------------------------|---------------|
| Creditors | USD | 1,100 | 49,422 |
| | JPY | 2,144 | 1,056 |
| | USD | (123) | (6,746) |
| Loans & Advances | USD | (56) | (2,870) |
| | JPY | (1,720) | (886) |
| Debtors | USD | 1.62 | 73 |
| | USD | (24) | (1,242) |

6. PRODUCT WARRANTY

In pursuance of accounting standard - 29, 'Provisions, contingent liabilities and contingent assets' notified under the Companies (Accounting Standards) Rules, 2006, the provisions required have been incorporated in the books of account in the following manner;

| Particulars | As at April 1, 2010 | Additions during the year | Amounts used during the year | Unused amounts reversed during the year | As at March 31, 2011 |
|---------------|------------------------|------------------------------|---------------------------------|--|-------------------------|
| Current year | 7,446 | 116 | - | - | 7,562 |
| Previous year | 2,620 | 7,446 | - | 2,620 | 7,446 |

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.

7. 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. There are no restrictions imposed by leased agreement. There are no sub-leases. The lease rental charge during the year for such an agreement is Rs. 2,040 (Previous Year Rs. 2,040) and maximum obligation on long-term non-cancellable operating lease payable as per the rentals stated in the agreement is as follows;

Lease payments on operating leases during the year Rs.12,902 (Previous Year Rs. 12,152).

| <u>Obligations on non-cancellable operating leases</u> | <u>Year ended March 31</u> | |
|--|----------------------------|-------------|
| | <u>2011</u> | <u>2010</u> |
| Not later than one year | 2,040 | 2,040 |
| Later than one year and not later than five years | 170 | 2,210 |
| Later than five years | - | - |

8. REIMBURSEMENTS FROM HOLDING COMPANY

During the current year, the Company has received Rs.7,015 (Previous year Rs. Nil) as reimbursements from Sharp Corporation, Japan, towards liquidation of defective inventories and Rs. 13,888 (Previous Year Rs. Nil) towards additional depreciation on certain assets of plant and machinery , furniture and fittings and assets located at various branches.

9. RELATED PARTY TRANSACTIONS

(a) The names of the related parties under the appropriate relationship included in notes 9(b) and 9(c) are as follows:

| <u>Sr No</u> | <u>Type of relationship</u> | <u>Name of the party</u> |
|--------------|-----------------------------|---|
| 1. | Holding Company | Sharp Corporation - Japan |
| 2. | Fellow Subsidiary | Sharp Electronics (Malaysia) SDN. BHD., Malaysia Sharp Manufacturing Co.(M) SDN BHD., Malaysia Sharp Business Systems (India) Limited Sharp Manufacturing Thailand Co. Ltd., Thailand Sharp Appliances (Thailand) Ltd., Thailand P.T. Sharp Electronics Indonesia. Sharp Roxy Sales (Singapore) Pte. Ltd., Singapore Sharp Electronics (SINGAPORE)PTE LTD, Singapore |
| 3. | Key Management Personnel | Mr T. Sakamoto Mr. K. Ajikawa Mr. Y. Mizuno |

(b) Transactions with related parties as per the books of account during the year ended March 31, 2011

| Nature of the transaction | 2011 | | | | 2010 | | | |
|--|-----------------|-------------------|--------------------------|------------|-----------------|-------------------|--------------------------|------------|
| | Holding Company | Fellow Subsidiary | Key Management Personnel | Total 2011 | Holding Company | Fellow Subsidiary | Key Management Personnel | Total 2010 |
| Sale of Goods and Raw Material | - | 42,348 | - | 42,348 | - | 12,205 | - | 12,205 |
| Purchases of Fixed Assets (including capital work in progress) | 9,167 | 1,690 | - | 10,857 | - | 645 | - | 645 |
| Purchase of goods | - | 457,062* | - | 457,062 | 4,187 | 560,499* | - | 564,686 |
| Royalty expense incurred | 417 | - | - | 417 | - | - | - | - |
| Reimbursement of expenses received from (net) | 33,644 | 821 | - | 34,465 | 3,020 | 905 | - | 3,925 |
| Purchases of Services | - | 107 | - | 107 | - | 85 | - | 85 |
| Salary paid for services received | - | - | 2,495 | 2,495 | - | - | 2,368 | 2,368 |

* Net of discounts received

List of material transactions with fellow subsidiaries:

| Type of transaction | Type of relationship | Name of the entity/person | 2011 | 2010 |
|--------------------------------|--------------------------|--|----------------|----------------|
| Purchase of goods | Fellow subsidiary | Sharp Electronics (Malaysia) SDN. BHD., Malaysia | 163,964 | 428,917 |
| | | Sharp Appliances Thailand Ltd., Thailand | 45,477 | 41,150 |
| | | Sharp Manufacturing Co.(M) SDN. BHD | 231,714 | 88,016 |
| | | P. T. Sharp Electronics Indonesia | 2,452 | 2,416 |
| | | Sharp Business Systems (India) Limited | 13,450 | - |
| | | | <u>457,057</u> | <u>560,499</u> |
| Sale of goods and raw material | Fellow subsidiary | Sharp Business Systems (India) Limited | 42,203 | 11,428 |
| | | P. T. Sharp Electronics Indonesia | - | 618 |
| | | Sharp Manufacturing Thailand Co. Ltd., Thailand | - | 10 |
| | | Sharp Electronics (Malaysia) SDN. BHD., Malaysia | 145 | 149 |
| | | | <u>42,348</u> | <u>12,205</u> |
| Purchase of Fixed Assets | Fellow Subsidiary | Sharp Electronics (Malaysia) SDN. BHD., Malaysia | 1,690 | 585 |
| | | Sharp Business Systems (India) Limited | - | 60 |
| | | | <u>1,690</u> | <u>645</u> |
| Purchase of Services | Fellow Subsidiary | Sharp Business Systems (India) Limited | 107 | 85 |
| Managerial remuneration | Key management personnel | Mr T. Sakamoto | 1,215 | 1,004 |
| | | Mr. K. Ajikawa | 1,280 | 1,237 |
| | | Mr. Y. Mizuno | - | 127 |
| | | | <u>2,495</u> | <u>2,368</u> |

(c) Amounts outstanding as at March 31, 2011

| | Balance outstanding at year end | | | |
|--|---------------------------------|-------------------|-----------------|-------------------|
| | 2011 | | 2010 | |
| | Holding Company | Fellow Subsidiary | Holding Company | Fellow Subsidiary |
| Sundry Debtors | - | 11,187 | - | 952 |
| Sundry Creditors | - | 64,586 | 5,231 | 47,256 |
| Loans and Advances | 11,980 | 9,688 | - | 272 |
| Sundry Debtors | | | | |
| Sharp Electronics (Malaysia) SDN. BHD., Malaysia | | 147 | | 73 |
| Sharp Business Systems India Limited | | 11,040 | | 879 |
| | | <u>11,187</u> | | <u>952</u> |
| Sundry Creditors | | | | |
| Sharp Electronics (Malaysia) SDN. BHD., Malaysia | | 12,950 | | 29,740 |
| Sharp Business Systems India Limited | | 13,450 | | - |
| P T Sharp Electronics Indonesia | | - | | 375 |
| Sharp Appliances Thailand Ltd., Thailand | | 8,368 | | 14,591 |
| Sharp Manufacturing Thailand Co. Ltd., Thailand | | 29,818 | | 2,550 |
| | | <u>64,586</u> | | <u>47,256</u> |
| Loans and Advances | | | | |
| Sharp Electronics (Malaysia) SDN. BHD., Malaysia | | 887 | | - |
| Sharp Manufacturing Thailand Co. Ltd., Thailand | | 8,683 | | - |
| Sharp Business Systems India Limited | | 73 | | 272 |
| Sharp Appliances Thailand Ltd., Thailand | | 45 | | - |
| | | <u>9,688</u> | | <u>272</u> |

10. SEGMENT REPORTING

The Company is exclusively engaged in the business of 'consumer electronics' consisting of all types of Colour Televisions and other products which is considered to constitute one single primary segment in context of Accounting Standard (AS) - 17 on Segment Reporting, notified under the Rules. Further the Company mainly caters to the needs of the Indian market & the export turnover amounts to approximately 0.00% (Previous Year 0.07%) of the total turnover of the Company. Hence there are no reportable geographical segments.

11. POST EMPLOYMENT BENEFITS**Defined Contribution Plans -**

The Company has recognized the following amounts in the Profit and Loss Account for the year :

| Particulars | March 31, 2011 | March 31, 2010 |
|---------------------|----------------|----------------|
| Provident Fund | 3,544 | 3,385 |
| Superannuation Fund | 2,607 | 2,836 |

Defined Benefit Plans -

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 following tables summarises the components of net benefit expense recognised in the profit and loss account and the funded status and the amount recognised in the balance sheet for the respective plans.

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

| Particulars | March 31, 2011 | March 31, 2010 |
|--|--|--|
| Discount rate | 8.20% | 8.15% |
| Expected rate of return on plan assets | 7.50% | 7.50% |
| Salary escalation rate | 6% for Bargainable & 8% for Non-Bargainable | 6% for Bargainable & 8% for Non-Bargainable |
| Attrition rate | 2% | 2% |

The estimates of future salary increases considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Net employees benefit expense recognised in the Profit and Loss Account

| Particulars | March 31, 2011 | March 31, 2010 |
|--|----------------|----------------|
| Current Service Cost | 3,046 | 3,054 |
| Interest on defined benefit obligation | 3,707 | 3,035 |
| Expected return on plan assets | (2,864) | (2,330) |
| Net actuarial (gain) / loss recognised in the year | (3,606) | (2,103) |
| Net Benefit expense | 283 | 1,656 |
| Actual return on plan assets | 3,873 | 2,609 |

* The Company expects to contribute Rs. 1,500 to gratuity in 2011-12.

** During the year Company has paid premium to LIC Rs. 333 (Previous Year: Rs. 6,040), which has been included in the Gratuity expenses.

The following table summarises the components of net benefit balance recognized in the balance sheet:

Details of defined benefit gratuity plan

| Particulars | March 31, 2011 | March 31, 2010 |
|----------------------------|----------------|----------------|
| Defined benefit obligation | 31,807 | 43,061 |
| Fair value of plan assets | 26,111 | 37,315 |
| Plan Liability | 5,696 | 5,746 |

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

| Particulars | March 31, 2011 | March 31, 2010 |
|------------------------------------|----------------|----------------|
| Opening defined benefit obligation | 43,061 | 40,458 |
| Interest cost | 3,046 | 3,035 |
| Current service cost | 3,707 | 3,054 |
| Benefits paid / payable | (15,411) | (1,662) |
| Actuarial (gains) on obligation | (2,596) | (1,824) |
| Closing defined benefit obligation | 31,807 | 43,061 |

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

| Particulars | March 31, 2011 | March 31, 2010 |
|-----------------------------------|----------------|----------------|
| Opening fair value of plan assets | 37,315 | 30,328 |
| Expected return | 2,864 | 2,330 |
| Contributions by employer | 333 | 6,040 |
| Benefits paid / payable | (15,411) | (1,662) |
| Actuarial gains | 1,010 | 279 |
| Closing fair value of plan assets | 26,111 | 37,315 |

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

| Particulars | 2011 | 2010 |
|--|------|------|
| Investments with Life Insurance Corporation of India | 100% | 100% |

12. In accordance with ASI 14 (revised) on 'Disclosure of revenue from Sales Transaction' issued by the Institute of Chartered Accountants of India, excise duty on sales amounting to INR 89,473 (Previous year INR 73,253) has been reduced from sales in profit and loss account and excise duty on (increase)/decrease in stock amounting to INR (5,262) (Previous Year INR 414) has been considered as (income)/expense in schedule 17 of the financial statements.

13. DEFERRED TAX BALANCES

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

| | March 31, 2011 | March 31, 2010 |
|--|----------------|----------------|
| Deferred tax asset | | |
| Unabsorbed Depreciation | 24,388 | 24,388 |
| Provision for Product Warranty | 2,512 | 2,473 |
| Provision for Doubtful Debts | 19,018 | 19,649 |
| Provision for leave salary | 3,337 | 3,136 |
| Disallowance u/s 43 B | 6,664 | 6,988 |
| (A) | 55,919 | 56,634 |
| Deferred tax liabilities | | |
| Difference in WDV as per Income tax and as per books | (14,071) | (15,467) |
| (B) | (14,071) | (15,467) |
| Deferred tax asset, net | 41,848 | 41,167 |

In view of there being no virtual certainty for availability of sufficient future taxable income against which the deferred tax assets of Rs.41,848 (Previous Year Rs. 41,167) (net) as at the close of the year can be realized, the same have not been recognized in accordance with Accounting Standard 22 "Accounting for Taxes On Income" notified under the Rules, and has been restricted to the deferred tax liability which is an evidence of virtual certainty.

14. There are no dues to micro, small and medium enterprises as at March 31, 2011, as no supplier has intimated the Company about its status as Micro or Small enterprise or its registration with the appropriate authorities under the Micro Small and Medium Enterprises Development Act, 2006.

15. 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 sales promotion expenses amounting to Rs. Nil (Previous year Rs. 7,742) and which has been credited to the corresponding expense account.

16. Additional information pursuant to the provisions of paragraph 3, 4, 4C & 4D of Part 11 of Schedule VI to the Companies Act 1956.

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

| Items | Licensed capacity per annum | | Installed capacity per annum* | | Production for the year | |
|--|-----------------------------|---------|-------------------------------|---------|-------------------------|---------|
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| Colour TV receivers, LCD and sub-assemblies thereof | 300,000 | 300,000 | 200,000 | 200,000 | 140,474 | 136,066 |
| 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, some of the capacities are inter-changeable with other products depending on the need.

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

Installed capacity has been certified by the management, this being a technical matter.

(b) Quantitative details of manufactured goods

| | Year | OPENING STOCK | | CLOSING STOCK | | **SALES | | *OTHERS |
|---------------------|------|---------------|--------|---------------|--------|---------|---------|---------|
| | | Qty | Amount | Qty | Amount | Qty | Amount | Qty |
| Colour TV receivers | 2011 | 2,946 | 15,047 | 10,583 | 48,074 | 125,403 | 698,637 | 129 |
| | 2010 | 3,062 | 20,155 | 2,946 | 15,047 | 129,182 | 758,874 | 41 |
| CTV-Sub-Assembly | 2011 | - | - | - | - | - | - | - |
| | 2010 | - | - | - | - | 201 | 778 | - |
| LCD TV | 2011 | 806 | 9,393 | 1,402 | 23,710 | 6,594 | 87,141 | 115 |
| | 2010 | 104 | 3,234 | 806 | 9,393 | 6,021 | 87,381 | 35 |
| VCR-EXPORT | 2011 | - | - | - | - | - | - | - |
| | 2010 | 11 | - | - | - | - | - | 11 |
| SPARES | 2011 | - | 4,779 | - | 2,030 | - | 11,889 | - |
| | 2010 | - | 8,789 | - | 4,779 | - | 9,784 | - |
| Total | 2011 | | 29,219 | | 73,814 | | 797,667 | |
| | 2010 | | 32,178 | | 29,219 | | 856,817 | |

* Others pertain to Stock written off during the year.

(c) 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 | 2011 | 25 | - | - | - | 1 | - | 7 | 35 | 17 |
| | 2010 | 946 | 7,803 | - | - | 25 | - | 915 | 9,958 | 6 |
| Microwave Ovens | 2011 | 1,182 | 7,278 | 1,081 | 7,350 | 472 | 2,865 | 1,790 | 14,473 | 1 |
| | 2010 | 8 | - | 2,054 | 12,949 | 1,182 | 7,278 | 868 | 7,088 | 12 |
| DVD | 2011 | 57 | - | - | - | 2 | - | 3 | 1 | 52 |
| | 2010 | 1 | - | - | - | 57 | - | (56) | (118) | - |
| LCD TV | 2011 | 215 | 10,001 | 15,048 | 208,398 | 1,145 | 20,804 | 13,974 | 285,754 | 144 |
| | 2010 | 475 | 7,016 | 7,756 | 112,119 | 215 | 10,001 | 7,961 | 188,787 | 55 |
| Refrigerator | 2011 | 378 | 7,410 | 2,872 | 58,907 | 191 | 3,763 | 3,049 | 87,988 | 10 |
| | 2010 | 863 | 20,662 | 1,883 | 43,732 | 378 | 7,410 | 2,357 | 73,982 | 11 |
| Air Purifier | 2011 | 692 | 2,631 | - | - | 14 | - | 678 | 3,405 | - |
| | 2010 | - | - | 763 | 5,879 | 692 | 2,631 | 65 | 887 | 6 |
| Air Conditioners | 2011 | - | - | 623 | 10,245 | 49 | 1,044 | 574 | 11,262 | - |
| | 2010 | - | - | - | - | - | - | - | - | - |
| Washing Machine | 2011 | - | - | - | - | - | - | - | - | - |
| | 2010 | - | - | - | - | - | - | - | (19) | - |
| Total | 2011 | | 27,320 | | 284,900 | | 28,476 | | 402,918 | |
| | 2010 | | 35,481 | | 174,679 | | 27,320 | | 280,565 | |

* Others pertain to Stock written off during the year.

** The above does not include service income of Rs. 5,053 (Previous year Rs. 5,502)

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

| | <u>2011</u> | | <u>2010</u> | |
|----------------------|-------------|----------------|-------------|----------------|
| | <u>Qty</u> | <u>Amount</u> | <u>Qty</u> | <u>Amount</u> |
| Colour picture tubes | 133,390 | 240,779 | 129,352 | 271,818 |
| Other | *** | 310,672 | *** | 275,131 |
| | | <u>551,451</u> | | <u>546,949</u> |

*** It is not practicable to furnish quantitative information of components consumed in view of considerable number of items, of diverse in size and number.

(e) (i) Value of imported and indigenous raw materials and components consumed

| | <u>2011</u> | | <u>2010</u> | |
|------------|---------------|----------------|---------------|----------------|
| | <u>%</u> | <u>Amount</u> | <u>%</u> | <u>Amount</u> |
| Imported | 75.45 | 416,076 | 82.58 | 451,696 |
| Indigenous | 24.55 | 135,375 | 17.42 | 95,253 |
| | <u>100.00</u> | <u>551,451</u> | <u>100.00</u> | <u>546,949</u> |

ii) Value of imported and indigenous stores and packaging materials consumed

| | <u>2011</u> | | <u>2010</u> | |
|------------|---------------|---------------|---------------|---------------|
| | <u>%</u> | <u>Amount</u> | <u>%</u> | <u>Amount</u> |
| Imported | - | - | - | - |
| Indigenous | 100.00 | 22,512 | 100.00 | 21,962 |
| | <u>100.00</u> | <u>22,512</u> | <u>100.00</u> | <u>21,962</u> |

(f) Value of imports on CIF basis

| | <u>2011</u> | <u>2010</u> |
|-----------------------------|----------------|----------------|
| Raw material and components | 497,945 | 466,858 |
| Capital goods | 38,227 | 19,271 |
| Spare parts | 3,344 | 1,997 |
| Traded items | 210,847 | 122,461 |
| | <u>750,363</u> | <u>610,587</u> |

(g) Expenditure in foreign currency (on accrual basis)

| | <u>2011</u> | <u>2010</u> |
|---------------------------------------|--------------|--------------|
| Travel | 1,450 | 885 |
| Management Consultancy Fees | 2,266 | 1,352 |
| Global Network Charges | 1,683 | 1,644 |
| Interest and bill negotiation charges | 444 | 1,059 |
| Royalty | 417 | - |
| Others | 546 | 2,012 |
| | <u>6,806</u> | <u>6,952</u> |

(h) Earnings in foreign currency (on accrual basis)

| | <u>2011</u> | <u>2010</u> |
|---------------------|-------------|-------------|
| Export at FOB value | 157 | 704 |

(i) Payment to auditors comprises:

| | <u>2011</u> | <u>2010</u> |
|---|--------------|--------------|
| As auditors: | | |
| Audit Fees | 1,430 | 1,430 |
| Tax Audit Fees | 150 | 150 |
| Limited Review | 400 | 400 |
| Reimbursement of out-of-pocket expenses and service tax | 175 | 314 |
| | <u>2,155</u> | <u>2,294</u> |

17. There are no capital commitments outstanding as at the year end (Previous Year Rs. Nil)

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

As per our report of even date

S. R. BATLIBOI & CO.

Firm Registration No. 301003E

Chartered Accountants

per Vijay Maniar

Partner

Membership No. : 36738

Place : Mumbai

May 30, 2011

**For and on behalf of the Board of Directors
of Sharp India Limited**

T. Mikami

Managing Director

T. Sakamoto

Executive Director

M. Vaze

Company Secretary

Place : Pune

May 30, 2011

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

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

(a) Registration details

Registration number State code

Balance sheet date
Date Month Year

(b) Capital raised during the year

| Public issue | Rights issue | Bonus issue | Private placement |
|--|--|--|--|
| <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=""/> <input type="text" value=""/> | <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=""/> <input type="text" value=""/> | <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=""/> <input type="text" value=""/> | <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=""/> <input type="text" value=""/> |

(c) Position of mobilisation and deployment of funds

| Total liabilities and shareholders funds: | Total assets |
|---|---|
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Sources of funds

| Paid-up capital | Reserves and surplus | Secured loans | Unsecured loans |
|---|---|--|--|
| <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="5"/> <input type="text" value="9"/> <input type="text" value="4"/> <input type="text" value="4"/> <input type="text" value="0"/> | <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="8"/> <input type="text" value="0"/> <input type="text" value="6"/> <input type="text" value="0"/> <input type="text" value="0"/> | <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="4"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="3"/> <input type="text" value="6"/> | <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="5"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="0"/> |

Application of funds

| Net fixed assets | Investments | Net current assets | Miscellaneous expenditure |
|---|--|---|--|
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| Accumulated losses | | | |
| <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="9"/> <input type="text" value="4"/> <input type="text" value="4"/> <input type="text" value="5"/> <input type="text" value="7"/> | | | |

(d) Performance of the company

| Turnover | Total expenditure | + / - Profit before tax | + / - Profit after tax |
|--|--|---|---|
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| Earnings per share in Rs | Dividend rate % | | |
| <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="0"/> <input type="text" value="."/> <input type="text" value="3"/> <input type="text" value="1"/> | <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> | | |

(e) Generic names of three principal products/services of the company

Item Code No (ITC Code)

Product Description

PROXY

SHARP INDIA LIMITED

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

I/We _____ (Folio No./ DPID & 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 - SIXTH ANNUAL GENERAL MEETING
of the Company to be held on Tuesday, 20th day of September, 2011 and at any adjournment thereof.

Signed this _____ day of _____ 2011.

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

SHARP

If undelivered please return to :

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