

**27th Annual Report
2011-2012**

SHARP

SHARP INDIA LIMITED

BOARD OF DIRECTORS

SUNILKUMAR SINHA
[Chairman & Executive Director]

TAKASHI MIKAMI
[Managing Director]

MASAHIKO NAKAGAWASAI
[Executive Director]

SANJAY VAIDYA

SANJAY ASHER

HIROAKI 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

REGISTRARS & TRANSFER AGENTS

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

NOTICE

Notice is hereby given that the 27th 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, 25th September 2012 at 11:00 a.m. (I.S.T.) to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2012 and the Profit and Loss Account for the year ended on 31st March 2012 and the Reports of the Auditors and Directors thereon.
2. To appoint a Director in place of Mr. Hiroaki Takayama who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Sanjay Vaidya who retires by rotation and being eligible, offers himself for re-appointment.
4. "Resolved That M/s. S.R.Batliboi & Co, Chartered Accountants (Firm Registration No. 301003E) be and are hereby appointed as Auditors of the Company , to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as shall be fixed by the Board of Directors. "

SPECIAL BUSINESS :

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

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

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

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

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

"**RESOLVED THAT** pursuant to the provisions of section 198, 269, 309, and other applicable provisions, if any of the Companies Act, 1956, and subject to such other approvals as may be required and such modifications and conditions , if any , as the Central Government may impose read with articles 173, 175 and 176 of the Articles of Association of the Company consent of the Company be and is hereby accorded to the appointment of Mr. Masahiko Nakagawasai as an Executive Director of the Company from 28th May 2012 to 27th May 2015 on the following terms of remuneration -

1. Salary of Rs.1,10,000 / - (Rupees . One Lacs Ten Thousand Only) per month.
2. Rent free furnished residential accommodation together with necessities including gas, electricity, water, etc.
3. Reimbursement of medical expenses incurred in India for self and his family (spouse and children) if they reside in India.
4. Rental for the telephone facility at residence to be used for the business of the Company.
5. The Company will provide car and the company will bear the cost of fuel, maintenance ,road tax and insurance. The company will reimburse the expenses incurred on account of salary of the driver.
6. Entitlement to free Air Passage once in a year for the purpose of Annual Leave for self and family (Spouse and dependent children are also eligible) if residing in India.
7. The Company will bear the actual expenses incurred for shifting his household goods from Japan to India and on return from India to Japan on the expiry of his term.
8. Employers' Contribution to the Provident Fund as per the prevailing law.

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

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

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

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

By Order of the Board of Directors
For Sharp India Limited

Pune
7th August 2012

Mayuresh Vaze
Company Secretary

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ABOVE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. Explanatory Statement pursuant section 173(2) in respect of item number 5,6 7 & 8 is annexed hereto.
3. Members are requested to notify any change of address to their Depository Participants (DPs) in respect of their electronic share accounts and to the Registrars & Transfer Agents, Link Intime India Private Limited 202, 2nd Floor, Akshay Complex, Off Dhole Patil Road, Near Ganesh Mandir, Pune 411 001, in respect of their physical share folios.
4. Members can avail of nomination facility. Blank Nomination forms will be supplied on request.
5. Members who are holding shares in more than one folio under name(s) in the same order are requested to sent the relative share certificates to the Registrar and Transfer Agents for consolidation of the entire holding in one folio. The share certificates after consolidation will be returned by registered post/courier.
6. The Share Transfer Books and the Register of Members of the Company will remain closed from Saturday, 15th September 2012 to Tuesday, 25th September 2012 (both days inclusive).
7. Members are requested to bring along with them a copy of the Annual Report as the same will not be distributed in the meeting.
8. Members are requested to forward their queries on accounts at least 10 days in advance to enable us to reply the same.

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

ITEM NO. 5 & 7 :

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

The Board of Directors in its meeting held on 28th May 2012 appointed Mr. Masahiko Nakagawasai as an additional director as well as an Executive Director to hold office for a period of three years effective from 28th May 2012 to 27th May 2015. Mr. Masahiko Nakagawasai's appointment is subject to the approval from the Central Government (Ministry of Corporate Affairs) and that of the members. The remuneration committee has also approved the remuneration payable to Mr. Masahiko Nakagawasai in its meeting held on 28th May 2012 and the same is placed before the shareholders for their approval. In terms of section 260 of the Companies Act, 1956, and article 141 of the Articles of Association of the Company, he holds office till the ensuing annual general meeting. The Company has also received a notice from a member along with a deposit of Rs. 500/- pursuant to section 257 of the Companies Act, 1956 proposing Mr. Masahiko Nakagawasai's candidature as a director.

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

I. GENERAL INFORMATION:

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

(Rs. In Lakhs)

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

- (5) **Export performance and net foreign exchange collaborations as on 31.03.2012 - Rs. 452.33 Lakhs**
- (6) **Foreign investments or collaborators, if any, as on 31.03.2012 -** The total Foreign Holdings in the company as on 31.03.2012 were 2,08,93,400 equity shares i.e. 80.53% of the total Paid up Capital. . Out of that Sharp Corporation ,Japan who are promoters of the company hold 20,755,200 equity shares i.e. 80% equity shares in the company. The Company has entered in to a technical collaboration with Sharp Corporation, Japan for the manufacture of LCD type Color TV Receivers on 20th January 2011.

II. INFORMATION ABOUT THE APPOINTEE:

- (1) **Background Details -** Mr. Masahiko Nakagawasai a Japanese National, aged about 53 years, is a Bachelor of Economics from University of Fukushima, Japan. He has wide experience in the field of Accounts. He has held various positions in Sharp Group of Companies before joining Sharp India Limited
- (2) **Past remuneration, Recognition & awards, Job profile & his suitability**

Mr. Masahiko Nakagawasai was paid around 10,500,000 Japanese Yen last financial year as remuneration and was working as the Manager of the Accounting Department of Communications Systems Group, in Japan. Mr. Masahiko Nakagawasai possesses a wide experience in the field of Accounts and his association with the company will be of great help to the company. Subject to the superintendence, control and direction of the Board of Directors of the Company and also subject to the directions from time to time given by the Managing Director, Mr.Masahiko Nakagawasai shall exercise the control and supervise the general conduct and management of the business and affairs of the Company save and except the matters which require approval of the Board under the Companies Act or any other Act or by the Company's Articles of Association. The Executive Director shall exercise and perform such powers and duties as the Board of Directors of the Company may from time to time determine and delegate.

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

III: Other Information :

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

Company has accumulated losses & has incurred loss in the current year. Intense competition, increase in input cost and reduction in selling prices, wide & adverse fluctuations in the currency exchange rates are affecting profitability of the company.

As a part of improvement plan the role of the company with effect from 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). Company is also about to start the production of LEDs. The company is also considering adding more products in the near future considering the available resources & facilities. Considering the steps taken, the Company expects to increase productivity & profits in coming years. However it will be difficult to predict the same in measurable terms.

IV: DISCLOSURES :

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

Except Mr. Masahiko Nakagawasai none of the directors are interested in the resolutions. It is considered desirable that the company should have benefit of his experience and advice The Board recommends the resolution for acceptance by the members.

ITEM NO. 6 & 8:

Sharp Corporation, Japan, recommended the appointment of Mr. Sunil Kumar Sinha as an Executive Director of the Company with effect from 28th May 2012 for a period of three years. He was appointed as an additional director as well as the Executive Director of the Company with effect from 28th May 2012 for a period of three years. He was also appointed as the 'Chairman' of the Board of Directors of the company with effect from 28th May 2012. His appointment as an Executive Director of the company has been made under section 269 & Schedule- XIII of the Companies Act, 1956, and requires approval of Shareholders of the Company. In terms of section 260 of the Companies Act, 1956 read with Article No.141 of the Articles of Association of the Company he holds office till the date of ensuing

Annual General Meeting. The Company has also received a notice from a member along with a deposit of Rs. 500/- pursuant to section 257 of the Companies Act, 1956 proposing Mr. Sunil Kumar Sinha's candidature as a director.

Except Mr. Sunil Kumar Sinha none of the directors are interested in the resolutions. It is considered desirable that the company should have benefit of his experience and advice. The Board recommends the resolution for acceptance by the members.

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

- ▶ Mr. Hiroaki Takayama is a Joint General Manager of Mizuho Corporate Bank, Limited Mumbai. He has a very wide experience in the banking field. He is a member of the audit committee and chairman of the remuneration committee of the company. He does not hold any shares in the company. He is also a director in Kokuyo Camlin Limited.
- ▶ Mr. Sunil Kumar Sinha was appointed as an additional director as well as an Executive Director of the Company with effect from 28th May 2012 for a period of three years. He was also appointed as the 'Chairman' of the board of directors from that day. He is a Graduate Engineer & has wide experience in the field of manufacturing, Sales, marketing, management & administration in office automation & consumer electronics business. He is also the Managing Director of Sharp Business Systems (India) Limited and CEO of India region. He does not hold any shares in the Company.
- ▶ Mr. Sanjay Vaidya, is a Chartered Accountant and a partner of M/s. Kunte & Vaidya - Chartered Accountants, Pune. He has got a very wide experience in the field of finance and taxation. He also serves on the Board of following public limited companies: BF Utilities Ltd, Bosch Chassis Systems India Ltd, Kalyani Steels Ltd, Nandi Economic Corridor Enterprises Ltd, Nandi Infrastructure Corridor Enterprise Ltd, Nandi Highway Developers Ltd., Sahyadri Hospitals Ltd ,MRF Limited, Kalyani Investments Company Ltd and Foundation Brake Manufacturing Ltd. He does not hold any shares in the company. He is also Chairman of audit committee and member of remuneration committee and investor grievance and transfer committee of the company.
- ▶ Mr. Masahiko Nakagawasai was appointed as an additional director as well as an Executive Director of the Company for a period of three years effective from 28th May 2012. Mr. Masahiko Nakagawasai is aged about 53 years & is a Bachelor of Economics from University of Fukushima , Japan. He has a wide experience in the field of Accounts and has held various positions in Sharp Group of Companies before joining Sharp India Limited. He does not hold any shares of the Company. He is a member of investor grievance and transfer committee of the company.
- ▶ Mr. Hiroaki Takayama and Mr. Sanjay Vaidya Directors of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible have offered themselves for re- appointment.

By Order of the Board of Directors
For Sharp India Limited

Pune
7th August 2012

Mayuresh Vaze
Company Secretary

DIRECTORS' REPORT

To

The Members,

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

1. FINANCIAL RESULTS :

Rs. In 000

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

2. OPERATIONS :

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

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

3. DIRECTORS :

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

Mr. Masahiko Nakagawasai was appointed as an additional director of the company with effect from 28th May 2012. He was also appointed as an Executive Director of the Company with effect from 28th May 2012 for a period of three years. He holds the office till the ensuing Annual General Meeting as he has been appointed as the additional director. A notice proposing appointment of Mr. Masahiko Nakagawasai under section 257 of the Companies Act, 1956 has been received from a member and included in the notice for the ensuing Annual General Meeting. Members consent is also sought for his appointment and remuneration payable to him during his tenure as an Executive Director. His appointment and remuneration is also subject to the approval of the Central Government.

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

Mr. Sunil Kumar Sinha was appointed as an additional director of the company with effect from 28th May 2012. He was also appointed as an Executive Director of the Company with effect from 28th May 2012 for a period of three years. He was also appointed as the 'Chairman' of the board of directors of the Company. He holds the office till the ensuing Annual General Meeting as he has been appointed as an additional director. A notice proposing appointment of Mr. Sunil Kumar Sinha under section 257 of the Companies Act, 1956 has been received from a member and included in the notice for the ensuing Annual General Meeting. His appointment has been made under Schedule -XIII of the Companies Act, 1956. Members consent is also sought for his appointment as an Executive Director of the Company.

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

4. MANAGEMENT DISCUSSION ANALYSIS AND CORPORATE GOVERNANCE :

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

5. DIRECTORS' RESPONSIBILITY STATEMENT :

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

- i) that in the preparation of the accounts for the financial year ended March 31, 2012, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) that the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for the year under review;
- iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) that the Directors have prepared the accounts for the financial year ended March 31, 2012 on a 'going concern' basis.

6. AUDITORS :

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

7. PARTICULARS OF EMPLOYEES :

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

8. CERTIFICATES AND MARKS :

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

9. INDUSTRIAL RELATIONS :

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

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

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

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

Even though the nature of company's operations is not energy-intensive your company make constant efforts to reduce consumption of energy, light, oil, water & fuel in following ways:
 (i) Reduction of energy consumption by turning off lights, personal computers and other electronic equipments, when not in use;
 (ii) Timely maintenance and up-gradation of machinery & equipments;(iii)Plantation of trees in the factory (iv).Awareness programs towards optimum utilization of natural resources.

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

Benefits derived from R&D :

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

<u>Expenditure on R & D :</u>	<u>Amount Rs.000</u>
Capital	-
Recurring	4,747
Total	4,747
Total R&D Expenditure as a percentage of total sales turnover	0.56%

<u>Foreign Exchange Earnings and Out go :</u>	<u>Amount Rs.000</u>
Foreign Exchange outgo	739,210
Foreign Exchange earning	45,232

11. Delisting From Pune Stock Exchange Limited:

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

12. ACKNOWLEDGEMENTS :

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

For and on behalf of the Board of Directors

Pune,
7th August 2012

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

MANAGEMENT DISCUSSION & ANALYSIS

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

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

INDUSTRY STRUCTURE & DEVELOPMENT:

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

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

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

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

OPPORTUNITIES AND THREATS :

Opportunity:

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

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

Threats:

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

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

Outlook:

In the years to come product mix, brand image, well established distribution network, after sales service and technological superiority will be the factors which will decide the competitive advantage of the industry players. Increase in the TV Channels, increase in consumer base and changing lifestyles, penetration of the TV market in the rural areas is expected to have a good growth in the future too. Your Company will explore manufacturing of other consumer electronic product & will focus on manufacturing of various models of LCD and LED TVs in addition to the current range of CRT & LCD TV in the forthcoming year, which will make your company more competitive. We are planning to explore OEM opportunities within and outside India to leverage our production capacity. All these will definitely help us to put our best foot forward with respect to competition.

Risks & Concerns:

The risk associated with the consumer electronics are:-

(a) The Consumer Electronics and Home Appliances business is highly competitive and volatile and thereby making it difficult for companies to increase the bottom line. (b) Since most of the raw material & components are imported, there is exchange fluctuation risk in case of abnormal exchange rate fluctuation (c) There is a risk of obsolescence of technology. (d) Striking balance between increasing input cost & pressure on prices

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

FINANCIAL AND OPERATIONAL PERFORMANCE:

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

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

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

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

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

HUMAN RESOURCES:

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

Your company considers the quality of its human resources to be the most important asset and places emphasis on training and development of employees at all levels. Company ensures equal opportunities to the employees to excel in their work and advance themselves in their carrier depending on their abilities. It commits itself to grow hand-in-hand with

its employees, encouraging and aiding them to reach their full potential and improve their standard of living.

Industrial relations were cordial during the year under review. The total number of employees as on March 31, 2012 is 149.

CAUTIONERY STATEMENT :

Statements in this Management Discussion and Analysis describing the Company's objectives, projections, estimates

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

CORPORATE GOVERNANCE

Corporate Governance contains a set of principles, process and systems to be followed by Directors, Management and all Employees of the Company for increasing the shareholders' value, keeping in view interest of other stakeholders. While adhering to the above, the Company is committed to integrity, accountability, transparency and compliance with laws in all dealings with the Government, customers, suppliers, employees and other stakeholders. The necessary information as stipulated by clause 49 of the Listing Agreement is incorporated in the present annual report at appropriate places to ensure adequate disclosures. Towards this end, the information given under this section, the 'Management Discussion and Analysis' and the 'Shareholder Information' together constitute the report on Corporate Governance for the financial year 2011-2012.

- **COMPOSITION OF THE BOARD :**

The Board of Directors of the Company represents an optimum

combination of Executive Directors, Non - Executive directors and Independent Directors as required under clause 49 of the listing agreement. The total strength of the directors is Six. There are three Executive Directors comprising of Chairman who is an Executive Director, Managing Director and one more Executive Director. The remaining three directors are Non Executive Independent Directors. The details of number of meetings held and attended by directors and other related information is given in Table 1.

The Board Meetings are generally held in Pune. During the financial year, 4 (Four) Board Meetings were held on 30/05/2011, 05/08/2011, 05/11/2011, & 30/01/2012. respectively and the time gap between two consecutive meetings did not exceed four months.. Table 1 gives the composition of the Board, the category of the Directors, their attendance record and the number of other directorships held by them.

Table 1: Details about Board of Directors during the year 2011- 2012 :

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

Notes :

- a) ++ - Mr. K.AjiKawa resigned as a director as well as Managing Director of the company w.e.f. 30.05.2011
- b) # - Mr. T.Mikami was appointed as an additional director as well as Managing Director w.e.f 30.05.2011
- c) None of the directors is a Member of more than 10 Board level committees of the public Companies in which they are directors or is a Chairman of more than 5 such committees as included for the purposes of Corporate Governance laid down by Listing agreement. For this purpose Audit Committee & Investor Grievance Committee only have been considered as stipulated in clause 49 of the listing agreement.

DIRECTORS' ATTENDANCE RECORD FOR AUDIT AND REMUNERATION COMMITTEE MEETINGS :

Name of Director	Audit Committee Meetings			Remuneration Committee Meetings		
	Number of Meetings Held	Number of Meetings Attended	Position Held	Number of Meetings Held	Number of Meetings Attended	Position Held
a) Mr. S. S. Vaidya	4	4	Chairman	1	1	Member
b) Mr. Sanjay Asher	4	4	Member	1	1	Member
c) Mr. H. Takayama	4	2	Member	1	0	Chairman

- **INFORMATION SUPPLIED TO THE BOARD :**

Information supplied to the Board includes -

- Quarterly and annual results of the Company
- Annual operating plans and budgets, capital budgets, updates
- Minutes of board meetings and committees thereof

- Compliance of statutory and regulatory nature, listing requirements and investor grievances, if any and shareholder-services
- Disclosures pertaining clause 49 of the Listing Agreement.
- Important show cause notices and demand notices.

• **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 2011-2012. 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 2011-2012 of directors and relationship, if any are given in the following table :

Table 2

Name of the Director	Relationship With other Directors	Sitting Fees (Rs.)	Salaries & Perquisites (Rs.)	Commission (Rs.)	Total (Rs.)
a) Mr. K.Ajikawa	None	Nil	1,03,281	Nil	1,03,281
b) Mr. T.Mikami	None	Nil	18,96,408	Nil	18,96,408
c) Mr. T.Sakamoto	None	Nil	13,88,398	Nil	13,88,398
d) Mr. S.S.Vaidya	None	3,57,500	Nil	Nil	3,57,500
e) Mr. Sanjay Asher	None	3,57,500	Nil	Nil	3,57,500
f) Mr. T. Isogai	None	Nil	Nil	Nil	Nil
g) 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. Hiroaki Takayama (Chairman), Mr. Sanjay Vaidya, and Mr. Sanjay Asher as the members. One meeting of the committee was held on 30th May 2011 during the year under review to consider and approve the remuneration payable to Mr. Takashi Mikami upon his appointment as the Managing Director of the Company with effect from 30th May 2011 for a period of three years & the said meeting was attended by the two committee members - Mr. Sanjay Vaidya and Mr. Sanjay Asher.

• **AUDIT COMMITTEE :**

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

The Audit Committee met 4 (four) times in the year on May 30, 2011, August 5, 2011, November 5, 2011 and January 30, 2012. 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-

- 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.
- Recommending the appointment, re-appointment and removal of statutory auditor, fixation of audit fee and also approval for payment for any other services.
- Approval of payment to statutory auditors for any other services rendered by them.
- Reviewing with management the annual financial statements before submission to the board, with particular reference to:
 - 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.
 - Changes if any, in accounting policies and practices and reasons for the same
 - Major accounting entries based on exercise of judgement by management.
 - Significant adjustments arising out of audit findings
 - Compliance with stock exchange and legal requirements concerning financial statements.
 - Disclosure of any related party transactions
 - Qualifications in draft audit report.
- Reviewing with the management, the quarterly financial statements before submission to the Board for approval
- Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
- Reviewing the adequacy of internal audit function, and reports submitted by the internal auditors
- 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.
- 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.
- 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.Sanjay Vaidya, Mr.K.Ajikawa and Mr. T.Sakamoto as the Members at the beginning of the year. . Due to resignation of Mr. K.Ajikawa as a Managing Director as well as a Director of the company w.e.f 30th May 2011, the committee was reconstituted on 30th May 2011 and from that day, the committee consisted of Mr. Sanjay Asher (Chairman),

Mr. Sanjay Vaidya, Mr. Takashi Mikami and Mr. Tadasu Sakamoto as the Members. Due to resignation of Mr. Tadasu Sakamoto as an Executive director as well as Director w.e.f 25th May 2012 and appointment of Mr. Masahiko Nakagawasai as an additional director as well as an Executive Director of the company w.e.f. 28th May 2012, the committee was reconstituted on 28th May 2012 and from that day, the committee consists of Mr. Sanjay Asher (Chairman), and Mr. Sanjay Vaidya, Mr. Takashi Mikami and Mr. Masahiko Nakagawasai 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 2011 - 2012. 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. One Complaint was received during the year 2011 - 2012 under review from SEBI & the same was redressed.

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 agreement 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 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, 2009	Sept. 02, 2009	11:00 a.m	Registered Office
March 31, 2010	Sept. 20, 2010	11:00 a.m.	Registered Office
March 31, 2011	Sept. 20, 2011	11:00 a.m.	Registered Office

A special resolution was passed in the previous annual general meeting held on 20th September 2011 for the appointment of Mr. Takashi Mikami as the Managing Director of the company. A 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 : 25th September 2012
 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, 15th September 2012 to Tuesday, 25th September 2012 (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, 2012 - Last week of July 2012
 : Results for quarter and half-year ending September 30, 2012 - Last week of October 2012
 : Results for quarter and nine months ending December 2012 - Last week of January 2013
 : Results for the year ending March 31, 2013 - Last Week of May 2013.

5. LISTING ON STOCK EXCHANGES :

The shares of the Company are listed on Bombay Stock Exchange Limited (BSE). The Company has paid the Listing fees for the year 2012-2013 to BSE in the prescribed time.

6. STOCK CODE AND ISIN

Stock codes : 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 2011 - 2012 is given below.

Table 3

MONTH	HIGH (Rs.)	LOW (Rs.)	BSE Sensex	
			High	Low
April 2011	35.70	29.50	19811.14	18976.19
May 2011	32.85	27.35	19253.87	17786.13
June 2011	36.70	28.20	18873.39	17314.38
July 2011	35.95	30.30	19131.70	18131.86
August 2011	32.95	23.20	18440.07	15765.53
September 2011	30.00	25.15	17211.80	15801.01
October 2011	29.75	24.15	17908.13	15745.43
November 2011	32.95	25.15	17702.26	15478.69
December 2011	29.85	24.05	17003.71	15135.86
January 2012	34.25	24.00	17258.97	15358.02
February 2012	41.00	26.15	18523.78	17061.55
March 2012	38.15	29.15	18040.69	16920.61

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, 2012) :

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	449976	01.7344
Individuals upto 1 Lakhs	3548059	13.6758
Individuals above 1 Lakhs	1009828	03.8923
Clearing Members	40037	00.1543
Non - Resident Indian (Repat)	90921	00.3505
Non Resident Indians (Non-Repat)	46079	00.1776
Hindu Undivided Family	1000	00.0039
TOTAL	25944000	100.0000

10. Distribution of Shareholding as on March 31, 2012

Shareholding of Nominal Value of	Share		Share Amount	
	Rs.	Rs.	In Rs.	% to Total
	Number of Shareholders	% to Total		% to Total
(1)	(2)	(3)	(4)	(5)
Upto 5,000	12405	91.30	17089620	06.58
5,001 - 10,000	570	04.19	4897280	01.88
10,001 - 20,000	274	02.01	4379430	01.68
20,001 - 30,000	99	00.72	2601870	01.00
30,001 - 40,000	52	00.38	1878710	00.72
40,001 - 50,000	51	00.37	2433470	00.93
50,001 - 100,000	74	00.54	5721230	02.20
100,001 and above	62	00.45	220438390	84.96
TOTAL	13587	100.00	259440000	100.00

11. Dematerialisation :

The Company's Equity Shares are under compulsory dematerialized (demat) mode of trading. As on March 31, 2012, shares in dematerialized form accounted for 15.94 % 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. Shirur, 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) 26161629
Fax: No.(020)- 2616 3503
Email: pune@linkintime.co.in

CERTIFICATE ON CORPORATE GOVERNANCE - MARCH 31, 2012

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, 2012 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 : 7th August, 2012

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, 2012 and also the Statement of profit and loss 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, statement of profit and loss and cash flow statement dealt with by this report are in agreement with the books of account;
- iv. In our opinion, the balance sheet, statement of profit and loss 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, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2012 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, 2012;
 - b) in the case of the statement of profit and loss, of the loss for the year ended on that date; and
 - c) in the case of cash flow statement, of the cash flows for the year ended on that date.

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

per Arvind Sethi

Partner

Membership No.: 89802

Place : Pune
May 28, 2012**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 the 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) ('the Order') are not applicable to the Company and hence not commented upon.
 - (iii) (e) According to 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 Order 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) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 have been so entered.

- (v) (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public. Accordingly, the provisions of clause 4 (vi) of the Order are not applicable to the Company.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size of the Company 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 'Electronic Products - Television', 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.
- (b) According to the information and explanations given to us, no undisputed dues 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 material 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:
- (x) The Company's accumulated losses at the end of the financial year are less than fifty per cent of its net worth 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 the management, we are of the opinion that the Company has not defaulted in repayment of dues to bank. The Company did not have any dues in respect of financial institutions or debentures.
- (xii) According to the information and explanations given to us and based on the documents and records produced before us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, the provisions of clause 4 (xii) of the Order are not applicable to the Company.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Accordingly, the provisions of clause 4(xiii) of the Order 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 Order 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 bank or financial institutions. Accordingly, the provisions of clause 4 (xv) of the Order are not applicable to the Company.
- (xvi) The Company did not have any term loans outstanding during the year. Accordingly, the provisions of clause 4 (xvi) of the Order are not applicable to the Company.
- (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. Accordingly, the provisions of clause 4 (xviii) of the Order are not applicable to the Company.
- (xix) The Company did not have any debentures outstanding during the year. Accordingly, the provisions of clause 4 (xix) of the Order are not applicable to the Company.
- (xx) The Company has not raised any money through public issue during the year. Accordingly, the provisions of clause 4 (xx) of the Order are not applicable to the Company.
- (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 the management, we report that no fraud on or by the Company has been noticed or reported during the year.

Name of the statute	Nature of dues	Amount (Including interest & penalty) (Rs.)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act 1944	MODVAT on WIP destroyed in fire	3,504,746	1999-2000	Customs/Central Excise and Service Tax Appellate Tribunal, Mumbai
Central 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
Service Tax (Finance Act 1994)	Service Tax on Royalty paid to Sharp Corporation Japan	478,629	August 2002 to March 2004	Customs/Central Excise and Service Tax Appellate Tribunal
Service Tax (Finance Act 1994)	Service Tax credit availed on Repairs and Maintenance services provided by companies.	8,276,663	August 2003 to September 2011	Customs/Central Excise and Service Tax Appellate Tribunal
Customs Act, 1962	Demand notice for import of refrigerators	3,625,949	April 2008 to September 2008	Customs/Central Excise and Service Tax Appellate Tribunal
Customs Act, 1962	Provisional assessment for import of refrigerators	1,778,289	October 2008 to December 2008	Customs/Central Excise and Service Tax Appellate Tribunal
Central Sales Tax Act, 1956	Sales tax related	7,77,111	2009-2010	Sales tax office, Kolkatta

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

Place : Pune
May 28, 2012

Partner
Membership No.: 89802

BALANCE SHEET AS AT MARCH 31, 2012
(All amounts in thousands of Rupees, unless otherwise stated)

Particulars	Note No	As at March 31, 2012	As at March 31, 2011
<u>EQUITY AND LIABILITIES</u>			
Shareholders' Funds			
Share capital	3	259,440	259,440
Reserves and surplus	4	(18,905)	(13,858)
		<u>240,535</u>	<u>245,582</u>
Non-Current Liabilities			
Long term provisions	5	18,332	17,953
		<u>18,332</u>	<u>17,953</u>
Current Liabilities			
Short term borrowings	6	72,297	90,036
Trade payables	7	154,043	222,499
Other current liabilities	7	7,152	16,841
Short term provisions	5	2,880	16,019
		<u>236,372</u>	<u>345,395</u>
Total		<u><u>495,239</u></u>	<u><u>608,930</u></u>
<u>ASSETS</u>			
Non Current Assets			
Fixed assets			
Tangible assets	8	156,816	131,224
Intangible assets	8	14,603	10,561
Capital work in progress		-	546
Long term loans and advances	9	-	-
Trade receivables	10	-	-
		<u>171,419</u>	<u>142,331</u>
Current Assets			
Short term loans and advances	9	72,692	53,851
Trade receivables	10	75,668	129,074
Other current assets	11	474	244
Inventories	12	172,922	229,254
Cash and bank balances	13	2,064	54,176
		<u>323,820</u>	<u>466,599</u>
Total		<u><u>495,239</u></u>	<u><u>608,930</u></u>

Summary of significant accounting policies

The accompanying notes are an integral part of the financial statements.

As per our report of even date

S. R. BATLIBOI & CO.

Firm Registration No. 301003E

Chartered Accountants

per Arvind Sethi

Partner

Membership No. : 89802

Place : Pune

Date : May 28, 2012

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

T. Mikami

Managing Director

M. Nakagawasai

Executive Director

M. Vaze

Company Secretary

Place : Pune

Date : May 28, 2012

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2012

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

Particulars	Note No	For the year ended March 31, 2012	For the year ended March 31, 2011
Income			
Revenue from operations (gross)	14	969,107	1,208,165
Less : excise duty and service tax		(131,506)	(89,863)
Revenue from operations (net)		837,601	1,118,302
Other income	15	3,864	5,096
Total revenue		841,465	1,123,398
Expenses			
Cost of raw material and components consumed	16	552,839	551,451
Purchases of traded goods	17	–	284,901
(Increase)/decrease in inventories of finished goods,			
Work-in-progress and traded goods	17	85,286	(47,699)
Employee benefits expense	18	62,457	111,921
Other expenses	19	114,471	192,435
		815,053	1,093,009
Earnings before finance cost, tax, depreciation and amortisation expense		26,412	30,389
Depreciation and amortisation expenses	20	21,982	16,451
Finance costs	21	9,470	5,756
Profit /(loss) before tax		(5,040)	8,182
Tax expenses			
Wealth tax		7	13
Current tax		–	–
Deferred tax		–	–
Profit /(loss) for the year from continuing operations		(5,047)	8,169
Earnings per equity share [nominal value of share Rs.10 (31 March, 2011: Rs. 10)]			
Basic and diluted (in rupees)	22	(0.19)	0.31

Summary of significant accounting policies

The accompanying notes are an integral part of the financial statements.

As per our report of even date

S. R. BATLIBOI & CO.

Firm Registration No. 301003E

Chartered Accountants

per Arvind Sethi

Partner

Membership No. : 89802

Place : Pune

Date : May 28, 2012

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

Managing Director

M. Nakagawasai

Executive Director

M. Vaze

Company Secretary

Place : Pune

Date : May 28, 2012

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

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

Particulars	31 March 2012	31 March 2011
A. Cash flow from operating activities		
Net profit/(loss) as per statement of profit and loss	(5,047)	8,169
Adjustment for taxation	7	13
Profit before tax	(5,040)	8,182
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation and impairment	37,715	30,339
Provision for doubtful debts	6,300	7,991
Sundry credit balances written back (net)	(1,891)	(2,881)
Provision no longer required written back	(6,102)	(1,841)
Profit on sale of fixed assets	(1,973)	(374)
Provision for product warranty	-	116
Finance costs	9,470	5,756
Unrealised exchange differences	(873)	(1,330)
	42,646	37,776
Operating profit before working capital changes	37,606	45,958
Movements in working capital :		
Increase/(decrease) in trade payables	(65,692)	56,559
Increase/(decrease) in long term provisions	379	(11,113)
Increase/(decrease) in short term provisions	(7,031)	11,186
Increase/(decrease) in other current liabilities	(9,669)	(3,350)
Decrease/(increase) in trade receivables	47,106	(46,414)
Decrease/(increase) in inventories	56,332	(84,064)
Decrease/(increase) in long-term loans and advances	-	-
Decrease/(increase) in short-term loans and advances	(18,841)	(11,349)
Decrease/(increase) in other current assets	(230)	(42)
Change in working capital	2,354	(88,587)
Cash generated from operations	39,960	(42,629)
Direct taxes paid (Net of refunds)	(13)	(17)
Net cash flow from operating activities	39,947	(42,646)
B. Cash flow from investing activities		
Purchase of fixed assets, including intangible assets & Capital work in progress	(66,972)	(46,914)
Proceeds from sale of fixed assets	2,144	410
Net cash flow used in investing activities	(64,828)	(46,504)
C. Cash flow from financing activities		
Proceeds of short term borrowings	32,261	90,036
Repayment of short term borrowings	(50,000)	-
Interest paid	(9,492)	(5,752)
Net cash flow from/ (used in) financing activities	(27,231)	84,284
Net increase in cash and cash equivalents	(52,112)	(4,866)
Cash and cash equivalents as at beginning of year	54,176	59,042
Cash and cash equivalents as at year end	2,064	54,176
Components of cash and cash equivalents:	31 March 2012	31 March 2011
Balances with banks:		
On current accounts	531	2,194
On cash credit account	1,453	2,121
Cheques-in-hand and in transit	-	49,787
Cash in hand	80	74
Total cash and cash equivalents (Refer Note 13)	2,064	54,176

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 Arvind Sethi
Partner
Membership No. : 89802

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

Place : Pune
Date : May 28, 2012

Place : Pune
Date : May 28, 2012

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012**(All amounts in thousands of Rupees, unless otherwise stated)****Note - 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 ('CTVs') and liquid crystal display televisions ('LCD TVs'). Further, the company was also engaged in trading microwave ovens, refrigerators, colour televisions, LCD TVs, air conditioners and audio systems.

Effective from 1st April 2011, the company has shifted to a new business model wherein it has focused on its core strength of manufacturing. The products manufactured by the company would be sold to Sharp Business Systems (India) Limited ('SBSIL'), a 100% subsidiary company of Sharp Corporation Japan. SBSIL would handle the after sales and service activity for all products manufactured by the company and sold to SBSIL. Due to the change in business model the current year figures are not comparable with the previous year.

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') and ('LCD TVs').

Note - 2 : STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**(a) Basis of preparation**

The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under Companies (Accounting Standards) Rules 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.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year, except for the change in accounting policy explained below.

(b) Change in accounting policy**Presentation and disclosures of financial statements**

During the year ended 31 March 2012, the revised schedule VI under the Companies Act 1956, has become applicable to the company, for preparation and presentation of its financial statements. The adoption of revised schedule VI does not impact the recognition and measurement principles followed for preparation of financial statements. However it has significant impact on presentation and disclosures made in the financial statements. The company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

(c) Use of estimates

The preparation of financial statements in conformity with the Indian GAAP requires the management to make estimates and assumptions that affect the reported amounts of revenues, expenses, 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 on the management's best knowledge of current events and actions, actual results could differ from these estimates.

(d) Tangible fixed assets

Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. The cost comprises of purchase price, borrowing costs if capitalisation criteria are met and directly attributable costs of bringing the asset to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

(e) Depreciation on tangible fixed assets

Depreciation on tangible assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management, or those prescribed under Schedule XIV to the Companies Act, 1956, whichever is higher. The company has used the following rates to provide depreciation on its fixed assets:

	Rates applied by the company	Rates as per Schedule XIV
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 statement of profit and loss.

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.

(f) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets are not recorded, excluding capitalised development costs, are not capitalised and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

Intangible assets amortised on straight line basis over the estimated useful economic life.

The amortisation period and the amortisation method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from the previous estimates, the amortisation period is changed accordingly. The amortisation period of the intangible assets are given below:

SAP software - 6 years
 Technical know-how - 10 years
 Model fees - 3 years

Gains or losses arising from derecognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

(g) 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 recognised 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.

(h) 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 item, are classified as operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

(i) Inventories

Inventories are valued as follows:

Raw materials, components, Stores, Packing Material and Spares	:	Lower of cost and net realisable 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 realisable 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 realisable 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 realisable 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.

(j) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and that the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

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 trade discounts and sales taxes, but including excise duty. The company collects sales taxes and value added taxes (VAT) on behalf of the government and therefore, these are not economic benefits flowing to the company. Hence they are excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

Income from services

Revenue from service contracts are recognised pro-rata over the period of the contract as and when services are rendered. The company collects service tax on behalf of the government and, therefore it is not an economic benefit flowing to the company. Hence it is excluded from the revenue.

Interest

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable. Interest income is included under the head "other income" in the statement of profit and loss.

(k) 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 retranslated using the exchange rate prevailing at the reporting rate. Non-monetary items, which are measured in terms of historical cost denomination 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 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 contract is amortised and recognised as an 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.

(l) Retirement benefits

Retirement benefits to employees comprise of contributions to gratuity, superannuation, pension fund, provident fund and employee deposit linked insurance as per the approved scheme of the company.

Retirement benefits in the form of provident fund, pension fund and employee deposit linked insurance is a defined contribution scheme and the contributions to the provident fund, pension fund and employee deposit linked insurance are charged to the statement of profit and loss for 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 statement of profit and loss 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 the statement of profit and loss and are not deferred.

Expenses incurred towards voluntary retirement scheme are charged to the statement of profit and loss immediately.

(m) 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. The tax rates used to compute the amount are those that are enacted or substantially enacted, at the reporting date.

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 reporting date the company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or 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.

(n) 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.

(o) Provisions

A provision is recognised when the company has a present obligation as a result of past event, 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 estimates are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Warranty Provisions:

Product warranty costs have been determined and provided on the basis of expected claims as estimated by management. Provision is based on historical experience.

(p) 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 cash in hand.

(q) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non- occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. The company does not recognise a contingent liability but discloses its existence in the financial statements.

(r) Derivative instruments

In accordance with the ICAI announcement, derivative contracts, other than foreign currency forward contracts covered under AS 11, are marked to market on a portfolio basis, and the net loss, if any, after considering the offsetting effect of gain on the underlying hedged item, is charged to the statement of profit and loss. Net gain, if any, after considering the offsetting effect of loss on the underlying hedged item, is ignored.

(s) Measurement of EBFTDA

As permitted by the guidance note on the Revised Schedule VI to the Companies Act 1956, the company has elected to present earnings before finance cost, tax, depreciation and amortisation (EBFTDA) as a separate line item on the face of the statement of profit and loss. The company measures EBFTDA on the basis of profit / (loss) from continuing operations. In its measurement, the company does not include depreciation and amortisation expenses, finance cost and tax expense.

Note - 3 : SHARE CAPITAL

Particulars	March 31, 2012	March 31, 2011
	(Rs.'000)	(Rs.'000)
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, subscribed and paid up	259,440	259,440
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>

a) Reconciliation of shares outstanding at the beginning and at the end of the reporting period

	March 31, 2012		March 31, 2011	
	(Nos. '000)	(Rs. '000)	(Nos. '000)	(Rs. '000)
At the beginning of the year	25,944	259,440	25,944	259,440
Outstanding at the end of the year	<u>25,944</u>	<u>259,440</u>	<u>25,944</u>	<u>259,440</u>

b) Terms/rights attached to equity shares

The company has only one class of equity shares having a par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the share holders.

c) Shares held by holding /ultimate holding company and/or their subsidiaries / associates

	March 31, 2012		March 31, 2011	
	(Nos. '000)	(Rs. '000)	(Nos. '000)	(Rs. '000)
Sharp Corporation Japan, the holding company	<u>20,755</u>	<u>207,552</u>	<u>20,755</u>	<u>207,552</u>

d) Details of shareholding more than 5% shares in the company

	March 31, 2012		March 31, 2011	
	(Nos. '000)	% holding in the class	(Nos. '000)	% holding in the class
Sharp Corporation Japan, the holding company	<u>20,755</u>	<u>80%</u>	<u>20,755</u>	<u>80%</u>

Note - 4 : RESERVES AND SURPLUS

Particulars	March 31, 2012	March 31, 2011
	(Rs. '000)	(Rs. '000)
Capital reserve	<u>2,000</u>	<u>2,000</u>
- Special capital incentive received from the Government of Maharashtra		
Securities premium account	<u>178,600</u>	<u>178,600</u>
Surplus/(deficit) in the statement of profit and loss		
Balance as per last financial statements	(194,458)	(202,627)
Profit /(loss) for the year	<u>(5,047)</u>	<u>8,169</u>
Net deficit in the statement of profit and loss	<u>(199,505)</u>	<u>(194,458)</u>
Total reserves and surplus	<u>(18,905)</u>	<u>(13,858)</u>

Note - 5 : PROVISIONS

Particulars	Long-term		Short-term	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
Provision for employee benefits				
Provision for gratuity (Refer Note 23)	9,329	5,696	-	-
Provision for leave encashment	4,604	5,708	569	4,337
Provision for bonus	-	-	1,176	1,867
Other provisions				
Provisions for dues under dispute (Refer Note 38)	4,399	6,549	-	-
Provision for wealth tax	-	-	7	13
Provision for product warranties (Refer Note 36)	-	-	1,128	7,562
Provision for octroi	-	-	-	1,654
Provision for hire purchases	-	-	-	586
	<u>18,332</u>	<u>17,953</u>	<u>2,880</u>	<u>16,019</u>

Note - 6 : SHORT TERM BORROWINGS

Particulars	<u>March 31, 2012</u>	<u>March 31, 2011</u>
Cash credit from banks (secured)	72,297	40,036
Short term loans from banks (unsecured)	-	50,000
	<u>72,297</u>	<u>90,036</u>

The above amount includes

Secured borrowings	72,297	40,036
Unsecured borrowings	-	50,000

(Cash credit from banks is 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.)

The cash credit is repayable on demand and carries interest @ 12-14 %

Note - 7 : OTHER CURRENT LIABILITIES

Particulars	<u>March 31, 2012</u>	<u>March 31, 2011</u>
Trade payables (including acceptances)	154,043	222,499
(For dues to micro, small and medium enterprises, Refer Note 30)		
Other liabilities		
TDS payable	2,151	2,268
Sales tax payable	3,243	10,764
Service tax payable	720	1,253
Payables to employees	187	789
Advances from customers	349	1,430
Security deposit from customers	-	43
Interest accrued but not due	28	50
Unamortised premium liability	474	244
	<u>7,152</u>	<u>16,841</u>
	<u>161,195</u>	<u>239,340</u>

Note- 8: FIXED ASSETS (AT COST)

	TANGIBLES										INTANGIBLES			TOTAL
	Land- Freehold	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	
Cost or valuation	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)
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
Additions	-	-	12,417	19,986	219	395	2,859	35,876	26,357	868	9,633	10,491	512	46,367
Disposals	-	-	194	-	1,617	98	1,388	3,297	11,537	-	-	-	-	3,297
As at March 31, 2011	1,931	90,916	391,789	307,953	28,784	46,241	10,295	877,909	845,330	30,142	23,233	53,375	42,884	931,284
Additions	-	-	40,720	10,492	214	268	500	52,194	35,876	9	15,316	15,325	10,491	67,519
Disposals	-	-	19,706	4,021	9,369	5,138	4,996	43,230	3,297	50	-	50	-	43,280
As at March 31, 2012	1,931	90,916	412,803	314,424	19,629	41,371	5,799	886,873	877,909	30,101	38,549	66,650	53,375	955,523
Depreciation and amortisation														
As at April 01, 2010	-	41,052	341,703	266,644	23,824	42,043	5,337	722,603	710,238	26,218	13,600	39,818	39,209	762,421
Charge for the year (Refer Note 8b)	-	2,820	7,811	6,153	4,313	3,118	3,128	27,343	23,176	2,729	267	2,996	609	30,339
Disposals	-	-	194	-	1,614	65	1,388	3,261	10,811	-	-	-	-	3,261
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
Charge for the year (Refer Note 8b)	-	2,820	6,365	15,429	267	555	996	26,432	27,343	223	11,060	11,283	2,996	37,715
Disposals	-	-	19,691	3,953	9,282	5,138	4,996	43,060	3,261	50	-	50	-	43,110
As at March 31, 2012	-	46,692	335,994	286,273	17,508	40,513	3,077	730,057	746,685	29,120	24,927	54,047	42,814	784,104
Net Block														
As at March 31, 2011	1,931	47,044	42,469	33,156	2,261	1,145	3,218	131,224	122,727	1,195	9,366	10,561	3,066	141,785
As at March 31, 2012	1,931	44,224	76,809	28,151	2,121	858	2,722	156,816	131,224	981	13,622	14,603	10,561	171,419

Note 8a

Freehold land includes Rs. 1,812 thousands, 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 8b

Depreciation figure disclosed in the statement of profit and loss for the year ended March 31, 2012 is net of reimbursement amounting to Rs. 15,733 thousands (previous year Rs.13,888 thousands) received from Sharp Corporation, Japan, towards additional depreciation on certain assets of plant and machinery, moulds, technical know-how, furniture and fittings and assets located at various branches.

Reconciliation of depreciation as per note 8 above with the depreciation as per the statement of profit and loss account	2012		2011	
	2012	2011	2012	2011
Depreciation as per note above	37,715	30,339	37,715	30,339
Less : Additional depreciation on certain assets of plant and machinery, moulds, technical know-how, furniture and fittings and assets located at various branches.	15,733	13,888	15,733	13,888
Depreciation, net charged to the statement of profit and loss	21,982	16,451	21,982	16,451

Note - 9 : LOANS AND ADVANCES

Particulars	Non-current		Current	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
Loans and advances to related parties (Refer Note 26 (d))				
Unsecured considered good	-	-	50,524	21,668
Advances recoverable in cash or kind				
Unsecured considered good	-	-	1,517	9,327
Other loans and advances				
Advance income tax (net of provision for tax)	-	-	638	1,176
Prepaid expenses	-	-	3,010	308
Deposits - others	-	-	3,138	9,577
Balances with statutory/government authorities	2,212	2,212	13,865	11,795
Less : provision for doubtful advances	(2,212)	(2,212)	-	-
	<u>-</u>	<u>-</u>	<u>72,692</u>	<u>53,851</u>

Note- 10 : TRADE RECEIVABLES

Particulars	Non-current		Current	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
Unsecured, considered good unless stated otherwise				
Outstanding for a period exceeding six months from the date they are due for payment				
- Considered good	-	-	-	-
- Considered doubtful	60,490	49,051	-	-
	<u>60,490</u>	<u>49,051</u>	<u>-</u>	<u>-</u>
Provision for doubtful receivables	(60,490)	(49,051)	-	-
Sub-Total (A)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other receivables				
- Considered good	-	-	75,668	129,074
- Considered doubtful	-	-	144	8,201
	<u>-</u>	<u>-</u>	<u>75,812</u>	<u>137,275</u>
Provision for doubtful receivables	-	-	(144)	(8,201)
Sub-Total (B)	<u>-</u>	<u>-</u>	<u>75,668</u>	<u>129,074</u>
Total (A+B)	<u>-</u>	<u>-</u>	<u>75,668</u>	<u>129,074</u>

Note - 11 : OTHER CURRENT ASSETS

Particulars	March 31, 2012	March 31, 2011
Unsecured considered good unless stated otherwise		
Unamortised premium on forward contract	474	244
	<u>474</u>	<u>244</u>

Note - 12 : INVENTORIES (VALUED AT LOWER OF COST AND NET REALISABLE VALUE)

Particulars	March 31, 2012	March 31, 2011
Raw materials and components (Includes material in transit Rs. 27,883 thousands (Previous year Rs.44,371 thousands))	151,468	122,364
Stores and packing materials	644	794
Work-in-progress	3,674	3,806
Finished goods	17,136	73,814
Traded goods	-	28,476
	<u>172,922</u>	<u>229,254</u>

Note - 13 : CASH AND BANK BALANCES

Particulars	March 31, 2012	March 31, 2011
Cash and cash equivalents		
Balances with banks		
- On current account	531	2,194
- On cash credit account	1,453	2,121
Cheques-in-hand and in transit	-	49,787
Cash on hand	80	74
	<u>2,064</u>	<u>54,176</u>

Note - 14 : REVENUE FROM OPERATIONS

Particulars	March 31, 2012	March 31, 2011
Revenue from operations		
Sale of products		
Finished goods	935,984	797,667
Traded goods	29,940	402,918
Sale of services	-	5,444
Other operating revenue		
Scrap sales	1,143	2,136
Duty drawback income	2,040	-
Revenue from operations (gross)	<u>969,107</u>	<u>1,208,165</u>
Less : excise duty	(131,506)	(89,473)
Less : service tax	-	(390)
Total excise duty and service tax	<u>(131,506)</u>	<u>(89,863)</u>
Revenue from operations (net)	<u>837,601</u>	<u>1,118,302</u>
Details of products sold	March 31, 2012	March 31, 2011
Finished goods sold		
Colour televisions	411,279	698,637
Liquid crystal display televisions	518,638	87,141
Spares	6,067	11,889
	<u>935,984</u>	<u>797,667</u>

Traded goods sold

Colour televisions	–	36
Liquid crystal display televisions	22,379	285,752
Microwave ovens	3,144	14,474
Refrigerators	3,315	87,988
DVDs	4	1
Air purifiers	32	3,405
Air conditioners	1,066	11,262
	<u>29,940</u>	<u>402,918</u>
	<u>965,924</u>	<u>1,200,585</u>

Details of services rendered**One time service charges**

March 31, 2012	March 31, 2011
–	5,444
–	<u>5,444</u>

Note - 15 : OTHER INCOME**Particulars**

	March 31, 2012	March 31, 2011
Provisions no longer required written back	–	1,841
Sundry credit balances written back (net)	1,891	2,881
Profit on sale of fixed assets	1,973	374
	<u>3,864</u>	<u>5,096</u>

Note - 16 : COST OF RAW MATERIAL AND COMPONENT CONSUMED**Particulars**

	March 31, 2012	March 31, 2011
Inventory as at the beginning of the year	122,364	85,995
Add : Purchases during the year	581,943	587,820
Less : Inventory as at the end of the year	<u>151,468</u>	<u>122,364</u>
Cost of raw material and components consumed	<u>552,839</u>	<u>551,451</u>

Details of raw material and components consumed

	March 31, 2012	March 31, 2011
Colour picture tubes	156,120	240,779
Liquid crystal display panels	310,116	52,109
Others	86,603	258,563
	<u>552,839</u>	<u>551,451</u>

Details of inventory**Raw material and components**

(Excluding materials in transit)

	March 31, 2012	March 31, 2011
Colour picture tubes	20,466	20,783
Liquid crystal display panels	72,831	55,222
Others	58,171	46,359
	<u>151,468</u>	<u>122,364</u>

Note - 17 : (INCREASE) /DECREASE IN INVENTORIES

Particulars	<u>March 31, 2012</u>	<u>March 31, 2011</u>	<u>(Increase)/ decrease in inventories</u>
Inventories as at the end of the year			
Finished goods (including material in transit)	17,136	73,814	56,678
Traded goods (including material in transit)	–	28,476	28,476
Work in progress	3,674	3,806	132
Total (A)	20,810	106,096	85,286
Inventories as at the beginning of the year			
Finished goods (including material in transit)	73,814	28,201	(45,613)
Traded goods (including material in transit)	28,476	28,338	(138)
Work in progress	3,806	1,858	(1,948)
Total (B)	106,096	58,397	(47,699)
(Increase)/decrease in inventories (A-B)	85,286	(47,699)	
Details of purchase of traded goods			
	<u>March 31, 2012</u>	<u>March 31, 2011</u>	
Colour televisions			
Liquid crystal display televisions		–	208,398
Microwave ovens		–	7,350
Refrigerators		–	58,908
Air conditioners		–	10,245
		<u>–</u>	<u>284,901</u>
Details of inventory			
	<u>March 31, 2012</u>	<u>March 31, 2011</u>	
Finished goods			
Colour televisions		7,394	48,074
Liquid crystal display televisions		9,742	23,710
Spares		–	2,030
		<u>17,136</u>	<u>73,814</u>
Traded goods			
Liquid crystal display televisions		–	20,804
Microwave ovens		–	2,865
Refrigerators		–	3,763
Air conditioners		–	1,044
		<u>–</u>	<u>28,476</u>
Work in progress			
Colour televisions		1,618	1,515
Liquid crystal display televisions		2,056	2,291
		<u>3,674</u>	<u>3,806</u>
	<u>20,810</u>	<u>106,096</u>	

Note - 18 : EMPLOYEE BENEFITS EXPENSE

Particulars	March 31, 2012	March 31, 2011
Salaries, wages and bonus	40,188	89,869
Contribution to provident fund	2,419	3,544
Gratuity expense (Refer Note 23)	4,179	605
Contributions to pension funds	1,149	1,843
Contributions to superannuation fund	635	2,607
Contributions to employees deposit linked insurance	66	106
Staff welfare	13,821	13,347
VRS expenses	6,650	–
Less Reimbursement received from Sharp Corporation, Japan (Refer Note 26 (e) and Note 37)	(6,650)	–
	<u>62,457</u>	<u>111,921</u>

Note - 19 : OTHER EXPENSES

Particulars	March 31, 2012	March 31, 2011
Consumption of stores, spares	442	102
Consumption of packing materials	17,303	22,410
Freight, octroi, transit insurance	15,535	40,285
Power, fuel, water charges	3,756	4,938
Water charges	421	464
Packing and forwarding charges	761	22,839
Rent	2,044	12,902
Rates and taxes	1,672	1,431
Repairs and maintenance		
- Plant and machinery	3,303	1,524
- Building	440	381
- Others	3,018	3,838
Insurance	1,613	1,904
Travel	4,764	12,223
Communication expenses	3,971	9,690
Directors sitting fees	700	733
Provision for doubtful debts	6,300	7,991
Advertisement expenses	–	3,963
Royalty	17,660	417
Professional fees and expenses	5,211	6,248
Auditors' remuneration	2,171	2,155
(Increase)/decrease of excise duty on inventory	2,805	(5,262)
Turnover and additional sales tax	–	90
Sales promotion expenses	(834)	17,693
Printing and stationery	602	1,283
Processing charges	–	45
Service tax	509	1,106
Product warranty expenses/(write back) (Refer Note 36)	(5,927)	116
Exchange rate difference (net)	20,068	3,135
After sales service charge	(175)	12,284
Miscellaneous expenses	6,338	6,209
	<u>114,471</u>	<u>193,137</u>
Less: Insurance claims*	–	(702)
	<u>114,471</u>	<u>192,435</u>

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

Payment to auditor

Particulars	March 31, 2012	March 31, 2011
As auditor		
Audit fees	1,430	1,430
Tax audit fees	150	150
Limited review	400	400
Reimbursement of expenses	191	175
	<u>2,171</u>	<u>2,155</u>

Note - 20 : DEPRECIATION AND AMORTISATION EXPENSES

Particulars	March 31, 2012	March 31, 2011
Depreciation of tangible assets	26,432	27,343
Amortisation of intangible assets	11,283	2,996
	<u>37,715</u>	<u>30,339</u>
Less: reimbursement received from Sharp Corporation Japan (Refer Note 26 (e))	15,733	13,888
	<u>21,982</u>	<u>16,451</u>

Note - 21: FINANCE COSTS

Particulars	March 31, 2012	March 31, 2011
Interest	6,920	2,644
Bank charges	2,550	3,112
	<u>9,470</u>	<u>5,756</u>

Note - 22 : EARNINGS PER SHARE (EPS)

The following reflects the profit and share data used in the basic and diluted EPS computations:

Particulars	March 31, 2012	March 31, 2011
Profit/(loss) after tax	(5,047)	8,169
Net profit/(loss) for calculation of basic and diluted EPS	<u>(5,047)</u>	<u>8,169</u>

Particulars	March 31, 2012	March 31, 2011
	Nos. (in '000)	Nos. (in '000)
Weighted average number of equity shares in calculating basic and diluted EPS	25,944	25,944

Note - 23 : GRATUITY & OTHER POST EMPLOYMENT BENEFITS**Defined contribution plans -**

The company has recognised the following amounts in the statement of profit and loss for the year:

Particulars	March 31, 2012	March 31, 2011
Provident & pension fund	3,568	5,387
Superannuation fund	635	2,607

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 statement of profit and loss and the funded status and the amount recognised in the balance sheet for the respective plans.

Statement of profit and loss

Net employees benefit expense recognised in the statement of profit and loss:

Particulars	March 31, 2012	March 31, 2011
Current service cost	1,703	3,046
Interest on defined benefit obligation	2,706	3,707
Expected return on plan assets	(1,976)	(2,864)
Net actuarial (gain)/loss recognised in the year	1,201	(3,606)
Net benefit expense**	<u>3,634</u>	<u>283</u>
Actual return on plan assets	2,464	3,873

** During the year company has paid premium to LIC/settled the gratuity liability of employees directly Rs. 545 thousands (Previous Year: Rs.333 thousands), which has been included in the gratuity expense charged to the statement of profit and loss.

Balance sheet**Benefit asset/liability**

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

Details of defined benefit gratuity plan

Particulars	March 31, 2012	March 31, 2011
Defined benefit obligation	35,183	31,807
Fair value of plan assets	25,854	26,111
Plan liability	9,329	5,696

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

Particulars	March 31, 2012	March 31, 2011
Opening defined benefit obligation	31,807	43,061
Interest cost	1,703	3,046
Current service cost	2,706	3,707
Benefits paid/payable	(2,720)	(15,411)
Actuarial (gain)/loss on obligation	1,687	(2,596)
Closing defined benefit obligation	35,183	31,807

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

Particulars	March 31, 2012	March 31, 2011
Opening fair value of plan assets	26,111	37,315
Expected return	1,976	2,864
Contributions by employer	–	333
Benefits paid	(2,720)	(15,411)
Actuarial gains/(loss) on obligation	487	1,010
Closing fair value of plan assets	25,854	26,111

* The Company expects to contribute Rs. Nil to gratuity in the next year (Previous Year: 1,500 thousands).

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

Particulars	2012	2011
Investments with Life Insurance Corporation of India	100%	100%

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

Particulars	March 31, 2012	March 31, 2011
Discount rate	8.35%	8.20%
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.

The overall expected rate of return on assets is based on the expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligation.

Amounts for the current and previous four periods are as follows:

Particulars	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Defined benefit obligation	35,183	31,807	43,061	40,458	35,420
Plan assets	25,854	26,111	37,315	30,328	25,489
Surplus/(deficit)	(9,329)	(5,696)	(5,746)	(10,130)	(9,931)
Experience adjustments on plan liabilities	2,268	(2,414)	(1,637)	(1,305)	1,886
Experience adjustments on plan assets	487	1,010	279	859	(11)

Note - 24 : LEASE COMMITMENTS

The company had 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. The lease agreement for the office premises taken by the company on operating lease with a non-cancellable three year term was cancelled with the consent from 1st April 2011. There were no restrictions imposed by leased agreement. There are no sub-leases. Hence the lease rental charge during the year for such an agreement is Rs. Nil (Previous year Rs. 2,040 thousands) 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 cancellable operating leases during the year Rs. 2,044 thousands (Previous year Rs. 12,902 thousands).

Obligations on non-cancellable operating leases	Year ended March 31	
	2012	2011
Not later than one year	–	2,040
Later than one year and not later than five years	–	170
Later than five years	–	–

Note - 25 : 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.

The analysis of geographical segment is based on the geographical location of the customers. The geographical segments considered for disclosure are as follows:

- Sales within India include sales to customers located within India.
- Sales outside India include sales to customers located outside India.

Details of segment revenue

Particulars	Year ended	Year ended
	March 31, 2012	March 31, 2011
Sales within India	792,369	1,118,145
Sales outside India	45,232	157
Total	837,601	1,118,302

The company has only one geographical location based on location of assets and hence the additional information relating to carrying amount of segment assets and cost to acquire tangible and intangible fixed assets based on location of assets has not been disclosed.

Note - 26 : RELATED PARTY TRANSACTIONS

a) Names of related parties and related party relationship

I. Related parties where control exists:

Holding company:
Sharp Corporation, Japan

II. Related parties with whom transactions have taken place:

Fellow subsidiaries:

Sharp Electronics (Malaysia) SDN. BHD., Malaysia
Sharp Manufacturing Corporation (M) SDN BHD, Malaysia
Sharp Business Systems (India) Limited
Sharp Manufacturing Thailand Co. Ltd. Thailand
Sharp Electronics Inc of Korea
Sharp Middle East FZE, UAE
P.T Sharp Electronics Indonesia
Sharp Roxy Sales (Singapore) Pte Ltd, Singapore
Sharp Electronics (Singapore) Pte Ltd, Singapore
Sharp Appliances (Thailand) Ltd; Thailand

Key management personnel:

Mr. T. Sakamoto
Mr. K. Ajikawa
Mr. T. Mikami

b) The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

Nature of transactions	Holding company Amount		Fellow subsidiaries Amount		Key management personnel Amount	
	2011-12	2010-2011	2011-12	2010-2011	2011-12	2010-2011
Sale of goods, spares and raw materials	61	–	1,029,865	42,348	–	–
Sale of fixed assets	–	–	111	–	–	–
Purchase of fixed assets (including capital work in progress)	14,587	9,167	1,317	1,690	–	–
Purchase of goods	–	–	324,303*	457,062*	–	–
Purchases of services	–	–	–	107	–	–
Royalty expense incurred	17,660	417	–	–	–	–
Reimbursement of expenses (paid)/ received to/from (net)	56,808	33,644	(1,527)	821	–	–
Managerial remuneration	–	–	–	–	3,388	2,495

* Net of discounts received

c) List of material transactions with fellow subsidiaries:

Type of transaction	Type of relationship	Name of the entity/person	2012	2011
Sale of goods, spares and raw materials	Fellow subsidiaries	Sharp Business Systems (India) Limited	984,693	42,203
		Sharp Roxy Sales (Singapore) Pte Ltd, Singapore	29,518	–
		Sharp Middle East FZE, UAE	13,832	–
		Sharp Manufacturing Corporation.(M) SDN BHD, Malaysia	1,822	–
		Sharp Electronics (Malaysia) SDN. BHD., Malaysia	–	145
			<u>1,029,865</u>	<u>42,348</u>

Sale of fixed assets	Fellow subsidiaries	Sharp Business Systems (India) Limited	111	–
Purchase of fixed assets	Fellow subsidiaries	Sharp Electronics (Malaysia) SDN. BHD., Malaysia	1,042	1,690
		Sharp Electronics Inc of Korea	152	–
		Sharp Manufacturing Corporation.(M) SDN BHD, Malaysia	123	–
			1,317	1,690
Purchase of goods	Fellow subsidiaries	Sharp Electronics (Malaysia) SDN. BHD., Malaysia	166,610	163,964
		Sharp Appliances (Thailand) Ltd., Thailand	–	45,477
		Sharp Manufacturing Corporation.(M) SDN BHD, Malaysia	157,693	231,714
		P.T. Sharp Electronics Indonesia	–	2,452
		Sharp Business Systems (India) Limited	–	13,450
			324,303	457,057
Purchase of Services	Fellow subsidiaries	Sharp Business Systems (India) Limited	–	107
Reimbursement of expenses (paid)/ received to/from (net)	Fellow subsidiaries	Sharp Electronics (Malaysia) SDN. BHD., Malaysia	(2,173)	(2,239)
		Sharp Manufacturing Corporation.(M) SDN BHD, Malaysia	(78)	(29)
		Sharp Business Systems (India) Limited	724	2,909
		Sharp Electronics (Singapore) Pte Ltd, Singapore	–	165
		Sharp Roxy Sales (Singapore) Pte Ltd, Singapore	–	15
			(1,527)	821
Managerial remuneration	Key management personnel	T. Sakamoto	1,388	1,215
		K. Ajikawa	103	1,280
		T.Mikami	1,897	–
			3,388	2,495

d) Amounts outstanding as at year end :

	As at March 31, 2012		As at March 31, 2011	
	Holding company	Fellow subsidiaries	Holding company	Fellow subsidiaries
i) Trade receivables	–	75,624	–	11,187
ii) Trade payables	–	51,905	–	64,586
iii) Loans and advances	31,459	19,065	11,980	9,688

Name of related party**March 31, 2012** **March 31, 2011****Trade Receivables**

Sharp Roxy Sales (Singapore) Pte Ltd, Singapore	11,501	–
Sharp Middle East FZE, UAE	2,377	–
Sharp Business Systems (India) Limited	61,746	11,040
Sharp Electronics (Malaysia) SDN. BHD., Malaysia	–	147
	75,624	11,187

Trade payables

Sharp Electronics (Malaysia) SDN. BHD., Malaysia	36,747	12,950
Sharp Business Systems (India) Limited	2,416	13,450
Sharp Appliances (Thailand) Ltd; Thailand	–	8,368
Sharp Manufacturing Corporation.(M) SDN BHD, Malaysia	12,742	29,818
	51,905	64,586

	<u>March 31, 2012</u>	<u>March 31, 2011</u>
Loans and advances		
Sharp Electronics (Malaysia) SDN. BHD., Malaysia	1,387	887
Sharp Manufacturing Corporation. (M) SDN BHD, Malaysia	17,736	8,683
Sharp Business Systems (India) Limited	(58)	73
Sharp Appliances (Thailand) Ltd., Thailand	-	45
	<u>19,065</u>	<u>9,688</u>

e) Reimbursements from holding company

During the current year, the company has received following reimbursements from Sharp Corporation, Japan:

- 1) Rs. Nil (Previous year Rs. 7,015 thousands) towards liquidation of defective inventories.
- 2) Rs. 15,733 thousands (Previous Year Rs. 13,888 thousands) towards additional depreciation on certain assets of plant and machinery and model fees.
- 3) Rs. 25,115 thousands towards LCD panel price support.
- 4) Rs.6,650 thousands (Previous year Rs. Nil) towards Voluntary Retirement Scheme (VRS) expenses.
- 5) Rs. 9,310 thousands (Previous year Rs. 12,741 thousands) towards other expenses, net.

Note - 27 : There are no capital commitments outstanding as at the year end (Previous Year Rs. Nil)

Note - 28 : CONTINGENT LIABILITIES

	<u>2012</u>	<u>2011</u>
Claims against the company not acknowledged as debts		
- Central excise authorities	20,038	20,188
	<u>20,038</u>	<u>20,188</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) centvat 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 repairs and maintenance services.

Note - 29 : DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE

Particulars of derivatives	Purpose
Forward contract outstanding as at balance sheet date	
Buy USD 950,578 (Previous year - USD 717,909)	Hedge against USD liabilities
(these amounts are not in thousands)	

Particulars of unhedged foreign currency exposure as at the balance sheet date**March 31, 2012**

<u>Particulars</u>	<u>Foreign Currency</u>	<u>In Foreign Currency</u>	<u>In Indian rupees</u>
Trade payables	USD	1,205	61,331
Loans and advances	USD	(331)	(16,860)
	JPY	(53,666)	(33,245)
Trade receivables	USD	(272)	(13,878)

March 31, 2011

<u>Particulars</u>	<u>Foreign Currency</u>	<u>In Foreign Currency</u>	<u>In Indian rupees</u>
Trade payables	USD	2,293	102,275
Loans and advances	USD	(219)	(9,569)
	JPY	(17,646)	(9,501)
Trade receivables	USD	(3)	(147)

Note - 30 : DETAILS OF DUES TO MICRO AND SMALL ENTERPRISES AS DEFINED UNDER MSMED ACT, 2006

There are no dues to micro, small and medium enterprises as at March 31, 2012, 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.

Note - 31 : VALUE OF IMPORTS CALCULATED ON CIF BASIS

	<u>2012</u>	<u>2011</u>
Raw material and components	655,932	497,945
Capital goods including knowhow fees	58,475	38,227
Spare parts	155	3,344
Traded items	–	210,847
	<u>714,562</u>	<u>750,363</u>

Note - 32 : EXPENDITURE IN FOREIGN CURRENCY (accrual basis)

	<u>2012</u>	<u>2011</u>
Travel	2,830	1,450
Management consultancy fees	2,161	2,266
Global network charges	1,104	1,683
Bill negotiation charges	789	444
Royalty	13,534	417
Patent fees	4,126	–
Others	104	546
	<u>24,648</u>	<u>6,806</u>

Note - 33 : IMPORTED AND INDIGENOUS RAW MATERIALS AND COMPONENTS CONSUMED

	<u>2012</u>		<u>2011</u>	
	%	Amount	%	Amount
Raw Materials				
Imported	82.17	454,278	75.45	416,076
Indigenous	17.83	98,561	24.55	135,375
	<u>100.00</u>	<u>552,839</u>	<u>100.00</u>	<u>551,451</u>
Stores and spares				
Imported	–	–	–	–
Indigenous	100.00	17,745	100.00	22,512
	<u>100.00</u>	<u>17,745</u>	<u>100.00</u>	<u>22,512</u>

Note - 34 : EARNINGS IN FOREIGN CURRENCY (accrual basis)

	<u>2012</u>	<u>2011</u>
Export at FOB value	45,232	157

Note - 35 : DEFERRED TAX

The break up of components of deferred tax is given below:

Particulars	<u>March 31, 2012</u>	<u>March 31, 2011</u>
Deferred tax asset		
Unabsorbed depreciation	28,561	24,388
Provision for product warranty	375	2,512
Provision for doubtful debts	20,141	19,018
Provision for leave salary	1,718	3,337

	<u>March 31, 2012</u>	<u>March 31, 2011</u>
Others	1,767	–
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	5,630	6,664
Gross deferred tax asset (A)	<u>58,192</u>	<u>55,919</u>
Deferred tax liability		
Fixed assets: Impact of difference between tax depreciation and depreciation/amortisation charged for the financial reporting	(14,670)	(14,071)
Gross deferred tax liability (B)	<u>(14,670)</u>	<u>(14,071)</u>
Net deferred tax asset	<u>43,522</u>	<u>41,848</u>

In view of there being no virtual certainty for availability of sufficient future taxable income against which the deferred tax assets of Rs.43,522 (Previous Year Rs. 41,848) (net) as at the close of the year can be realised, the same have not been recognised 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.

Note - 36 : PRODUCT WARRANTY

In pursuance of Accounting Standard-29, 'Provisions, contingent liabilities and contingent assets' notified under the Rules, the provisions required have been incorporated in the books of account in the following manner;

Particulars	<u>As at April</u>	<u>Additions</u>	<u>Amounts used</u>	<u>Unused amounts</u>	<u>As at March</u>
	<u>1, 2011</u>	<u>during the year</u>	<u>during the year</u>	<u>reversed during the year</u>	<u>31, 2012</u>
Current year	7,562	1,635	507	7,562	1,128
Previous year	7,446	116	–	–	7,562

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.

Note - 37 : VOLUNTARY RETIREMENT SCHEME EXPENSES

The Company had during the current year ended March 31, 2012, declared a Voluntary Retirement Scheme ('VRS') for its employees. As the entire cost on this account is reimbursed by Sharp Corporation, Japan, there is no impact on the statement of profit and loss for the year ended March 31, 2012.

Note - 38 : PROVISION FOR DUES UNDER DISPUTE

The Company had imported refrigerators during the financial year ended March 31, 2009 by paying nil duty on such imports under the free trade agreement with Thailand. The custom authorities have challenged the classification under which the refrigerators were imported under concessional rate of duty. The dispute is pending with the CESTAT authorities. The company has made full provision of the demand made by the custom authorities along with the interest. During the current year; CESTAT Mumbai has granted stay with a pre-deposit of Rs. 3,000 thousands; pending disposal of the appeal. The outstanding provision amount of Rs. 4,399 thousands as on March 31, 2012 represents balance demand and interest on the same.

Note - 39 : PREVIOUS YEAR FIGURES

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 Arvind Sethi

Partner

Membership No. : 89802

Place : Pune

Date : May 28, 2012

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

T. Mikami

Managing Director

T. Nakagawasai

Executive Director

M. Vaze

Company Secretary

Place : Pune

Date : May 28, 2012

SHARP INDIA LIMITED

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

Sub : Green Initiative.

Date : 07th August 2012

Dear Members,

In view of the 'Green Initiative' introduced by the Ministry of Corporate Affairs (MCA) vide its Circular No. 17/2011 dated 21.04.2011, all members who are holding shares of the Company in PHYSICAL Mode are requested to register their Email ID with the Company, so as to enable the Company to send all notices, /reports/ intimations and other correspondence etc. through Emails .i.e. in the electronic mode instead of receiving physical copies of the same. A SPECIMEN of request form for registering e-mail ID to be filled and submitted by the members to the Registrar & Transfer Agent of the company is annexed herewith. Kindly send your request forms to our Registrar & Transfer Agents whose address is : M/s. Link Intime India Private Limited, 202, 2nd floor, Akshay Complex, Off. Dhole Patil Road, Near Ganesh Mandir, Pune - 411001.

Members holding shares in DEMAT Mode and who have not registered their e-mail ID with the Depository Participant (DP) are also requested to register/update their email ID with their Depository Participant, so that all future shareholder's correspondence can be sent to the email ID registered with your DP.

Thank you

Sd/-

Mayuresh Vaze
Company Secretary
Sharp India Limited

SPECIMEN OF REQUEST FORM for Registering Email ID of the Members who are holding shares in PHYSICAL Mode & who want to receive shareholder's correspondence through electronic Mode (Emails)

SHARP INDIA LIMITED

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

I _____ (name of the first / individual shareholder) holding _____ (No. of Shares) Equity Shares in **Physical mode** vide folio No. _____ in the Company, would like to register below mentioned e-mail ID for receiving all the communications/documents/ notices / correspondence from the Company in electronic mode (i.e. through Emails) instead of receiving physical copies of the same. Kindly register the same in your records.

Email ID : _____

Yours Truly : (Signature) : _____

Name : _____

Address : _____

Date : _____

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 - SEVENTH ANNUAL GENERAL MEETING of the Company to be held on Tuesday, 25th day of September
2012 and at any adjournment thereof.

Signed this _____ day of _____ 2012.

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