

# SHARP

## SHARP INDIA LIMITED

Registered Office & Factory  
Gat no. 686/4, Koregaon Bhima, Tal. Shirur,  
Dist.: Pune : Pin 412 216  
Phones : (02137) 252417 (4 LINES)  
Fax : (02137) 252453  
Website:www.sharpindialimited.com

CIN : L36759MH1985PLC036759

28.08.2019

To,

Corporate Relationship Dept,  
Bombay Stock Exchange Limited  
25<sup>th</sup> Floor, P J Towers, Dalal Street,  
Mumbai 400001

Company Scrip Code : 523449

Dear Sir,

**Sub: Notice of 34<sup>th</sup> Annual General Meeting:**

Pursuant to the regulation 34 (1) (a) of SEBI (Listing obligation and disclosure requirement ) Regulation 2018, Kindly find enclosed 34<sup>th</sup> Annual Report for Financial year 2018-2019 of our Company.

Kindly requested to take submissions on record.

Thanking you,  
Yours faithfully,  
For Sharp India Limited



Chandranil Belvalkar  
Company Secretary  
Encl : a/a.



**34th Annual Report  
2018-2019**

**SHARP**

**SHARP INDIA LIMITED**

**BOARD OF DIRECTORS**

NAOKI HATAYAMA  
[Managing Director]

SEIJI HAYAKAYA  
(Non-executive Director)

PRASHANT ASHER  
(Independent Director)

BHUMIKA BATRA  
(Independent Director)

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**BANKERS**

BANK OF INDIA  
MUGB BANK LTD.  
THE MIZUHO BANK LTD.  
CITIBANK N.A.

**SOLICITORS & ADVOCATES**

CRAWFORD BAYLEY & CO., MUMBAI.

**AUDITORS**

M/S. PRICE WATERHOUSE CHARTERED  
ACCOUNTANTS LLP, 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

**SHARP INDIA LIMITED**

Registered Office :

Gat No.686/4, Koregaon Bhima, Taluka : Shirur, Dist: Pune- 412216  
Ph No. 02137-252417 Fax No. 02137 -252453  
Website : www.sharpindialimited.com  
CIN : L36759MH1985PLC036759

**NOTICE**

Notice is hereby given that the 34th Annual General Meeting of the members of Sharp India Limited will be held at the Registered Office of the Company situated at Gat No. 686/4, Koregaon Bhima, Taluka Shirur, District Pune 412 216 on Wednesday 25th September 2019 at 12:00 Noon (I.S.T.) to transact the following business:

**ORDINARY BUSINESS :**

1. To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended on 31st March 2019 and the Reports of the Auditors and Directors thereon.
2. To appoint a Director in place of Mr. Seiji Hayakawa (DIN no.07962281) who retires by rotation and being eligible, offers himself for re-appointment.

**"RESOLVED THAT** pursuant to the provisions of Section 152 of the Companies Act, 2013, Mr. Seiji Hayakawa (DIN: 07962281), who retires by rotation at this meeting and being eligible has offered himself for re-appointment, be and is hereby re-appointed as a Director of the Company, liable to retire by rotation."

**SPECIAL BUSINESS:**

3. To re-appoint Mr. Prashant Asher (DIN:00274409) as an Independent Director and in this regard, pass the following resolution as a **SPECIAL RESOLUTION**:

**"RESOLVED THAT** pursuant to the provisions of Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Mr. Prashant Asher (DIN: 00274409), who was appointed as an Independent Director and who holds office of Independent Director up to 10<sup>th</sup> November 2019 and being eligible, and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation and to hold office for a second term of 5 (five) consecutive years effective from 11<sup>th</sup> November 2019 to 10<sup>th</sup> November 2024 on the Board of the Company.

4. To re-appoint Ms. Bhumika Batra (DIN: 03502004) as an Independent Director and in this regard, pass the following resolution as a **SPECIAL RESOLUTION**:

**"RESOLVED THAT** pursuant to the provisions of Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Ms. Bhumika Batra (DIN: 03502004), who was appointed as an Independent Director and who holds office of Independent Director up to 10<sup>th</sup> November 2019 and being eligible, and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing her candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation and to hold office for a second term of 5 (five) consecutive years

effective from 11<sup>th</sup> November 2019 to 10<sup>th</sup> November 2024 on the Board of the Company.

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

**To Approve the Material Related Party Transactions:**

**"RESOLVED THAT** pursuant to the provisions of Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, and subject to such other approvals, consents, sanctions and permissions of any authorities as may be necessary, the members of the Company hereby approve the material related party arrangements or transactions as detailed below entered / to be entered into during the financial year 2019 – 2020 with authority to the Audit Committee and the Board of Directors of the Company to authorize the Management of the Company to enter into the aforesaid material related party arrangements or transactions upon the principal terms mentioned in the Explanatory Statement annexed hereto.

- 1) Reimbursement of expenses paid/ received, repayment /rollover of ECB Loan or any other activity relating to ECB loan, payment of Interest on loan and any other transaction totally amounting to Rs.3000.00 lacs with Sharp Corporation, Japan,
- 2) Repayment/ Rollover of Unsecured Loan, any other activity relating to Unsecured loan, payment of Interest and any other transaction totally amounting to Rs.700 lacs with Sharp Software Development India Private Limited.
- 3) Obtaining working Capital loans, secured or unsecured, short term or long term, payment of interest on such loans acquired, repayment of the loans, roll over of the loan, extension of time for repayment of the loan, totally amounting to Rs. 3000.00 lacs from Sharp Corporation, Japan and its subsidiaries in India or abroad and reimbursement of expenses paid/received upto Rs 200 Lacs from subsidiaries in India or abroad of Sharp Corporation, Japan.

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

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

**"RESOLVED THAT** pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), consent of the Company be and is hereby accorded for payment of remuneration of Rs. 40,000/- (Rs.Forty thousand only) plus out of pocket expenses, if any, for the financial year ending on March 31, 2020 to M/s. C.S.Adawadkar & Co, Practicing Cost Accountants, (Firm Registration No.100401) who are appointed as the Cost Auditors of the Company by the Board of Directors to conduct the audit of the cost records of the Company for the financial ending on 31<sup>st</sup> March 2020."

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

Date : August 12, 2019  
Place : Pune

**Chandranil Belvalkar**  
Company Secretary  
Membership No.ACS-24015

## NOTES:

1. The Explanatory Statement, pursuant to Section 102 of the Companies Act, 2013 in respect of the special business under Item Nos. 3 to 6 above is annexed hereto.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIM AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.** Proxy Form (Form MGT-11) is attached elsewhere in this report. Kindly fill up appropriate details like your name, address, Folio No./ DPID & Client ID, and the details of the person(s) to be appointed as the proxy – name, address, email ID etc. The proxy form should be signed by the shareholder and the proxy holder and a revenue stamp should be affixed at the place provided for the same. Proxies, in order to be effective, must be received at the Company's Registered Office not less than 48 hours before the meeting. Proxies submitted on behalf of companies, societies, partnership firms, etc. must be supported by appropriate resolution/ authority, as applicable, issued on behalf of the nominating organization. Members are requested to note that a person can act as a proxy on behalf of members not exceeding 50 and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. In case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.
3. A statement giving details of the Directors to be newly appointed or re-appointed is annexed herewith as required under SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015.
4. Members are requested to notify any change of address to their Depository Participants (DPs) in respect of their electronic 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.
5. Members can avail of nomination facility. Blank Nomination forms will be supplied on request.
6. Members who are holding shares in more than one folio under name(s) in the same order are requested to send the relative share certificates to the Registrar and Transfer Agents for consolidation of the entire holding in one folio. The share certificates after consolidation will be returned by registered post/courier.
7. The Share Transfer Books and the Register of Members of the Company will remain closed from Thursday 19<sup>th</sup> September 2019 to Wednesday, 25<sup>th</sup> September 2019 (both days inclusive).
8. Members are requested to bring along with them a copy of the Annual Report as the same will not be distributed in the meeting.
9. Members are requested to forward their queries on accounts atleast 10 days in advance to enable us to reply the same.
10. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN details to their respective Depository Participants. Members holding shares in physical form are requested to submit their PAN details to the Company or its Share Registrars and Transfer Agents.
11. Relevant documents referred to in the accompanying notice and the statement are open for inspection by the members at the registered office of the Company during the business hours on all the working days up to the date of 34<sup>th</sup> annual general meeting.
12. In view of the 'Green Initiative' introduced by the Ministry of Corporate Affairs all the members who are holding shares of the Company in PHYSICAL Mode are requested to register their Email ID with the Company, so as to enable the Company to send all notices, /reports/ intimations and other correspondence etc. through Emails. i.e. in the electronic mode instead of receiving physical copies of the same. Members holding shares in DEMAT Mode, who have not registered their e-mail ID with the Depository Participant (DP) are also requested to register or update their email ID with the Depository Participant, so that all future shareholder's correspondence can be sent to the email ID registered with your DP.
13. As per Regulation 40 of SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form with effect from April 1, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Company or Company's Registrars and Transfer Agents Link Intime India Private Limited for assistance in this regard.
14. In compliance with the provisions of section 108 of the Companies Act, 2013, read with Rule 20 of The Companies (Management and Administration) Rules, 2014, and regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Company is pleased to provide to the Members the facility to exercise their right to vote at the 34<sup>th</sup> Annual General Meeting (AGM) by electronic means (Remote E- Voting Facility) and the business may be transacted through e-voting services provided by Central Depository Services (India) Limited (CDSL). The instructions for members for voting electronically are as under:-
 

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

  - (i) The voting period begins on Sunday, 22<sup>nd</sup> September 2019 at 09:00 a.m. and ends on Tuesday, 24<sup>th</sup> September 2019 at 05:00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date, i.e. Wednesday, 18<sup>th</sup> September 2019 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter
  - (ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
  - (iii) Click on Shareholders.
  - (iv) Now Enter your User ID
    - a. For CDSL: 16 digits beneficiary ID,
    - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
    - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
  - (v) Next enter the Image Verification as displayed and Click on Login.

- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

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

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xvii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click

on Forgot Password & enter the details as prompted by the system.

- (xviii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.

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

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
  - The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
14. Other information in respect of E- Voting / Voting on Resolutions by the members:
- Facility of voting through Poll paper shall be made available at the 34<sup>th</sup> Annual General Meeting. Members attending the Meeting, who have not already cast their vote by remote e-voting shall be able to exercise their right to vote at the 34<sup>th</sup> Annual General Meeting.
  - Members who have cast their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to vote again at the AGM.
  - Mr. Sridhar G. Mudaliar, Partner of M/s. SVD & Associates, Company Secretaries has been appointed as the Scrutinizer for scrutinizing the e-voting & poll process in a fair and transparent manner.
  - The Scrutinizer shall, immediately after the conclusion of voting at the AGM, first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and make not later than three days of conclusion of the meeting a consolidated Scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing who shall countersign the same.

V. The results declared along with the Scrutinizer's Report shall be placed on the Company's website and on the website of CDSL and also will be communicated to the BSE Limited (BSE), where the shares of the Company are listed.

15. Route Map of the venue of the 34<sup>th</sup> Annual General Meeting is provided to you at the end of this notice to make it convenient to you to attend the 34<sup>th</sup> Annual General Meeting.

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

##### ITEM NO.3 & 4:

Mr. Prashant Asher (DIN: 00274409 ) and Ms. Bhumika Batra (DIN: 03502004) were appointed as Independent Directors on the Board of the Company pursuant to the provisions of Section 149 of the Act read with the Companies (Appointment and Qualification of Directors) Rules, 2014. They hold office as Independent Directors of the Company upto 10th November 2019. The Nomination and Remuneration Committee of Board of Directors on the basis of the report of performance evaluation of Independent Directors, has recommended re appointment of Mr. Prashant Asher and Ms. Bhumika Batra as Independent Directors for a second term of 5 (five) consecutive years on the Board of the Company.

The Board, based on the performance evaluation of Independent Directors and as per the recommendation of Nomination and Remuneration Committee, considers that, given their background and experience and contributions made by them during their tenure the continued association of Mr. Prashant Asher and Ms. Bhumika Batra would be beneficial to Company and it is desirable to continue to avail their services as Independent Directors. Accordingly it is proposed to re-appoint Mr. Prashant Asher and Ms. Bhumika Batra as Independent Directors of Company, not liable to retire by rotation and to hold the office for a second term of 5 (five) years on the Board of Company.

Section 149 of the Act and provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") inter alia prescribe that an independent director of a company shall meet the criteria of independence as provided in Section 149(6) of the Act.

Section 149(10) of the Act provides that an independent director shall hold office for a term of up to five consecutive years on the Board and shall be eligible for re-appointment on passing a special resolution by the company and disclosure of such appointment in its Board's report. Section 149(11) provides that an independent director may hold office for up to two consecutive terms.

Disclosure under Regulation 36(3) of the Listing Regulations and Secretarial Standard-2 issued by the Institute of Company Secretaries of India are set out in the Annexure to the Explanatory Statement.

Mr. Prashant Asher and Ms. Bhumika Batra are not disqualified from being appointed as Directors in terms of Section 164 of the Act and have given their consent to act as Directors.

The Company has received notices in writing from a member under Section 160 of the Act proposing the candidature of Mr. Prashant Asher and Ms. Bhumika Batra for the office of Independent Directors of Company.

The Company has also received declarations from Mr. Prashant Asher and Ms. Bhumika Batra that they meet with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under the Listing Regulations.

In the opinion of the Board, Mr. Prashant Asher and Ms. Bhumika Batra fulfil the conditions for appointment as Independent Directors as specified in the Act and the Listing Regulations. Mr. Prashant Asher and Ms. Bhumika Batra are independent of the management.

Details of Directors whose re-appointment as Independent Directors is proposed at Item Nos.3 and 4, are provided in the "Annexure" to the Notice pursuant to the provisions of (i) the Listing Regulations and (ii) Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India.

Copy of draft letters of appointment of Mr. Prashant Asher and Ms. Bhumika Batra setting out the terms and conditions of appointment are available for inspection by the members at the registered office of the Company.

Mr. Prashant Asher and Ms. Bhumika Batra are interested in the resolutions set out respectively at Item Nos. 3 and 4 of the Notice with regard to their respective re-appointments. Their relatives may be deemed to be interested in the respective resolutions to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in these resolutions.

The Board recommends the Special Resolutions set out at Item No 3 and 4 of the notice for approval of Members.

##### ITEM No.5:

As per Regulation 23 of the Listing Regulations, all material related party transactions, that is to say, transactions by a listed entity with a related party if entered individually or taken together with previous transactions during a financial year, exceeding 10 per cent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity, shall require approval of the members by an ordinary resolution.

Sharp Corporation (SC) Japan and its subsidiary companies are related parties, with reference to the Company within the meaning of sub-section (76) of section 2 of the Companies Act, 2013 and Regulation 2 (1) (zb) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations").

Your company has availed ECB Loan of Rs.1584.11 lacs from Sharp Corporation Japan and Inter corporate Loan of Rs. 585.00 lacs from Sharp Software Development India Private Limited (SSDI) for capital expenditure. As per the loan agreement the ECB loan from Sharp Corporation and Inter Corporate Loan from SSDI of Rs 300 Lacs will be due for Repayment in the financial year 2019-20.

Your Company continues to rely on SC Japan for necessary financial and operational support. Considering the current situation for meeting the day today expenses in the financial year 2019-20, your company will need financial support from Sharp Corporation Japan and its subsidiaries.

The particulars of transaction proposed to be entered between your company and Sharp Corporation and its subsidiary companies are as follows.

Name of the Related Party	Nature of Transactions	Estimated Value (Rs. in Lacs)	Period
Sharp Corporation - Japan	Reimbursement of expenses received /paid, repayment and any other activity relating to ECB Loan, payment of interest on ECB Loan and other transactions. Interest on ECB Loan and other transactions.	Rs. 3000.00	1.4.2019 to 31.3.2020
Sharp Software Development India Private Limited	Repayment/ Rollover of Unsecured Loan , payment of Interest as per the terms of loan agreement and any other transaction relating to the loan.	Rs. 700.00	1.4.2019 to 31.3.2020
Sharp Corporation, Japan and its subsidiary companies located in India or abroad	availing loans, secured or unsecured, short term or long term, and other related transactions.	Rs. 3000.00	1.4.2019 to 31.3.2020
Subsidiaries of Sharp Corporation, Japan in India and abroad	reimbursement of expenses paid/received.	Rs. 200.00	1.4.2019 to 31.3.2020

As per the estimates, the above transactions would qualify as material related party transactions as they are likely to exceed 10% of the annual turnover of the Company for the financial year 2019-2020.

**Other information:**

- 1) Name of the Related Party and relationship : As stated above
- 2) Name of the Directors / Key managerial Personnel who is related, if any. Currently Mr. Naoki Hatayama- Managing Director and Mr. Seiji Hayakawa is nominated by Sharp Corporation, Japan on the Board of Sharp India Limited. Mr. Naoki Hatayama & Mr. Seiji Hayakawa nominated by Sharp Corporation, Japan is related party.
- 3) Duration– as stated in the resolution.
- 4) Monetary value: Estimated Annual values as mentioned in the resolution
- 5) Nature, material terms and particulars of the arrangement: As stated above
- 6) Any other information relevant or important for the Members to make a decision on the proposed transaction: None.

Member's approval is sought for the aforesaid material related party transactions entered/ to be entered in the financial year 2019-2020.

Except for Mr. Naoki Hatayama and Mr. Seiji Hayakawa, none of the Directors or Key Managerial Personnel of the Company or

their relatives are, in any way, concerned or interested financially or otherwise, in the resolution set out at Item No.5 of this Notice.

Directors recommend the resolution at Item No. 5 for the acceptance by the Members of the Company.

**Item No. 6 :**

Cost Audit is applicable to your company for the financial year 2019-2020. The Board of Directors on the recommendation of the Audit Committee have appointed M/s. C. S. Adawadkar & Co., Practicing Cost Accountant as the 'Cost Auditor' of the Company for the financial year ending 31<sup>st</sup> March 2020 to audit the cost records of the Company. As per section 148 (3) of the Companies Act, 2013, read with Rule no.14 of the Companies (Audit & Auditors) Rules 2014 the remuneration payable to the 'Cost Auditor' requires to be ratified by the members of the Company. Accordingly members are requested to ratify the remuneration payable to the 'Cost Auditor' for the financial year ending 31<sup>st</sup> March 2020 as set out in the resolution for the aforesaid services to be rendered by them.

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

**PURSUANT TO REGULATION 36 OF THE LISTING REGULATIONS AND SECRETARIAL STANDARD-2 ISSUED BY THE INSTITUTE OF COMPANY SECRETARIES OF INDIA, INFORMATION ABOUT DIRECTORS RETITING BY ROTATION/ SEEKING RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING :**



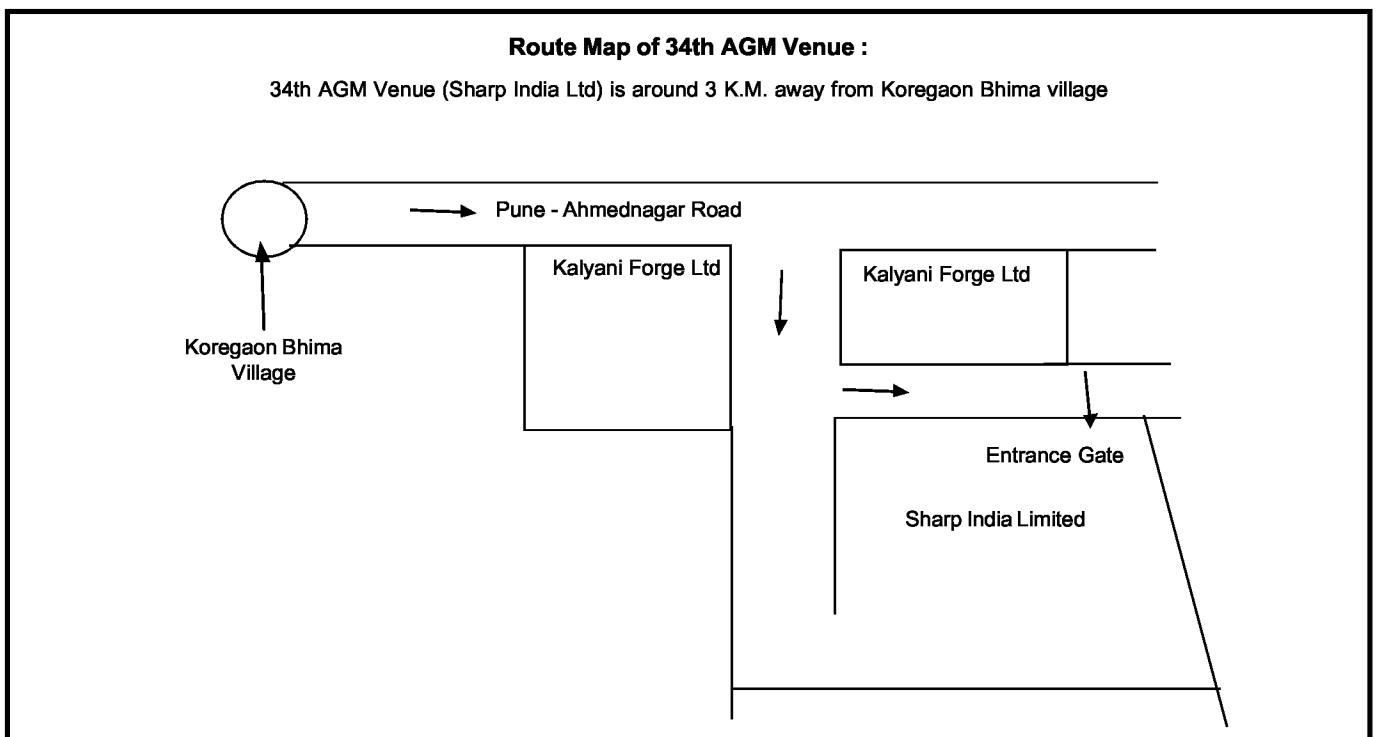
Particulars	Mr. Seiji Hayakawa	Mr. Prashant Asher	Ms. Bhumika Batra
Age, Qualification and Experience/brief resume	He is aged about 58 years and is educated from Aoyama Gakuin University, Japan. He has held various positions in Sharp Group of Companies	He is aged about 53 and is a qualified Advocate and Partner at M/s. Crawford Bayley & Co Advocates & Solicitors since the year 1995.	She is aged about 37 and is a qualified Advocate and Company Secretary. She had received scholarship from London School of Economics for Masters in Law and is Partner at M/s. Crawford Bayley & Co., Advocates & Solicitors since 1st May 2005.
Terms and Conditions of re- appointment	As per the resolution at item no 2 of notice conveying Annual General Meeting on September 25, 2019, Mr. Seiji Hayakawa is proposed to be appointed.	As per the resolution at item no. 3 of the Notice convening Annual General Meeting on September 25, 2019 read with explanatory statement there to.	As per the resolution at item no. 4 of the Notice convening Annual General Meeting on September 25, 2019 read with explanatory statement there to.
Remuneration last drawn (including sitting fees, if any)	NIL	Refer to Report on Corporate Governance	Refer to Report on Corporate Governance
Remuneration sought to be paid	NIL	Sitting fees for attending each meeting of Board/Committees as may be decided by Board of Directors of the Company within the limits prescribed under Companies Act, 2013.	Sitting fees for attending each meeting of Board/Committees as may be decided by Board of Directors of the Company within the limits prescribed under Companies Act, 2013.
Date of first appointment on Board	11 <sup>th</sup> November 2017	11 <sup>th</sup> November 2014	11 <sup>th</sup> November 2014
Shareholding in Company as on 31st March 2019	Nil	Nil	Nil
Relation with any Director/ other Key Managerial Personnel of the Company	Not related to any Director/Key Managerial Personnel of the Company	Not related to any Director/Key Managerial Personnel of the Company	Not related to any Director/Key Managerial Personnel of the Company
Number of meetings of the Board attended during the year	1	5	5
Directorships of other Boards as on March 31, 2019	<ul style="list-style-type: none"> <li>• Sharp Singapore Electronics Corporation Pte, Ltd</li> <li>• Dynabook Singapore PTE LTD</li> </ul>	<ul style="list-style-type: none"> <li>• Elof Hannson (India) Ltd</li> <li>• ICC International Agencies Limited</li> <li>• Hinduja Ventures Limited</li> <li>• Hinduja Group Limited</li> <li>• Hinduja Realty Ventures Limited</li> <li>• Hinduja Energy India Limited</li> <li>• Indusind Media and Communications Limited</li> <li>• Hinduja National Power Corporation Limited</li> <li>• Hind Filters Limited</li> </ul>	<ul style="list-style-type: none"> <li>• Repro India Limited</li> <li>• Hinduja Ventures Limited</li> <li>• Patel Integrated Logistics Limited (CN)</li> <li>• Kesar Enterprises Limited</li> <li>• Jyothy Laboratories Ltd</li> <li>• Kancor Ingredients Limited</li> <li>• Hinduja Housing Finance Limited</li> <li>• Hinduja Tech Limited</li> <li>• One OTT Entertainment Ltd</li> </ul>
Membership / Chairmanship of Committees of other Boards as on March 31, 2019.	—	<b>Hinduja Ventures Limited -</b> <ul style="list-style-type: none"> <li>• Stakeholder Relationship Committee -Member</li> <li>• Nomination and Remuneration Committee- Member</li> <li>• Corporate Social Responsibility Committee – Member</li> </ul>	<b>a) Repro India Limited -</b> <ul style="list-style-type: none"> <li>• Stakeholder Relationship Committee - Member</li> <li>• Nomination and Remuneration Committee - Member</li> </ul>

Particulars	Mr. Seiji Hayakawa	Mr. Prashant Asher	Ms. Bhumika Batra
—	—	—	<p><b>b) Kancor Ingredients Limited</b></p> <ul style="list-style-type: none"> <li>• Audit Committee- Member</li> <li>• Nomination and Remuneration Committee- Member</li> <li>• Corporate Social Responsibility Committee – Member</li> </ul> <p><b>c) Hinduja Housing Finance Limited</b></p> <ul style="list-style-type: none"> <li>• Audit Committee Member</li> </ul> <p><b>d) Hinduja Ventures Ltd</b></p> <ul style="list-style-type: none"> <li>• Stakeholder Relationship Committee – Chairman</li> </ul> <p><b>e) OneOTT Intertainment Limited</b></p> <ul style="list-style-type: none"> <li>• Audit Committee - Member</li> </ul> <p><b>f) Jyothy Laboratories Limited</b></p> <ul style="list-style-type: none"> <li>• Audit Committee - Member</li> <li>• Nomination and Remuneration Committee- Member</li> </ul>

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

Date : August 12, 2019  
Place : Koregaon Bhima

**Chandranil Belvalkar**  
Company Secretary  
Membership No.ACS-24015



**DIRECTORS' REPORT**

To

The Members,

Your Directors have pleasure in presenting their Thirty Fourth Report together with the Audited Financial Statement of Accounts for the year ended on March 31, 2019.

**1. FINANCIAL RESULTS**

	Rs. In Lacs	
	Year ended March 31, 2019	Year ended March 31, 2018
<b>INCOME</b>		
Sales and Services (Gross)	35.94	164.06
Less : Excise Duty	-	(0.74)
Sales and Service income (Net)	35.94	163.32
Other Income	15.42	119.29
<b>Total Income</b>	<b>51.36</b>	<b>282.61</b>
<b>EXPENDITURE</b>		
Manufacturing and other expenses	919.22	944.26
Depreciation	159.98	163.79
Financial expense	208.99	140.82
<b>Total Expenses</b>	<b>1,288.19</b>	<b>1248.87</b>
<b>PROFIT BEFORE TAX</b>	<b>(1,236.83)</b>	<b>(965.52)</b>
<b>PROVISION FOR TAX</b>	<b>0.00</b>	<b>0.00</b>
<b>NET PROFIT/(LOSS) FOR THE YEAR</b>	<b>(1,236.83)</b>	<b>(965.52)</b>
<b>PROFIT AND LOSS ACCOUNT,</b> beginning of the year	<b>(5,413.41)</b>	<b>(4,447.89)</b>
<b>PROFIT AND LOSS ACCOUNT,</b> end of the year	<b>(6,650.24)</b>	<b>(5,413.41)</b>

**2. PERFORMANCE & OPERATIONS:**

Gross Revenue from operations during the year under review was Rs. 51.36 Lacs. The net loss of the company for the fiscal year 2018- 2019 is Rs. 1,236.83 Lacs. There was no production of LED TVs since April 2015 (Except in the month of August 2015) and of Air conditioners since June 2015 in the absence of any orders. During the period under review there was no change in the nature of business carried on by Company.

**3. 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

The Company is committed to achieving and adhering to the highest standards of Corporate governance and it constantly

benchmark itself with best practices in this regards. A report on corporate governance for financial year 2019-20 along with a certificate issued by the Company Secretary in whole time practice confirming compliance with the mandatory requirements as stipulated in chapter IV of the listing regulations, forms part of this report.

**4. INDUSTRIAL RELATIONS:**

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

**5. AUDITORS:****i) Statutory Auditors:**

The Board of Directors based on the recommendations of the Audit Committee in the meeting held on 9<sup>th</sup> August 2017, has appointed M/s Price Waterhouse Chartered Accountants LLP, as the Statutory Auditors of the Company for a period of five years from the conclusion of 32<sup>nd</sup> annual general meeting till the conclusion of 37<sup>th</sup> annual general meeting of the Company. The provision for ratification of appointment of statutory auditors is omitted under the Companies amendment Act 2017 notified on 7<sup>th</sup> May 2018. Accordingly no resolution is being proposed for ratification of appointment of Statutory Auditors at the ensuing Annual General Meeting.

**ii) Cost Auditors:**

The Board of Directors has appointed M/s. C. S. Adawadkar & Co., Practicing Cost Accountant, as the Cost Auditor for the financial year ended on 31st March, 2019 upon recommendation of the Audit Committee. M/s. C. S. Adawadkar & Co., Cost Accountant will submit the cost audit report along with annexure to the Central Government (Ministry of Corporate Affairs) in the prescribed form within specified time and at the same time forward a copy of such report to your company.

The Board of Directors have appointed M/s. C. S. Adawadkar & Co. Practicing Cost Accountant, to conduct the Cost Audit of the Company for the financial year ending on 31st March, 2020 upon recommendation of the Audit Committee. The Remuneration payable to the Cost Auditors for the financial year 2019-2020 requires ratification by the members of the Company. The same is put before the members of the company for their consideration and approval.

**iii) Secretarial Auditors:**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors of the Company appointed M/s. SVD & Associates, Practicing Company Secretaries as the 'Secretarial Auditors' of the company for the financial year 2018-2019.

The Secretarial Audit Report given by M/s. SVD & Associates, Practicing Company Secretaries for the financial year 2018-2019 is annexed as **Annexure - C**.

**6. EXTRACT OF ANNUAL RETURN**

Pursuant to Section 92(3) and Section 134(3) of the Companies Act, 2013 read with Rule 12 (1) the Companies (Management and Administration) Rules, 2014, as amended, the extract of the Annual Return in Form MGT 9, is provided as an 'Annexure -A' to this report.

**Corporate Governance**

In terms of regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) regulation, 2015 the report on Corporate Governance along with the Certificate of Compliance forms part of this report.

**7. NUMBER OF MEETINGS OF THE BOARD**

During the year under review, Five Board Meetings were convened on 11<sup>th</sup> May 2018, 8<sup>th</sup> August 2018, 2<sup>nd</sup> November 2018, 6<sup>th</sup> February 2019 and 29<sup>th</sup> March 2019. The gap between the said meetings did not exceed 120 days as prescribed under relevant provisions of Companies Act, 2013, the rules made thereunder and Listing regulations relating to Corporate Governance. The details of which are given in the Corporate Governance Report.

**8. DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the requirements of Section 134(1) (c) and 134 (5) of the Companies Act, 2013, in respect of Directors' Responsibility Statement, it is hereby confirmed that:

- a) In the preparation of the annual accounts for the financial year ended on 31<sup>st</sup> March 2019, the applicable accounting standards have been followed and that there are no material departures;
- b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are 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 that period;
- c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the Directors have prepared the annual accounts on a going concern basis;
- e) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively;
- f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

**9. A STATEMENT ON DECLARATION GIVEN BY INDEPENDENT DIRECTORS :**

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6)

of the Companies Act, 2013 and Regulation 16(b) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

**10. COMPANY'S POLICY ON DIRECTORS' APPOINTMENT, AND REMUNERATION INCLUDING CRITERIA FOR DETERMINING QUALIFICATIONS, POSITIVE ATTRIBUTES AND INDEPENDENCE OF A DIRECTOR:**

The Board had on the recommendation of the Nomination and Remuneration Committee framed a policy for selection and appointment of Directors, Key Managerial Personnel and Senior Management Personnel and their remuneration. The policy is appended as 'Annexure - B' to this Report.

**Criteria for Determining Qualifications, Positive Attributes & Independence of Director (Evaluation Criteria):****i. Qualifications of Director:**

A director shall possess appropriate skills, experience and knowledge in one or more fields of engineering, finance, law, management, sales, marketing, administration, research, corporate governance, operations or other disciplines related to the Company's business.

**ii. Positive attributes of Directors:**

A director shall be a person of integrity, who possesses relevant expertise and experience and who shall uphold ethical standards of integrity and probity; act objectively and constructively; exercise his responsibilities in a bona-fide manner in the interest of the Company; devote sufficient time and attention to his professional obligations for informed and balanced decision making; and assist the Company in implementing the best corporate governance practices.

**iii. Independence of Independent Directors:**

An Independent director should meet the requirements of the Companies Act, 2013 and SEBI Listing Regulations 2015 concerning independence of directors.

**11. EXPLANATIONS OR COMMENTS BY THE BOARD ON EVERY QUALIFICATION, RESERVATION OR ADVERSE REMARKS OR DISCLAIMER MADE (1) BY THE AUDITOR IN HIS REPORT (2) BY THE COMPANY SECRETARY IN PRACTICE IN HIS SECRETARIAL AUDIT REPORT :**

The Statutory Audit Report, Secretarial audit report and the Cost Audit Report for the financial year ended 31<sup>st</sup> March 2019 do not contain any comments, qualifications, reservations, adverse remarks or disclaimer.

**12. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013:**

The Company has not given any loans, guarantees or has not made any investments during the financial year 2018-2019 under review.

**13. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:**

During the Financial year the Company has entered into contracts or arrangements with the related parties in the ordinary course of business and on arm's length basis. Prior approval of the Audit Committee was obtained for all the related party transactions entered into by the Company for the financial year ended on 31<sup>st</sup> March 2019. A statement giving details of all related party transactions entered pursuant to the approval so granted is placed before the Audit Committee for their review on quarterly basis. The policy on related party transactions as approved by the Board of Directors has been displayed on the website of the Company: [www.sharpindialimited.com](http://www.sharpindialimited.com).

During the period under review, no material transactions were entered with the related parties, There were no material individual transactions with related parties accordingly AOC-2 is not applicable to Company.

**14. THE STATE OF THE AFFAIRS OF THE COMPANY:**

State of Company's affairs has been covered as a part of this report under the financial results & Management Discussion and Analysis. (MDA).

**15. THE AMOUNT, IF ANY, WHICH, IT PROPOSES TO CARRY TO ANY RESERVES: Nil****16. THE AMOUNT, IF ANY, WHICH IT RECOMMENDS SHOULD BE PAID BY WAY OF DIVIDEND: Nil.****17. MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY TO WHICH THE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT: NIL****18. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO etc.:****Conservation of Energy & Technology Absorption etc:**

In line with the company's policy towards conservation of energy initiatives are planned and implemented across the company and all units continue with their efforts aimed at improving energy efficiency through various measures to reduce wastage and optimize consumption. Your company continues with its efforts aimed at improving the energy efficiency by adopting various measures to conserve the energy and places very much importance for the conservation of energy and is conscious about its responsibility to conserve energy, power and other energy sources. The Company is conscious about its responsibility towards environment protection and it lays great emphasis towards a safe and clean environment and continues to adhere to all regulatory requirements and guidelines.

Your company strongly and religiously follows and practices 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, in line with the company's commitment towards conservation of energy, all departments in the company continue with their efforts aimed at improving energy efficiency through improved operational and maintenance practices. The steps taken in this direction by your company are as given below: Making 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, fans and other electronic equipments when not in use;
- (ii) Timely maintenance and up-gradation of machinery & equipments;
- (iii) Plantation of trees in the factory
- (v) Awareness programs towards optimum utilization of natural resources at managerial as well as employee level;
- (vi) Timely repairs & maintenance of water taps in the factory.

Your company manufactures the products under the Technical collaboration Agreement entered with Sharp Corporation Japan. The technology provided by Sharp Corporation, Japan is being absorbed and the company continues to utilize the same.

**Expenditure on Research & Development :**

Amount Rs. Lacs

Capital	-
Recurring	33.15
<b>Total</b>	<b>33.15</b>
Total R&D Expenditure as a percentage of total sales turnover	92.24%

**Foreign Exchange Earnings and Out go :**

Amount Rs. Lacs

Foreign Exchange outgo	21.90
Foreign Exchange earning	03.81

**19. RISK MANAGEMENT POLICY :**

The Company has in place a Risk Management Policy pursuant to section 134 of the Companies Act, 2013. Your company believes that managing and mitigating the risk maximizes the returns. The company has setup a Risk Management Committee duly approved by the Board of Directors. Risk management comprises of all the organizational rules and actions for early identification of risks in the course of doing business and the

management of such risks. The Committee identifies all strategic, operational & financial risks by analyzing and assessing the operations of the company. The company has laid down procedures for the risk reporting. The details of risks identified along with measures adopted to control the risks, is placed before the Board & Audit Committee quarterly for their evaluation & suggestions.

**20. CORPORATE SOCIAL RESPONSIBILITY POLICY:** This policy is not applicable to the Company at present.

**21. MANNER OF ANNUAL EVALUATION OF BOARD PERFORMANCE AND PERFORMANCE OF ITS COMMITTEES AND OF DIRECTORS:**

As per the policy and criteria laid down by the Nomination & Remuneration Committee, provisions of the Companies Act 2013 & SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the performance evaluation of the independent directors was carried out by the entire board, excluding the Director being evaluated and the performance of the non-independent directors was carried out by the independent directors who also reviewed the performance of the Board as a whole. The Board's functioning was evaluated on various aspects including structure of the Board, and qualifications, experience of the directors being evaluated.

**22. THE DETAILS OF DIRECTORS, KEY MANAGERIAL PERSONNEL WHO WERE APPOINTED OR HAVE RESIGNED DURING THE YEAR:**

**a) Director proposed to be re-appointed at the ensuing Annual General Meeting:**

In accordance with the provisions of Companies Act, 2013 and the Articles of Association of the Company, Mr. Seiji Hayakawa non-executive Director retire by rotation as Director of the Company and being eligible he has offered himself for re-appointment.

Ms. Bhumika Batra and Mr. Prashant Asher were appointed as an independent directors at the 30<sup>th</sup> Annual General Meeting (AGM) held on 30<sup>th</sup> September, 2015 for a period of five years w.e.f 11<sup>th</sup> November 2014 to 10<sup>th</sup> November 2019. Based on the recommendation of the Nomination and Remuneration Committee, their re-appointment for a second term of five years is proposed at the ensuing AGM for the approval of the Members by way of special resolution. The resolution seeking their appointment forms part of the notice.

Pursuant to the provisions of Section 149 of the Act, the independent directors have submitted declarations that each of them meet the criteria of independence as provided in Section 149(6) of the Act along with Rules framed thereunder and Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"). The Independent Directors has further affirmed compliance of Code of Conduct for Directors and Senior management person and Schedule IV of the Act. There has been no change in the circumstances affecting their status as independent directors of the Company. The brief details

and justification for their appointment is given in the Notice of the Annual General Meeting.

During the year under review, the non-executive directors of the Company had no pecuniary relationship or transactions with the Company, other than sitting fees for the purpose of attending meetings of the Board/Committee of the Company.

**b) Change in Directors after the end of financial year and upto date of this report:**

Mr. Masahiko Nakagawasai had resigned as Director of Company with effect from 02<sup>nd</sup> April 2019. The Board places on record its sincere appreciation for valuable contribution during his tenure as Managing Director.

Mr. Naoki Hatayama was appointed as Additional Director as well as Managing Director of the Company with effect from 2<sup>nd</sup> April 2019. His Office as Director was regularized in Extra Ordinary General Meeting held on 20<sup>th</sup> May 2019. Further Mr. Naoki Hatayama being foreign national his appointment was out of preview of schedule V Part 1 (e) of Companies Act 2013. An application to Central Government is being made for his approval of appointment as Managing Director.

**23. THE NAMES OF THE COMPANIES WHICH HAVE BECOME OR CEASED TO BE ITS SUBSIDIARIES, JOINT VENTURE OR ASSOCIATE COMPANIES DURING THE YEAR:**

There are no companies which have become/ceased to be subsidiaries, joint ventures and associate companies during the year.

**24. DEPOSITS:**

Your Company has not accepted any Fixed Deposits during the year under review.

**25. SECRETARIAL STANDARDS**

The Institute of Company Secretaries of India had revised the Secretarial Standards on Meetings of the Board of Directors (SS-1) and Secretarial Standards on General Meetings (SS-2) with effect from 1st October 2017. The Company is in compliance with the revised secretarial standards.

**26. SIGNIFICANT AND MATERIAL ORDERS:**

No significant material orders have been passed by the Regulators or Courts or Tribunals which would impact the going concern status of the Company and its future operations.

**27. INTERNAL FINANCIAL CONTROLS:**

The Company has appropriate and adequate internal financial control systems in place considering the nature and size of the business, These are regularly tested by Internal and statutory Auditors of the company. The Internal Audit observations & the corrective/ follow-up actions are reported to the Audit Committee.

**28. INFORMATION FORMING PART OF THE DIRECTORS REPORT PURSUANT TO SECTION 197(12) OF THE COMPANIES ACT, 2013 AND RULE NO. 5 OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL ) RULES, 2014 :**

The relevant information required to be given under section 197(12) of the Companies Act, 2013 and Rule no. 5 of the

Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is annexed at 'Annexure - D' to this Report.

**29. COMPOSITION OF THE COMMITTEE MEETINGS:**

Composition of the Audit Committee and other relevant information has been given in the section 'Corporate Governance'.

The compositions and other relevant information of Nomination & Remuneration Committee and Stake holders relationship Committee has been given in the section Corporate Governance

**30. VIGIL MECHANISM /WHISTLE BLOWER POLICY:**

The Company has adopted a Whistle Blower Policy to provide a formal vigil mechanism to the directors and employees to report concerns about unethical behavior, actual or suspected fraud. The Policy provides for adequate safeguards against victimization of employees who avail of the mechanism and also provides for direct access to the Chairman of the Audit Committee to report the concerns. During the year under review your company has not received any complaints, under the said mechanism. This policy has been posted on the website of the company- [www.sharpindialimited.com](http://www.sharpindialimited.com)

**31. FAMILIARIZATION PROGRAM OF INDEPENDENT DIRECTORS:**

Familiarization programs are conducted for the independent directors of the company to make them familiar with the company's policies, operations, business models etc. and the details about the same are available on the website of the Company- [www.sharpindialimited.com](http://www.sharpindialimited.com)

**32. POLICY UNDER THE SEXUAL HARASSMENT OF WOMEN AT THE WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:**

Company has zero tolerance for sexual harassment at the workplace and in terms of the provisions of the Sexual Harassment of Woman at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Company has formulated a policy to prevent sexual harassment of women at the workplace. The policy aims to provide protection to the women employees at the workplace and prevent and redress the complaints of sexual harassment at the workplace. Internal compliant committee has been setup for redressal of complaints received regarding sexual harassment. All employees are covered under the policy. Disclosure of cases/status During the year under review Sexual Harassment of Woman at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

- a. Number of complaints filed during the financial year : Nil.
- b. Number of Complaints disposed of during financial year : Nil.
- c. Number of Complaints pending as on end of the financial year : Nil.

**33. 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**

Date: August 20, 2019  
Place : Pune

**Naoki Hatayama**  
**Managing Director**  
DIN : 08390564

**Bhumika Batra**  
**Director**  
DIN : 03502004

**Annexure- A****FORM NO. MGT- 9****EXTRACT OF ANNUAL RETURN  
As on financial year ended on 31.03.2019**

**Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company  
(Management & Administration) Rules, 2014.**

**I. REGISTRATION & OTHER DETAILS:**

1.	CIN	L36759MH1985PLC036759
2.	Registration Date	5th July 1985
3.	Name of the Company	Sharp India Limited
4.	Category/Sub-category of the Company	Public Company Limited by Shares
5.	Address of the Registered office & contact details	Gat No.686/4, Koregoan Bhima, Taluka: Shirur, Dist: Pune - 412 216, Tel No. 91-02137-252417 Fax No. 91-02137-252453
6.	Whether listed company	YES
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Link Intime India Private Limited, 202, 2nd Floor, Akshay Complex, Off. Dhole Patil Road, Near Ganesh Mandir, Pune - 411 001 Phone No.91-020 -26161629 Fax No.91-020 - 26163503

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Air Conditioner Parts	2819	84.80%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -**

SR.No.	Name & Address of the Company	CIN/GLN	Holding /Subsidiary Associate Company	Percentage of Shares Held	Applicable section
1.	Sharp Corporation, 1, Takumi -Cho, Sakai-ku, Sakai- City, Osaka, 590-8522, Japan.	NA	Holding Company	75.00%	2(46)



## IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

## i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 1st April 2018]				No. of Shares held at the end of the year [As on 31-March-2019]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(1) Indian	0	0	0	0.00	0	0	0	0	0.00
a) Individual/ HUF	0	0	0	0.00	0	0	0	0	0.00
b) Central Govt	0	0	0	0.00	0	0	0	0	0.00
c) State Govt(s)	0	0	0	0.00	0	0	0	0	0.00
d) Bodies Corp.	0	0	0	0.00	0	0	0	0	0.00
e) Banks / FI	0	0	0	0.00	0	0	0	0	0.00
f) Any other	0	0	0	0.00	0	0	0	0	0.00
<b>Sub-total (A1)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>
(2) Foreign									
a) NRI- Individuals	0	0	0	0.00	0	0	0	0	0.00
b) Others- Individuals	0	0	0	0.00	0	0	0	0	0.00
c) Bodies Corporate	19458000	0	19458000	75.00	19458000	0	19458000	75.00	0.00
d) Banks/ Financial Institutions	0	0	0	0.00	0	0	0	0	0.00
e) Any others	0	0	0	0.00	0	0	0	0	0.00
<b>Sub- Total (A2)</b>	<b>19458000</b>	<b>0</b>	<b>19458000</b>	<b>75.00</b>	<b>19458000</b>	<b>0</b>	<b>19458000</b>	<b>75.00</b>	<b>0.00</b>
<b>Total Shareholding of Promoters A= (A1) + (A2)</b>	<b>19458000</b>	<b>0</b>	<b>19458000</b>	<b>75.00</b>	<b>19458000</b>	<b>0</b>	<b>19458000</b>	<b>75.00</b>	<b>0.00</b>
<b>B. Public Shareholding</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>
<b>1. Institutions</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>
a) Mutual Funds	0	1700	1700	0.66	0	1700	1700	0.66	0.00
b) Banks / FI	0	0	0	0.00	2773	0	2773	0.01	0.01
c) Central Govt	0	0	0	0.00	0	0	0	0	0.00
d) State Govt(s)	0	0	0	0.00	0	0	0	0	0.00
e) Venture Capital Funds	0	0	0	0.00	0	0	0	0	0.00
f) Insurance Companies	0	0	0	0.00	0	0	0	0	0.00
g) FIs	0	0	0	0.00	0	0	0	0	0.00
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0	0.00
i) Others (specify) Foreign Portfolio Investors	0	1200	1200	0.46	0	1200	1200	0.46	0.00
<b>Sub-total (B)(1):-</b>	<b>0</b>	<b>2900</b>	<b>2900</b>	<b>0.0112</b>	<b>2773</b>	<b>2900</b>	<b>5673</b>	<b>0.02</b>	<b>0.01</b>
<b>2. Non-Institutions</b>									
<b>a) Bodies Corp.</b>									
i) Indian	190376	11480	201856	0.78	218285	11480	229765	0.88	0.11
ii) Overseas	0	0	0	0	0	0	0	0	0
<b>b) Individuals</b>									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	2654877	823188	3478065	13.41	2524928	791852	3316780	12.78	(0.62)
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	2311022	0	2311022	8.91	2480083	0	2480083	9.56	0.65
<b>c) Others (specify)</b>									
Non Resident Indians (Repat)	79426	1100	80526	0.31	78212	100	78312	0.30	(0.01)
Non Resident Indians (Non- Repat)	39733	0	39733	(0.15)	40003	0	40003	(0.15)	0.00
Clearing Members	39978	0	39978	0.15	65391	0	65391	(0.25)	(0.10)
Hindu Undivided family	331420	500	331920	1.28	269593	400	269993	1.04	(0.24)
<b>Sub-total (B)(2):-</b>	<b>5646832</b>	<b>836268</b>	<b>6483100</b>	<b>24.10</b>	<b>5676495</b>	<b>803832</b>	<b>6480327</b>	<b>24.98</b>	<b>(0.01)</b>
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	<b>5646832</b>	<b>839168</b>	<b>6486000</b>	<b>25.00</b>	<b>5679268</b>	<b>806732</b>	<b>6486000</b>	<b>25.00</b>	<b>0.00</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>00.00</b>	<b>00.00</b>
<b>Grand Total (A+B+C)</b>	<b>25104832</b>	<b>839168</b>	<b>25944000</b>	<b>100.00</b>	<b>25137268</b>	<b>806732</b>	<b>25944000</b>	<b>100.00</b>	<b>0.00</b>

## ii) Shareholding of Promoter -

SN	Shareholder's Name	Shareholding at the beginning of the year (01.04.2018)			Shareholding at the end of the year (31.03.2019)			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Sharp Corporation, Japan	1,94,58,000	75.00	0.00	19,458,000	75.00	0.00	0.00

## iii) Change in Promoters' Shareholding (please specify, if there is no change)

SN	Particulars	Shareholding at the beginning of the year (01.04.2018)		Cumulative Shareholding during the Year (31.03.2019)	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	1,94,58,000	75.00	19,458,000	75.00
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.):	0	0.00	0	0.00
	At the end of the year	1,94,58,000	75.00	19,458,000	75.00

## iv) Shareholding Pattern of top ten Shareholders:

(Other than Directors, Promoters and Holders of GDRs and ADRs):

SN	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year (01-04-2018)		Increase/ (Decrease) in the shareholding during the year		Shareholding at the end of the year (31-03-2019)	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Manu Gopaldas Chhabria	280825	1.08	1900	0.00	282225	0.09
2	M. Shikar	276610	1.07	(29,939)	0.11	246671	0.95
3	Hitesh Ramji Javeri	182570	0.70	0	0.00	182570	0.70
4	Sarita Himatsingka	0	0.00	135038	0.52	135038	0.52
5	Mayur Shah	113500	0.44	6,656	0.03	120156	0.46
6	Hridaan Chopraa	0	0	1,03,133	0.40	1,03,133	0.40
7	Mitesh C. Gandhi	44,200	0.17	57,300	0.22	101500	0.39
8	Kamal Gadalay	15,009	0.06	67,117	0.26	82,126	0.32
9	Harsha H. Javeri	76,427	0.29	0	0.00	76,427	0.29
10	Ami H. Javeri	1892	0.00	65,000	0.25	66892	0.26
11	Radhabai R. Javeri	55,917	0.21	0	0.00	55,917	0.21
12	Jigna S Chheda	54,000	0.21	0	0.00	54,000	0.21
13	S. S. Seema	1,19,229	0.46	(1,19,229)	0.46	0	0.00

Note: Shares have increased or decreased due to transfer of shares

## v) Shareholding of Directors and Key Managerial Personnel:

SN	Names of Directors & Key managerial Personnel	Shareholding at the beginning of the year (01.04.2018)		Increase/ (Decrease) in the shareholding during the year		Shareholding at the end of the year (31.03.2019)	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Mr. Masahiko Nakagawasai- Managing Director	0	00.00	0	0.00	0	00.00
2	Mr. Seiji Hayakawa - Director	0	00.00	0	0.00	0	00.00
3	Mr. Prashant Asher- Independent Director						
4	Ms. Bhumika Batra - Independent Director	0	00.00	0	0.00	0	00.00
5	Mr. Sunil K. Sane- Chief Financial Officer	10	00.00	0	0.00	10	00.00
6	Mr. Chandranil Belvalkar- Company Secretary	0	00.00	0	0.00	0	00.00

## v) INDEBTEDNESS - Indebtedness of the Company including interest outstanding/accrued but not due for payment.

	Secured Loans excluding deposits (Rs. In Lacs)	Unsecured Loans (Rs. In Lacs)	Deposits (Rs. In Lacs)	Total Indebtedness (Rs. In Lacs)
<b>Indebtedness at the beginning of the financial year (01-04-2018)</b>				
i) Principal Amount	0	1,884.11	0	1,884.11
ii) Interest due but not paid	0	49.73	0	49.73
iii) Interest accrued but not due	0	0	0	0
<b>Total (i+ii+iii)</b>	<b>0</b>	<b>1,933.84</b>	<b>0</b>	<b>1,933.84</b>
<b>Change in Indebtedness during the financial year</b>				
* Addition	0	970.00	0	970.00
* Reduction	0	0	0	0
<b>Net Change</b>	<b>0</b>	<b>970.00</b>	<b>0</b>	<b>970.00</b>
<b>Indebtedness at the end of the financial year (31-03-2019)</b>				
i) Principal Amount	0	2,854.11	0	2,854.11
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	4.85	0	4.85
<b>Total (i+ii+iii)</b>	<b>0</b>	<b>2858.96</b>	<b>0</b>	<b>2858.96</b>

## VI. Remuneration of Directors &amp; Key Managerial Personnel :

## A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

SN.	Particulars of Remuneration	Total Amount in Rupees	
		*Mr. M. Nakagawasai (Managing Director)	Total amount in Rupees
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	13,20,000	13,20,000
	(b) Value of perquisites u/s 17(2) of Income-tax Act, 1961	39,600	39,600
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0	0
2	Stock Option	0	0
3	Sweat Equity	0	0
4	Commission - as % of profit - others, specify	0	0
5	Others, please specify, Employer's Contribution to Provident Fund	0	0
	<b>Total (A)</b>	<b>13,59,600</b>	<b>13,59,600</b>
	** Ceiling as per the Companies Act. 2013		

## B. Remuneration to other directors

SN.	Particulars of Remuneration	Name of Directors		Total Amount In Rupees
		Mr. Prashant Asher	Ms. Bhumika Batra	
1	<b>Independent Directors</b>			
	@ Sitting Fee for attending board & committee meetings	3,97,500	4,05,000	8,02,500
	Commission	0	0	0
	Others, please specify	0	0	0
	<b>Total (1)</b>	<b>3,97,500</b>	<b>4,05,000</b>	<b>8,02,500</b>
2	<b>Other Non-Executive Directors</b>	Mr.Seiji Hayakawa	0	0
	@ Sitting Fee for attending board & committee meetings	0	0	0
	Commission	0	0	0
	Others, please specify	0	0	0
	<b>Total (2)</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Total (B)= (1+2)</b>	<b>0</b>	<b>0</b>	<b>8,02,500</b>
	<b>Total Managerial Remuneration (A+B)</b>	<b>-</b>	<b>-</b>	<b>21,62,100</b>
	@Overall Ceiling as per the Act	-	-	-

\*\* - Remuneration paid to the Managing Director is within the limits of the Companies Act 2013,

@ Sitting fees paid to the Directors are within the limits of the Companies Act 2013.

## C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

No	Particulars of Remuneration	Total Rupees		Total Rupees
		Mr. Sunil K.Sane (Chief Financial officer )	Mr. Chandranil Belvalkar (Company Secretary)	
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) of Income-tax Act, 1961	15,09,745 1,10,142 0	9,40,385 0 0	24,50,130 1,10,142 0
2	Stock Option	0	0	0
3	Sweat Equity	0	0	0
4	Commission - as % of profit others, specify <input type="checkbox"/>	0 0 0	0 0 0	0 0 0
5	Others, please specify Employers' Contribution to Provident Fund Employer's Contribution to Superannuation Fund	61,488 76,860	31,680 0	93,168 76,860
	<b>Total</b>	<b>17,58,235</b>	<b>9,72,065</b>	<b>27,30,300</b>

## VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ ] COURT	Appeal made, if any (give ) Details
<b>A. COMPANY</b>					
Penalty	0	0	0	0	0
Punishment	0	0	0	0	0
Compounding	0	0	0	0	0
<b>B. DIRECTORS</b>					
Penalty	0	0	0	0	0
Punishment	0	0	0	0	0
Compounding	0	0	0	0	0
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	0	0	0	0	0
Punishment	0	0	0	0	0
Compounding	0	0	0	0	0

**Annexure- B**  
**NOMINATION AND REMUNERATION POLICY**

**1. PREAMBLE**

- 1.1 Sharp India Limited (the '**Company**') recognizes the importance of attracting, retaining and motivating personnel of high calibre and talent for the purpose of ensuring efficiency and high standard in the conduct of its affairs and achievement of its goals besides securing the confidence of the shareholders in the sound management of the Company. For the purpose of attaining these ends, the Company has constituted a Nomination and Remuneration Committee which is entrusted with the task of devising a transparent reasonable and fair policy of remuneration for its directors, key managerial personnel and other employees.
- 1.2 The Companies Act, 2013 and Rules and Regulations made there under and amended from time to time and Securities and Exchange Board of India (listing obligations and disclosure requirements) regulations, 2015 (SEBI (LODR)) makes it mandatory for the Board of Directors of every listed company to constitute a Nomination and Remuneration Committee. The new set of policy was adopted on 6th February 2019 to be in line with the amendments in Companies Act 2013 and SEBI (LODR).
- 1.3 The objective of the Nomination and Remuneration Committee is to assist the Board of Directors of the Company and its controlled entities in fulfilling its responsibilities to shareholders by :
- 1.3.1. ensuring that the Board of Directors is comprised of individuals who are best able to discharge the responsibilities of directors in consonance with the Companies Act, 2013 and the norms of corporate governance and
- 1.3.2. ensuring that the nomination processes and remuneration policies are equitable and transparent.
- 1.4 The responsibilities of the Nomination and Remuneration Committee include :
- 1.4.1 formulating a criteria for determining qualifications, positive attributes and independence of a director;
- 1.4.2 recommending to the Board of Directors a policy, relating to the remuneration in whatever form, payable to the directors, key managerial personnel and senior management personnel.
- 1.4.3 formulating a criteria for evaluation of performance of Independent Directors and the Board of Directors and on the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the independent director;
- 1.4.4 devising a policy on Board diversity; and
- 1.4.5 identifying persons who are qualified to become directors and who may be appointed as part of the 'senior management' or core management team of the Company in accordance with the criteria laid down, and recommending to the Board of Directors the appointment and removal of such personnel.
- 1.5 This Nomination and Remuneration Policy has been formulated with a view to :
- 1.5.1 devise a transparent system of determining the appropriate level of remuneration for the directors, key managerial personnel and senior management personnel.

- 1.5.2 encourage directors, key managerial personnel and senior management personnel to perform to their highest level;
- 1.5.3 provide consistency in remuneration for the directors, key managerial personnel and senior management.

- 1.6 The Nomination and Remuneration Policy elucidates the types of remuneration to be offered by the Company and factors to be considered by the Board of Directors of the Company, Nomination and Remuneration Committee and management of the Company in determining the appropriate remuneration policy for the Company.

**2. DEFINITIONS**

Some of the key terms used in the Nomination and Remuneration Policy are as under :

- 2.1 '**Board**' means the Board of Directors of Sharp India Limited or the Company.
- 2.2 '**Committee**' means the Nomination and Remuneration Committee constituted by the Board of Directors of the Company in accordance with Section 178 of the Companies Act, 2013.
- 2.3 '**Director**' means a director appointed on the Board of the Company including executive; non-executive; and independent directors.
- 2.4 '**Key managerial personnel**' includes managing director, or Chief Executive Officer or manager and in their absence, a whole-time director; company secretary; and Chief Financial Officer.
- 2.5 '**Member**' means a director of the Company appointed as member of the Committee.
- 2.6 '**Nomination and Remuneration Policy**' shall mean the policy of remuneration of directors, key managerial personnel and senior management personnel of the Company determined by the Nomination and Remuneration Committee.
- 2.7 '**Senior management**' shall mean officers/ personnel of the company means who are members of its core management team excluding Board of Directors and normally this shall comprise all members of management one level below chief executive officer/ Managing Director/ whole time Director/ manager including chief executive officer/ manager, in case they are not part of the Board and shall specifically include Company Secretary and Chief Financial Officer

**3. NOMINATION AND REMUNERATION COMMITTEE**

- 3.1 The Committee shall be formed by the Board of the Company. It shall consist of three or more non-executive directors out of which not less than one-half shall be independent directors. The Board of the Company shall nominate directors as Members of the Committee from time to time.
- 3.2 The Chairman of the Committee shall be an independent director but shall not be the Chairperson of the Company. He shall be present at the Annual General Meeting, to answer the shareholders' queries and may determine as to who should answer the queries. If the Chairperson is unable to attend the annual general meeting, any other member of the committee authorized by him in this behalf shall attend the annual general meeting.
- 3.3 The quorum for meeting of nomination and remuneration committee shall be either two members or one third of the members of the committee whichever is greater, including at least one independent director in attendance.
- 3.4 The nomination and remuneration committee shall meet at least once in year.

**4. LETTER OF ENGAGEMENT OR CONTRACT OF EMPLOYMENT**

- 4.1 Non-executive independent directors shall enter into a letter of engagement with the Company, the terms and conditions of which shall be approved by the Board. The letter of engagement shall set forth the terms and conditions of the engagement, the performance expectations for the position, the remuneration package and added incentives for the director, if any, the availability of the latter being contingent upon fulfillment of certain expectations of the Company measured by benchmarks of performance defined by the Company.
- 4.2 Executive directors and key managerial personnel shall enter into a contract with the Company clearly setting out the terms and conditions of the remuneration package for such person. The contract of employment shall set out the expectations for the performance, the key performance indicators, measures and criteria for assessment or evaluation of performance.
- 4.3 The Committee and the Board must approve the terms and conditions of employment for the Executive Directors and the Key Managerial Personnel at the time of their appointment and re-appointment.
- 4.4 The Company shall pay remuneration to the senior management personnel taking into account their roles and responsibilities.
- 4.5 The Board shall disclose the terms and conditions of employment of the executive directors and key managerial personnel in accordance with the law, if necessary.

**5. REMUNERATION STRUCTURE****5.1 REMUNERATION TO MANAGING/EXECUTIVE DIRECTORS, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT:**

The Board shall, in consultation with the Committee approve and finalize the form of remuneration to be offered to Executive Directors, key managerial personnel and senior management. The remuneration package shall be composed of amounts that are fixed and may include a variable Component and the endeavour of the Board and the Committee shall be to strike a balance between the fixed and variable components and thereby promote sustainable value for the Company and its shareholders over time.

**5.1.1 Fixed Remuneration**

The contract of employment entered into by the executive directors and key managerial personnel with the Company shall demarcate a fixed gross monthly or annual salary or base salary payable to them. The fixed remuneration or salary shall be determined according to complexities of the position and role of the Executive Directors and key managerial personnel. The relevant laws and regulations, conditions prevalent in the labour market and the scale of the business relating to the position. The fixed remuneration will reflect the core performance requirements and expectations of the Company.

**5.1.2 Performance Based Remuneration or Incentive-Based Payments**

The Board in consultation with the committee may pay performance based incentive payment to the directors. The performance-based or incentive-based payments shall form part of the variable component of the salary payable to them.

**5.1.3 Benefits to Executive Directors, key managerial personnel & senior management personnel**

The Company shall comply with all legal and industrial obligations in determining the benefits available to executive directors, key managerial personnel & senior management personnel, namely short-term benefits such as salaries, social security contributions, and post-employment benefits such as gratuity, pension retirement benefits etc.

**5.2 REMUNERATION TO NON-EXECUTIVE DIRECTORS**

The Company shall pay remuneration to non-executive directors in such a manner so as to attract and maintain high quality members on the Board. Non-Executive Directors may be paid remuneration in such form as which is allowable and is within the scope and limits of the Companies Act 2013.

The Non-Executive Directors who are entitled to receive the sitting fees shall be paid remuneration by way of sitting fees which is within the limits of the Companies Act, 2013 and which are determined by the Board of Directors and this committee from time to time.

**6. DISCLOSURES:**

- 6.1. The Nomination and Remuneration Policy shall be disclosed in the Board's report of the Company prepared in accordance with sub-section (3) of section 134 of the Companies Act, 2013.
- 6.2. The Nomination and Remuneration Policy and the criteria for evaluation of performance or evaluation criteria as laid down by the Committee shall be disclosed in the Annual Report of the Company.
- 6.3 Payments to non-executive directors shall be disclosed in the Annual Report of the Company. Further, the number of shares and convertible instruments held by non-executive directors shall be disclosed by the Company in its Annual Report.
- 6.4 With regard to payment of remuneration, the section on the corporate governance of the Annual Report of the Company shall contain the following disclosures, namely :
- 6.4.1. All elements of remuneration package of individual directors summarized under major groups, such as salary, benefits, bonuses, stock options, pension etc; if any.
- 6.4.2 Details of fixed component and performance linked incentives, along with the performance criteria; if any.
- 6.4.3 Service contracts, notice period, severance fees; if any and
- 6.4.4 Stock option details, if any - and whether issued at a discount as well as the period over which accrued and over which exercisable, if any.

**7. REVIEW AND IMPLEMENTATION**

- 7.1. The Committee shall conduct an evaluation of performance for all the directors as per the provisions in the Companies Act, 2013 and SEBI(LODR) on an annual basis to monitor and review, and if necessary, revise the appropriateness of each remuneration package.
- 7.2 The Committee shall be responsible for monitoring the implementation of the Nomination and Remuneration Policy, conducting a review of the same from time to time and advising the Board on the mode of revision of the policy.

**8. AMENDMENT**

The Committee reserves the right to amend or modify the Nomination and Remuneration Policy in whole or in part, at any time with reasons to be recorded in writing and placing the same in the meeting of this committee for its approval.

**Annexure- C**  
**Form No. MR-3**

**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2019**

[Pursuant to Section 204 (1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

and

Pursuant to Regulation 24A of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015]

To,

The Members,  
Sharp India Limited  
Gat No 686/4, Koregaon Bhima, Tal Shirur-,  
Pune - 412216

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Sharp India Limited** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on **31st March, 2019** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2019 according to the provisions of:

- i. The Companies Act, 2013 and The Companies Amendments Act 2017 (the Act), the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and external commercial borrowing;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

- (b) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (c) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements), Regulations 2009 (as applicable till 8th November 2018) and The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 effective from 09th November, 2018 (**not applicable to the company during the Audit Period**);
- (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; (**not applicable to the company during the Audit Period**);
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (**not applicable to the company during the Audit Period**);
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; (**not applicable to the company during the Audit Period**);
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 amendment Regulation 2016 (**not applicable to the company during the Audit Period**); and
- (h) The Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 1998 (as applicable till 10th September, 2018) and The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 effective from 11th September, 2018 (**not applicable to the company during the Audit Period**).

- vi. We further report that having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, no other law was applicable specifically to the Company.

We have also examined compliance with the applicable clauses and regulations of the following:

- i. The Secretarial Standards issued by The Institute of Company Secretaries of India.
- ii. The Listing Agreement entered into by the Company with Stock Exchanges pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

**We further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There is no change in the composition of the



Board of Directors during the period under review.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were generally sent seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committees of the Board, as the case may be.

**We further report that** there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**We further report that** during the audit period, there are no specific events / actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above.

**Note :** This report is to be read with letter of even date by the Secretarial Auditors, which is annexed as Annexure A and forms an integral part of this report.

1. The Company's name was shortlisted by BSE Limited under Graded Surveillance Measures (GSM) - Stage I
2. The Company observed Block closure for all its Bargainable Employees for the period 11th February, 2019 to 23rd February, 2019.

**For SVD & Associates**  
Company Secretaries

**Sridhar G. Mudaliar**  
Partner  
FCS No: 6156  
C P No: 2664

Date : August 12, 2019  
Place : Pune

#### ANNEXURE-A

To  
The Members  
SHARP INDIA LIMITED  
Gat No 686/4, Tal Shirur,  
koregaon Bhima,  
Pune - 412216.

Our Secretarial Audit Report of even date is to be read along with this letter.

#### Management's Responsibility

1. It is the responsibility of the management of the Company to maintain secretarial records, devise proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.

#### Auditor's Responsibility

2. Our responsibility is to express an opinion on these secretarial records, standards and procedures followed by the Company with respect to secretarial compliances.

3. We believe that audit evidence and information obtained from the Company's management is adequate and appropriate for us to provide a basis for our opinion.
4. Wherever required, we have obtained the management's representation about the compliance of laws, rules and regulations and happening of events, etc.

#### Disclaimer

5. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For SVD & Associates**  
Company Secretaries

**Sridhar G. Mudaliar**  
Partner  
FCS No: 6156  
C P No: 2664

Date: August 12, 2019  
Place : Pune

## Annexure- D

**Disclosures pursuant to section 197(12) of the Companies Act, 2013 & under Rule No. 5 of Companies (Appointment & Remuneration of Managerial Personnel) Rules: 2014**

- (a) (a) The Ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year 2018-2019;

Name of the Director	Ratio to Median Remuneration
Mr. Masahiko Nakagawasai- Managing Director	4.05
Mr. Seiji Hayakawa Non executive Director	0.00
Mr. Prashant Asher Independent Director	1.18
Ms. Bhumika Batra Independent Director	1.21

- (b) **The percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer, Company Secretary or Manager, if any, in the financial year;- 2018-2019**

Name of the Director	Percentage increase/ (decrease) in Remuneration
Mr. Masahiko Nakagawasai Managing Director	0.00
Mr. Seiji Hayakawa Non-executive Director	0.00
Mr. Prashant Asher- Independent Director	8.16%
Ms. Bhumika Batra Independent Director	8.00%
Mr. Sunil K Sane, Chief Financial Officer	(5.58%)
*Chandranil Belvalkar Company Secretary	4.29%

- Percentage in the bracket indicate negative percentage

**Note for (b) :**

\*In note (b) the previous year remuneration of Mr. Chandranil Belvalkar, Company Secretary is annualized for the purpose of above calculation.

- (c) **The Percentage increase (decrease) in the median remuneration of employees in the financial year : 4.30%**
- (d) **The number of permanent employees on the roll of the Company as on 31st March 2019: 129.**
- (e) **Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.**
- (1) The average percentage increase in salaries of the employees other than managerial personnel in the financial year 2018-2019 was Nil.
- (2) The average percentage increase in the managerial remuneration for the financial year 2018- 2019 was Nil.

Company does not pay any variable component of remuneration to any of its directors.

- (f) **Affirmation that the remuneration is as per the remuneration policy of the Company.**

The Company affirms that the remuneration paid is as per the remuneration policy of the Company.

- (g) **Information required under Section 197 (12) of the Companies Act, 2013 read with rule 5 (2) (i) to (iii) of the Companies (Appointment and remuneration of managerial personnel) Rules 2014 is not given since there is no employee who received remuneration in excess of the limits prescribed therein.**

## MANAGEMENT DISCUSSION & ANALYSIS

In December 2018, the Government of India's Central Statistics office press release predicted GDP growth of 7.3 % for 2018-19 and 7.5% for 2019-20 (world bank projections) The Economic Survey 2017-18 had projected the growth rate of GDP for the year 2018-19 to be in the range of 7.0 to 7.5 % and a reduction of 120 basis point vis a vis what was witnessed in 2016. However In fifth bi-monthly monetary policy statement 2018-19, Reserve Bank of India projected India's GDP growth for 2018-19 at 7.4 per cent

### Industry Structure & Development:

The Indian Consumer electronics Industry has undergone drastic change, Due to constant technological advancements and cut throat competition, new products with latest technologies are introduced in the market at very short intervals. Further increased liberalization has favored foreign direct investment (FDI).

Your Company is principally engaged in the manufacture and sale of liquid crystal display televisions (LED TVs) and Air Conditioners (AC).

India offers a vast geographically diversified market to explore. The need of the hour is to focus on innovation and service. Technological innovation will be at the forefront and there will be significant development in technology for Televisions and Air conditioners.

With the vast development in e-commerce/online portals offering Competitive prices has influenced the buyer to buy consumer durable products like television and Air conditioners. The interest free Loan schemes, easy installments offered by various credit card companies & Financial institution have further boosted the growth. Such online distribution channel has been emerging gradually in the recent years owing to the faster lifestyles of the population and the benefit of comfort provided by these online sales portals, will drastically increase the demand for consumer goods.

In India the demand for televisions is raising substantially due to increase in demand from Independent households as well as commercial and hospitality sector. Consequently continuous development in television technology which results in raising demand from customers to upgrade their television sets hence its expected to drive significant market during the forecast periods

In recent years there has been shift towards energy efficient inverter air conditioners mostly in urban part of Country due to the potential electricity saving for the end users. Climate change has had an unrelenting effect in India, temperatures passes 45-degree in most of the regions during the year 2019 encouraging the people in the country to come up with ways to survive during such high temperature raise. Further easy finance schemes and evolving life style has boosted demand of consumer durable products such as ACs and now it is perceived as need based utility requirement rather than luxury item.

### Risks & Concerns:

The risk associated with the consumer electronics are:-

- (a) In-house research & development is very less, which is hampering development of products & features suitable to local requirements. The Consumer Electronics and Home Appliances business is highly competitive and volatile and thereby making it difficult for companies to increase the bottom line. There is a risk of obsolescence of technology due to changes in the technology in a short time span. Keeping pace, making necessary changes and up gradations in the products along with the ever changing consumer preferences is also a challenge & concern for your company.

### Financial and operational performance:

The financial highlights for the fiscal 2018-2019 are dealt with in the Directors' Report. During the current year under review, your company has made a loss of Rs.1,236.83 Lacs. This was mainly due to absence of any orders for the products resulting in to substantial drop in the sale in the year 2018-2019.

We believe our strengths give us the competitive advantage to position ourselves as a leading innovative electronics products company. Our strategic objective is to build a sustainable organization that remains relevant to the requirements of consumer while generating profitable growth for our investors.

### Risk Management:

The objective of risk management is to ensure that it is adequately estimated and controlled to enhance shareholder as well as stakeholder's values. Risk is pertinent to virtually all business activities though in varying degrees and forms. It is the constant endeavor of the Company to identify, assess, prioritize and manage existing as well as emerging risks in a planned and cohesive manner

### Internal control systems and their adequacy:

Your company has in place proper and adequate internal audit and internal control system which is commensurate to the size and nature of the business of the company. They have been designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, complying with the applicable statutes, safeguarding assets from unauthorized use or losses, executing transactions with proper authorization and ensuring compliance of internal policies. The Company's internal controls are supported by an extensive program for internal audit, review by the management and documented policies, guidelines and procedures.

The internal audit is based on an internal audit plan, which is reviewed each year in consultation the audit committee. The audit committee reviews audit reports submitted by the internal auditors. Suggestions for improvement are considered and the audit committee follows up on corrective action.

### 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, 2019 is 129.

### 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 SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 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 2018 -2019.

**COMPOSITION OF THE BOARD, ATTENDANCE, NO. OF BOARD MEETINGS & OTHER COMMITTEE MEETINGS HELD ETC. :**

The Board of Directors of the Company represents an optimum

combination of Executive Directors, Non - Executive Directors and Independent Directors with at least one woman Director as required under SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015. As on 31st March 2019 total strength of the directors is four. There are Two Directors relating to the promoters and out of which one is Managing Director and the other is Non-Executive Director. There are two Non-Executive Independent Directors. The details of number of meetings held and attended by the directors and other related information is given in Table 1.

The Board Meetings are generally held in Pune. During the financial year under review, 5 (Five) Board Meetings were held on 11th May 2018, 8th August 2018, 2nd November 2018, 6th February 2019 and 29th March 2019 respectively and the time gap between two consecutive meetings did not exceed One hundred and Twenty days. 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. Further the necessary Quorum was present at all the Board Meetings.

**Table 1: Details about Board of Directors and their Board Meeting etc., attendance & committee membership /Chairmanship details during the year 2018-2019:**

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)		Directorship in other listed entity (Category of Directorship)
						Chairman	Member	
a) Mr. M. Nakagawasai	Executive Managing Director	5	5	Yes	0	0	0	0
b) Mr. Seiji Hayakawa	Non-Executive Director	5	1	No	0	0	0	0
c) Mr. Prashant Asher	Non-Executive Independent	5	5	No	7	0	1	Hinduja Ventures Limited- (Independent Non-Executive)
d) Ms. Bhumika Batra	Non-Executive Independent	5	5	Yes	10	1	6	1. Repro India Limited – (Independent Non-Executive)
								2. Hinduja Ventures Limited - (Independent Non-Executive)
								3. Patel Integrated Logistics Limited - (Independent Non-Executive)
								4. Kesar Enterprises Limited - (Additional Independent Non-Executive)
								5. Jyothy Laboratories Limited - (Additional Independent Non-Executive)

**Notes :**

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 SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015. Further, none of the Independent Directors on the Board is serving as an Independent Director in more than seven listed companies.

*\*For this purpose, only Audit Committee and Stakeholder's Relationship & Share Transfer Committee have been considered.*

**Information placed before the Board:**

Agenda papers along with detailed notes are being circulated in advance of each meeting of the Board. Information pursuant to Corporate Governance practices as required under Part A of Schedule II of Listing Regulations have been made available to the Board from time to time.

The Company periodically places Compliance Reports with respect to all applicable laws before the Board of Directors for its review.

**Relationship between the Directors inter-se** : There is no relationship between the directors inter-se.

**No of Shares & Convertible Instruments held by the Non-Executive Directors : Nil****Independent Directors**

In the Opinion of Board of Directors, the Independent Directors fulfill the conditions specified in the section 149 (6) of the Companies Act, 2013 and SEBI (Listing obligation and disclosure requirement) Regulations, 2015 and are independent of Management. The terms and conditions of appointment of Independent Directors are disclosed on the website of the Company viz [www.sharpindialimited.com](http://www.sharpindialimited.com).

**Meeting of Independent Directors** : During the year under review, the Independent Directors met on 18th March 2019, inter-alia, to discuss matters as prescribed under the Companies Act, 2013 and Listing Regulations. All the Independent Directors were present at the meeting.

**Familiarization Program of Independent Directors** : The independent directors are provided with all the necessary information for enabling them a good understanding of the Company. The details of the Familiarization program of independent directors is available on the website of the Company: [www.sharpindialimited.com](http://www.sharpindialimited.com).

The Board has identified the following skills/expertise/ competencies fundamental for the effective functioning of the Company which are currently available with the Board:

Global Business	Understanding, of global business dynamics, across various geographical markets, industry verticals and regulatory jurisdictions.
Strategy and Planning	Strategy and Planning
Governance	Experience in developing governance practices, serving the best interests of all stakeholders, maintaining board and management accountability, building long-term effective stakeholder engagements and driving corporate ethics and values.
Finance Acumen	Ability to Comprehend, interpret and guide on financial management, reporting, control and Analysis

**DIRECTORS' ATTENDANCE RECORD FOR AUDIT COMMITTEE AND NOMINATION & REMUNERATION COMMITTEE MEETINGS HELD DURING THE FINANCIAL YEAR 2018-2019:**

Name of Director	Audit Committee Meetings			Nomination & 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. M. Nakagawasai	4	4	Member	-	-	-
b) Mr. Prashant Asher	4	4	Member	3	2	Member
c) Ms. Bhumika Batra	4	4	Chairman	3	2	Chairman
d) Mr. Seiji Hayakawa	-	-	-	3	-	Member

\* Mr. M. Nakagawasai has resigned as Managing Director w.e.f 2nd April 2019 and ceased to be member of Audit Committee. Mr. Naoki Hatayama is appointed as Managing Director and member of Audit Committee w.e.f 2nd April 2019.

**AUDIT COMMITTEE :****Terms of References of the Audit Committee :**

The Terms of Reference of the Audit Committee of your Company are in accordance with the Section 177 and other applicable provisions of the Companies Act, 2013 and the Rules framed thereunder and Regulation 18 read with Part C of Schedule II of the Listing Regulations, which inter alia include the following:

1. oversight of the listed entity's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. the recommendation for appointment, remuneration and terms of appointment of auditors of the company;
3. approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing with the management, the Annual Financial Statements and Auditors' Report thereon before submission to the Board for approval, with particular reference to:
  - a) Matters required to be included in the Directors' Responsibility Statement to be included in the Boards' Report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013,
  - b) changes, if any, in accounting policies and practices and reasons for the same.
  - c) Major accounting entries involving estimates based on the exercise of judgment by management,
  - d) significant adjustments made in the financial statements arising out of audit findings.
  - e) compliance with listing and other legal requirements relating to financial statements.
  - f) disclosure of any related party transactions.
  - g) modified opinion(s) in the draft audit report.
5. Reviewing, with the management, examine the quarterly, limited review and auditors' report before submission to the Board for approval;
6. reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;
7. reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
8. approval or any subsequent modification of transactions of the listed entity with related parties.
9. scrutiny of inter-corporate loans and investments.
10. valuation of undertakings or assets of the listed entity, wherever it is necessary.
11. evaluation of internal financial controls and risk management systems;
12. reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
13. reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

14. Discussion with internal auditors of any significant findings and follow up there on;
15. 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;
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. 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;
18. To review the functioning of the whistle blower mechanism;
19. Approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
20. Carrying out any other function as is mentioned in the terms of reference of the audit committee.
21. reviewing the utilization of loans and/ or advances from/ investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision.

**Composition of the Committee etc.:**

The Audit Committee consist of two non- executive independent directors and one executive director (Managing Director) of the Company since the beginning of the year. It consists of Ms. Bhumika Batra (Chairman), Mr. Prashant Asher and Mr. Masahiko Nakagawasai - Managing Director. (Mr. Masahiko Nakagawasai has resigned as Managing Director w.e.f 2nd April 2019 and ceased to be member of Audit Committee. Mr. Naoki Hatayama is appointed as Managing Director and member of Audit Committee w.e.f 2nd April 2019.)

All the members are financially literate and at least one member has accounting or related financial management expertise.

The representatives of Statutory Auditors and Internal Auditors are invitees to the Audit Committee meetings.

**Number & Date of the Meetings Held :** The Audit Committee met 4 (four) times in the year on 11th May 2018, 8th August 2018, 2nd November 2018 and 6th February 2019. The Audit Committee Chairperson Ms. Bhumika Batra attended the last annual general meeting held on 28th September 2018 . The Company Secretary of the Company also acts as the Secretary to this Committee. The attendance of the committee members is given in the separate table attached. The Audit Committee inter alia 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.

**NOMINATION & REMUNERATION COMMITTEE:****Terms of References Nomination & Remuneration Committee:**

The terms of reference of the Nomination and Remuneration Committee include the matters specified under SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 as well as those in Section 178 of the Companies Act, 2013 and inter-alia includes the following:

- i. Formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration of the Directors, Key Managerial Personnel and other employees;

- ii. Formulation of criteria for evaluation of Independent Directors and the Board;
- iii. Devising a policy on Board diversity;
- iv. Identifying persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down, and recommend to the Board their appointment and removal and shall carry out evaluation of every Director's performance;
- v. whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
- vi. Formulation of policy relating to the remuneration for the Directors, Key Managerial Personnel and Senior Management involving a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals and recommend to the board, all remuneration, in whatever form, payable to senior management

#### Composition of the Committee etc.:

The Committee consists of three Non-Executive Directors, and two of these directors are Independent Directors. This committee at the beginning of the year consisted of Ms. Bhumika Batra (Chairman) and Mr. Prashant Asher and Mr. Seiji Hayakawa. The attendance of the committee members is given in the separate table attached and the remuneration paid to the Directors is provided elsewhere in this report.

**Remuneration Policy:** Remuneration policy adopted by the Committee has been given separately as an Annexure- B to the Directors Report.

#### Performance Evaluation criteria for all Directors:

##### i. Qualifications of Director:

A director shall possess appropriate skills, experience and knowledge in one or more fields of engineering, finance, law, management, sales, marketing, administration, research, corporate governance, operations or other disciplines related to the Company's business.

##### ii. Positive attributes of Directors:

An director shall be a person of integrity, who possesses relevant expertise and experience and who shall uphold ethical standards of integrity and probity; act objectively and constructively; exercise his responsibilities in a bona-fide manner in the interest of the Company; devote sufficient time and attention to his professional obligations for informed and balanced decision making; and assist the Company in implementing the best corporate governance practices.

##### iii. Independence of Independent Directors:

An Independent director should meet the requirements of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 concerning independence of directors.

#### NON - EXECUTIVE 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 financial year 2018-2019. No payment other than the sitting fees was made to any of the Non-Executive Independent Directors, None of the directors holds any shares in the company.

#### REMUNERATION TO DIRECTORS & CRITERIA FOR MAKING PAYMENTS TO EXECUTIVE & NON - EXECUTIVE DIRECTORS:

The details of the remuneration package for the financial year 2018-2019 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.)	Total (Rs.)
Mr. M. Nakagawasai	None	NIL	1,359,600	1,359,600
Mr. Seiji Hayakawa	None	Nil	Nil	Nil
Mr. Prashant Asher	None	3,97,500	0	3,97,500
Ms. Bhumika Batra	None	4,05,000	0	4,05,000

The payments made to the Managing Director are in the nature of salary and perquisites as approved by the Nomination & Remuneration Committee, the shareholders and if required by the Central Government as required by the Companies Act, 2013 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 had entered into the service agreement with the Managing Director for a period of three years from 29.09.2016, however since Mr. M. Nakagawasai resigned w.e.f. 2nd April 2019, the said agreement has been terminated with a requisite notice. There are no severance fees payable to the 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 independent 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 nomination & remuneration committee meeting and Rs. 7,500/- are paid for attending every stakeholder's relationship and share transfer committee meeting.

#### STAKEHOLDER'S RELATIONSHIP AND SHARE TRANSFER COMMITTEE:

The Committee handles redressal of shareholders' and investors' complaints and oversees transfer of shares as well. The Committee consists of Mr. Prashant Asher (Chairman), Ms. Bhumika Batra and Mr. Masahiko Nakagawasai as the members of the committee. (Mr. Masahiko Nakagawasai has resigned as Managing Director w.e.f. 2nd April 2019 and ceased to be member of this Committee. Mr. Naoki Hatayama is appointed as Managing Director and member of this Committee w.e.f. 2nd April 2019.) The Committee met 28 times during the year 2018-2019. All the members of the Committee were present for the committee meetings held during the financial year 2018-2019 except for one committee meeting Mr. Prashant Asher was absent in the committee meetings held on 28th September 2018. 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 and there were no complaints received during of the financial year.

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

The Stakeholders Relationship and Share Transfer Committee has been delegated the powers to consider the transfer and transmission related issues etc. and meets 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.

#### DETAILS OF GENERAL BODY MEETINGS FOR LAST THREE YEARS:

Financial Year	Date	Time	Venue
March 31, 2016	September 28, 2016	11:00 a.m.	Registered Office
March 31, 2017	September 27, 2017	12:00 Noon.	Registered Office
March 31, 2018	September 28, 2018	12:00 Noon.	Registered Office

#### Special Resolutions during last three years:

- (1) No Special Resolution was passed in the 33rd Annual General Meeting held on 28th September 2018.
- (2) A Special Resolution was passed in the 32nd Annual General Meeting held on 27th September 2017 for appointment of Mr. Masahiko. Nakagawasai as Managing Director of Company for the period of three years with effect from 29th September 2016 to 28th September 2019.
- (3) A Special Resolution was passed in the 31st Annual General Meeting held on 28th September 2016 for re-appointment of Mr. Tomio Isogai as the Managing Director of the Company for the period- 9th December 2015 up to 8th December 2018.

#### Resolutions passed by way of Postal Ballot held during the Financial Year 2018-19

No resolution was passed by way of Postal Ballot during the Financial Year 2018-19.

#### MEANS OF COMMUNICATION TO SHAREHOLDERS ETC.:

The Company has uploaded on 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, Whistle Blower Policy etc. Notices of General meetings, Voting results of the general meetings, etc. 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 - chandranil.belvalkar@sil.sharp-world.com

#### ADDITIONAL INFORMATION TO SHAREHOLDERS

##### 1. ANNUAL GENERAL MEETING :

Day & Date : Wednesday, 25th September 2019  
 Time : 12:00 Noon  
 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 (Every Year)

3. **BOOK CLOSURE** : The Books will be closed from Thursday, 19th September 2019 to Wednesday, 25th September 2019 (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, 2019- first week of August 2019
- : Results for quarter and half-year ending September 30, 2019- First week of November 2019
- : Results for quarter and nine months ending December 2019 - First week of February 2020
- : Results for the year ending March 31, 2019 - Last Week of May 2020.

#### 5. LISTING ON STOCK EXCHANGES :

The shares of the Company are listed on Bombay Stock Exchange P.J. Towers, Dalal Street, Mumbai - 400 001. (BSE Limited)

The Company has paid the Listing fees for the year 2018-2019 to BSE in the prescribed time.

#### 6. STOCK CODE AND ISIN

Stock codes : BSE Limited : **523449**

ISIN : **INE207B01011** with NSDL and CDSL for equity shares

#### 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 2018-19 is given below:

Table 3

MONTH	HIGH (Rs.)	LOW (Rs.)	BSE Sensex	
			High	Low
April 2018	58.25	34.65	35,213.30	32,972.56
May 2018	57.60	30.80	35,993.53	34,302.89
June 2018	32.25	18.70	35,877.41	34,784.68
July 2018	39.45	17.25	37,644.59	35,106.57
August 2018	51.50	38.40	38,989.65	37,128.99
September 2018	51.00	38.45	38,934.35	35,985.63
October 2018	54.10	31.85	36,616.64	33,291.58
November 2018	63.90	38.05	36,389.22	34,303.38
December 2018	44.00	33.40	36,554.99	34,426.29
January 2019	48.95	35.00	36,701.03	35,375.51
February 2019	33.35	24.45	37,172.18	35,287.16
March 2019	34.00	25.25	38,748.54	35,926.94



**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, sub divisions 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, 2019):**

Category	No of Shares Held	Percentage to Total (%)
Promoters (Sharp Corporation, Japan)	1,94,58,000	75.00
Mutual Funds	1,700	00.01
Foreign Portfolio Investor	1,200	00.00
Financial Institution	2337	0.01
Individuals up to Rs. 2 Lacs	36,28,329	13.99
Individuals in excess of Rs. 2 Lacs	21,68,534	08.36
Hindu Undivided Family	2,69,993	01.04
Non Resident Indians (non- Repat)	40,003	00.15
Non Resident Indians (Repat)	78,312	00.30
Clearing Members	65,391	00.25
Bodies Corporate	2,29,765	00.88
<b>TOTAL</b>	<b>2,59,44,000</b>	<b>100.00</b>

**10. Distribution of Shareholding as on March 31, 2019:**

Shareholding of Nominal Value of		Share		Share Amount	
Rs.	Rs.	Number of Shareholders	% to Total	In Rs.	% to Total
(1)	(2)	(3)	(4)	(5)	(6)
1 - 5,000		11356	90.8044	15156890.00	5.8422
5,001 - 10,000		518	4.4120	4402740.00	1.6970
10,001 - 20,000		268	2.1430	4146140.00	1.5981
20,001 - 30,000		99	0.7916	2589300.00	0.9980
30,001 - 40,000		45	0.3598	1602140.00	0.6175
40,001 - 50,000		59	0.4718	2827340.00	1.0898
50,001 - 100,000		84	0.6717	6280710.00	2.4289
100,001 & above		77	0.6157	222434740.00	85.736
<b>TOTAL</b>		<b>12506</b>	<b>100</b>	<b>259440000</b>	<b>100.000</b>

**11. Dematerialisation :**

The Company's Equity Shares are under compulsory dematerialized (demat) mode of trading as on March 31, 2019, shares in dematerialized form accounted for 96.89% of total equity shares.

**12. Reconciliation of Share Capital Audit Report**

As stipulated by SEBI, a qualified Practicing Company Secretary carries out Secretarial Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. This audit is carried out every quarter and the report thereon is submitted to the Stock Exchanges where the Company's shares are listed. The audit confirms that the total Listed and Paid-up Capital is in agreement with the aggregate of the total number of shares in dematerialised form (held with NSDL and CDSL) and total number of shares in physical form.

**13. Outstanding GDRs / ADRs / Warrants or any convertible instruments, conversion date and their likely impact on Equity:**

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

**14. Commodity Price Risk or foreign Exchange Risk and hedging activities :**

Company has internal policy for management of foreign exchange risks and open foreign currency is hedged based on policy laid down and the directives of the Managing Director and Chief Financial Officer. The details of the foreign currency exposure are disclosed in the financial statements.

**15. Pricewaterhouse Chartered Accountants LLP (Firm Registration No. 012754N/N500016) have been appointed as the Statutory Auditors of the Company. The particulars of payment of Statutory Auditors' fees, on consolidated basis is given below:**

(Rs in Lakhs)

Particulars	Amounts
Services as Statutory Auditors	
Audit fees	8.75
Tax Audit fees	1.40
Limited Review Report	2.45
Re-imbursment of expenses	0.09
<b>Total</b>	<b>12.69</b>

**16. Plant Location : Gat No.686/4., Koregoan Bhima, Taluka: Shirur, District: Pune - 412 216.****17. 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 : chandranil.belvalkar@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'

**OTHER DISCLOSURES:**

- (1) There are no significant related party transactions made by the Company 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.
- (2) There have 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 three years.
- (3) Company has adopted and implemented the Whistle Blower Policy. The same has been posted on the website of the Company- [www.sharpindialimited.com](http://www.sharpindialimited.com). No personnel has been denied access to the Audit Committee.
- (4) The Policy on Related Party Transactions has been posted on the website of the Company- [www.sharpindialimited.com](http://www.sharpindialimited.com)
- (5) Commodity Price Risk & Commodity Hedging Activities: Company has internal policy for management of foreign exchange risks and open foreign currency is hedged based on policy laid down and the directives of the Managing Director and Chief Financial Officer. The details of the foreign currency exposure are disclosed in the financial statements.
- (6) The Company has complied with all mandatory requirements of Corporate Governance and it has adopted the following discretionary requirement of as specified in Part- E of Schedule-II of the SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015. : (i) There are no qualifications on the financial statements of the company for the year ended 31st March 2019 made by the statutory auditors in their audit report. (ii) Internal auditor directly reports to the Audit Committee.
- (7) The Company has complied with the Corporate Governance requirements and Regulation 46(2) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 relating to the dissemination of the information on the website of the Company.
- (8) A certificate has been received from SVD & Associates, Practicing Company Secretaries, that none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such statutory authority.
- (9) The details of complaints filed, deposed and pending during financial year pertaining to complaint under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2018 is provided in directors report.
- (10) Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A). Not Applicable.
- (11) Where the board had not accepted any recommendation of any committee of the board which is mandatorily required, in the relevant financial year: Not applicable

**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.

**For Sharp India Limited**

**Naoki Hatayama**  
**Managing Director**  
**(DIN: 08390564)**

**DEMAT SUSPENSE ACCOUNT/ UNCLAIMED SUSPENSE ACCOUNT:**  
 NIL:

**CERTIFICATE FROM PRACTICING COMPANY SECRETARY**  
**ON CORPORATE GOVERNANCE**

To,

The Members of Sharp India Limited

We have examined the compliance of conditions of corporate governance by Sharp India Limited (hereinafter referred "the Company"), for the year ended on 31st March, 2019 as stipulated in relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosures requirements) Regulations, 2015.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of corporate governance as stipulated in the above mentioned Listing Regulations, as applicable.

We further state that, this certificate is neither an assurance as to the future viability of the Company nor efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For SVD & Associates**  
 Company Secretaries

**Sridhar Mudaliar**  
 Partner

Date: August 12, 2019  
 Place : Pune

**Membership No.: FCS -6156**  
**C P No : 2664**

## INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF SHARP INDIA LIMITED

## Report on the audit of the financial statements

## Opinion

1. We have audited the accompanying financial statements of Sharp India Limited ("the Company"), which comprise the balance sheet as at March 31, 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and total comprehensive income (comprising of loss and other comprehensive income), changes in equity and its cash flows for the year then ended.

## Basis for opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Emphasis of Matter

4. We draw your attention to Note 32 to the financial statements which states that the financial statements have been prepared using the going concern basis of accounting in view of the support letter received from Sharp Corporation, Japan, the holding company, for financial and operational support until March 31, 2020. Our opinion is not modified in respect of this matter.

## Key audit matters

5. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## KEY AUDIT MATTER

**Assessment of impairment to carrying amount of property, plant and equipment ('PPE')**

Refer note 4 to the financial statements.

The net carrying value of property, plant and equipment as of 31 March 2019 is Rs. 730.00 lakhs.

The Company has accumulated losses aggregating to Rs. 6,650.24 Lakhs, its net-worth has eroded and its total liabilities exceed its total assets as at March 31, 2019. Further, the Company has ceased its manufacturing activities since the last 4 years. The above factors indicate a potential impairment of the carrying values of the Property, Plant and Equipment.

The Management considered the entire plant as a cash generating unit ('CGU') and had involved an external valuation firm (management expert) for valuation of PPE. The recoverable value has been determined as the fair value less costs of disposal and is dependent on the valuation methodology adopted and the inputs into the valuation model. Factors such as prevailing market conditions, individual nature, conditions and location directly impact the fair value.

Based on the valuation exercise carried out by the Company, the management determined that the recoverable value is higher than the carrying value and therefore, no impairment charge is warranted.

We focused on this area as the inputs to the valuation model are dependent on Management judgement and the significance of the amount of PPE to the financial statements.

**How our audit addressed the key audit matter**

Our procedures in relation to the assessment for the impairment testing of PPE included the following:

- a) Assessed and tested the design and operating effectiveness of the Company's controls over the impairment assessment.
- b) Evaluated whether the assessment of CGU was consistent with our knowledge of the Company's operations.
- c) Assessed the competency and capabilities of the external valuer engaged by the management.
- d) Read the valuer's terms of engagement and assessed the objectivity and scope of their work.
- e) We assessed the valuation methodology adopted by the valuer and the reasonableness and the source of the assumptions considered such as per unit rate of land.
- f) Performed sensitivity analysis on the inputs considered by the Management in their valuation.
- g) Evaluated the adequacy of disclosures made in the financial statements.

On the basis of the above procedures performed, we did not find any material exceptions to the management's assessment of impairment of property, plant and equipment.

#### Other Information

6. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's report but does not include the financial statements and our auditor's report thereon. The Board's report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Board's report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate action as applicable under the relevant laws and regulations.

#### Responsibilities of management and those charged with governance for the financial statements

7. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
8. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

#### Auditor's responsibilities for the audit of the financial statements

9. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
10. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
  - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
  - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

11. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
  12. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
  13. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.
- d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act.
  - e. On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
  - g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - (i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 14 and 30 to the financial statements;
    - (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
    - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2019.

#### Report on other legal and regulatory requirements

14. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
15. As required by Section 143(3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c. The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and Cash Flow Statement dealt with by this Report are in agreement with the books of account.

Pune  
May 8, 2019

For Price Waterhouse  
Chartered Accountants LLP  
Firm Registration  
Number: 012754N/N500016  
Chartered Accountants

Amit Borkar  
Partner  
Membership Number 109846

## Annexure A to Independent Auditors' Report

Referred to in paragraph 13(f) of the Independent Auditors' Report of even date to the members of Sharp India Limited on the financial statements for the year ended March 31, 2019

### Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls with reference to financial statements of Sharp India Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### Management's Responsibility for Internal Financial Controls

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.
4. Our Audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements.

### Meaning of Internal Financial Controls with reference to financial statements

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls with reference to financial statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Price Waterhouse  
Chartered Accountants LLP  
Firm Registration  
Number: 012754N/N500016  
Chartered Accountants

**Amit Borkar**  
Partner  
Membership Number 109846

Pune  
May 8, 2019

### Annexure B to Independent Auditors' Report

Referred to in paragraph 14 of the Independent Auditors' Report of even date to the members of Sharp India Limited on the financial statements as of and for the year ended March 31, 2019

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
  - (b) The fixed assets of the Company have been physically verified by the Management during the year and no material discrepancies have been noticed on such verification. In our opinion, the frequency of verification is reasonable.
  - (c) The title deeds of immovable properties, as disclosed in Note 4 on fixed assets to the financial statements, are held in the name of the Company.
- ii. The physical verification of inventory have been conducted at reasonable intervals by the Management during the year. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.
- iv. The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
- vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income tax, duty of customs, goods and service tax and other material statutory dues, as applicable, with the appropriate authorities. Also refer note 30 to the financial statements regarding management's assessment on certain matters relating to provident fund.
  - (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax, goods and service tax which have not been deposited on account of any dispute.

The particulars of dues of service tax, sales tax and duty of customs as at March 31, 2019 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum where the dispute is pending
Service Tax (Finance Act 1994)	Non-reversal of CENVAT credit availed on input services availed for the procurements and sale of traded goods	4,739,171	August 2007 to March 2011	Additional Commissioner of central Excise, Pune III Commissionerate
Central Sales Tax Act, 1956	CST Payable on completion of assessment	11,195,295	April 2013 to March 2014	Joint Commissioner of Sales tax (Appeals)

- viii. As the Company does not have any loans or borrowings from any financial institution or bank or Government, nor has it issued any debentures as at the balance sheet date, the provisions of Clause 3 (viii) of the Order are not applicable to the Company.
- ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.

- xi. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3 (xii) of the Order are not applicable to the Company.
- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- xv. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For Price Waterhouse Chartered Accountants LLP  
Firm Registration Number: 012754N/N500016  
Chartered Accountants

Pune  
May 8, 2019

Amit Borkar  
Partner  
Membership Number 109846



**BALANCE SHEET AS AT MARCH 31, 2019**  
(All amounts in INR lakhs, unless otherwise stated)

Particulars	Note No	As at March 31, 2019 (Rs. Lakhs)	As at March 31, 2018 (Rs. Lakhs)
<b>ASSETS</b>			
<b>I. Non-current assets</b>			
Property, plant and equipment	4	730.00	888.65
Intangible assets	4	2.79	4.24
Financial assets			
(i) Loans	5	9.03	6.33
Income-tax assets (net)	6	2.76	6.06
Deferred tax assets	7	-	-
Other non-current assets	8	16.78	10.16
<b>Total non-current assets</b>		<b>761.36</b>	<b>915.44</b>
<b>II. Current assets</b>			
Inventories	9	-	-
Financial assets			
(i) Cash and cash equivalents	10 (a)	82.62	213.89
(ii) Loans	5	1.40	1.40
(iii) Other financial assets	10 (b)	0.66	0.45
Other current assets	8	104.86	146.83
<b>Total current assets</b>		<b>189.54</b>	<b>362.57</b>
<b>Total assets</b>		<b>950.90</b>	<b>1,278.01</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Equity share capital	11 (a)	2,594.40	2,594.40
Other equity	11 (b)	(4,744.06)	(3,627.41)
<b>Total equity</b>		<b>(2,149.66)</b>	<b>(1,033.01)</b>
<b>LIABILITIES</b>			
<b>I. Non-current liabilities</b>			
Financial liabilities			
(i) Borrowings	12	849.82	-
(ii) Other financial liabilities	13	17.78	-
Provisions	14 (a)	68.20	68.20
<b>Total non-current liabilities</b>		<b>935.80</b>	<b>68.20</b>
<b>II. Current liabilities</b>			
<b>Financial liabilities</b>			
(i) Trade payables	15		
Total outstanding dues of micro enterprises and small enterprises; and		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		79.55	108.02
(ii) Other financial liabilities	13	1,940.88	1,982.51
Provisions	14 (b)	124.90	132.07
Other current liabilities	16	19.43	20.22
<b>Total current liabilities</b>		<b>2,164.76</b>	<b>2,242.82</b>
<b>Total liabilities</b>		<b>3,100.56</b>	<b>2,311.02</b>
<b>Total equity and liabilities</b>		<b>950.90</b>	<b>1,278.01</b>

The accompanying notes are an integral part of the financial statements.  
This is the balance sheet referred to in our report of even date.

**For Price Waterhouse Chartered Accountants LLP**  
Firm Registration No. 012754N/N500016  
Chartered Accountants

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

**Amit Borkar**  
Partner  
Membership No. 109846  
Place : Pune  
Date : May 8, 2019

**Naoki Hatayama**  
Managing Director  
Din : 08390564  
Place : Pune  
Date : May 8, 2019

**Bhumika Batra**  
Director  
Din : 03502004  
Place : Pune  
Date : May 8, 2019

**Chandranil Belvalkar**  
Company Secretary  
Place : Pune  
Date : May 8, 2019

**Sunil Sane**  
Chief Financial officer  
Place : Pune  
Date : May 8, 2019

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2019

(All amounts in INR lakhs, unless otherwise stated)

Particulars	Note No	For the year ended	For the year ended
		March 31, 2019 (Rs. Lakhs)	March 31, 2018 (Rs. Lakhs)
<b>Income</b>			
Revenue from operations	17	35.94	164.06
Other income	18	15.42	119.29
<b>Total income</b>		<b>51.36</b>	<b>283.35</b>
<b>Expenses</b>			
Excise duty		-	0.74
Employee benefits expense	19	609.87	600.87
Depreciation and amortisation expense	20	159.98	163.79
Other expenses	21	309.35	342.65
Finance costs	22	208.99	140.82
<b>Total expenses</b>		<b>1,288.19</b>	<b>1,248.87</b>
<b>Loss before tax</b>		<b>(1,236.83)</b>	<b>(965.52)</b>
<b>Income tax expense</b>			
Income tax expense	23		
Current tax		-	-
Deferred tax		-	-
<b>Total tax expense</b>		<b>-</b>	<b>-</b>
<b>Loss for the year</b>		<b>(1,236.83)</b>	<b>(965.52)</b>
Other comprehensive income for the year, net of tax		-	-
<b>Total comprehensive income for the year</b>		<b>(1,236.83)</b>	<b>(965.52)</b>
<b>Earnings/(Loss) per share</b>			
<b>Basic and Diluted</b>	<b>31</b>	<b>(4.77)</b>	<b>(3.72)</b>

The accompanying notes are an integral part of the financial statements.  
This is the statement of profit and loss referred to in our report of even date.

**For Price Waterhouse Chartered Accountants LLP**  
Firm Registration No. 012754N/N500016  
Chartered Accountants

**For and on behalf of the Board of Directors of**  
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Chief Financial officer  
Place : Pune  
Date : May 8, 2019

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2019**

(All amounts in INR lakhs, unless otherwise stated)

Particulars	31 March 2019 (Rs. Lakhs)	31 March 2018 (Rs. Lakhs)
<b>Cash flows from operating activities</b>		
Loss before income tax	(1,236.83)	(965.52)
Adjustments for:		
Depreciation and amortisation expense	159.98	163.79
Liabilities no longer required written back	(13.53)	(61.59)
Interest income classified as investing cash flows	(1.11)	(24.19)
Gain on disposal of property, plant and equipment	(0.52)	(17.48)
Finance costs classified as financing cash flows	208.99	140.82
<b>Changes in operating assets and liabilities</b>		
(Increase)/Decrease in trade receivables	-	8.61
(Increase)/Decrease in loans	(9.32)	-
(Increase)/Decrease in other current financial assets	(0.21)	(0.29)
(Increase)/Decrease in other current and non-current assets	41.97	17.19
Increase/(Decrease) in trade payables	(14.94)	(12.29)
Increase/(Decrease) in other current financial liabilities	3.25	-
Increase/(Decrease) in other current liabilities	(0.79)	(6.97)
Increase/(Decrease) in provisions	(7.17)	2.20
<b>Cash generated from/(used in) operations</b>	<b>(870.23)</b>	<b>(755.72)</b>
Income tax paid (net of refunds received)	3.30	(3.39)
<b>Net cash inflow/(outflow) from operating activities (A)</b>	<b>(866.93)</b>	<b>(759.11)</b>
<b>Cash flow from investing activities</b>		
Sale of property, plant and equipment	0.64	17.48
Interest received	1.11	32.50
<b>Net cash inflow from investing activities (B)</b>	<b>1.75</b>	<b>49.98</b>
<b>Cash flow from financing activities</b>		
Interest paid	(236.09)	(91.09)
Proceeds from long-term borrowings	970.00	-
<b>Net cash outflow from financing activities (C)</b>	<b>733.91</b>	<b>(91.09)</b>
<b>Net increase/ (decrease) in cash and cash equivalents (A+B+C)</b>	<b>(131.27)</b>	<b>(800.22)</b>
Cash and cash equivalents at the beginning of the financial year	213.89	1,014.11
<b>Cash and cash equivalents at the end of the year</b>	<b>82.62</b>	<b>213.89</b>

This is the statement of cash flows referred to in our report of even date.

**For Price Waterhouse Chartered Accountants LLP**  
**Firm Registration No. 012754N/N500016**  
**Chartered Accountants**

**For and on behalf of the Board of Directors of**  
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**Sunil Sane**  
Chief Financial officer  
Place : Pune  
Date : May 8, 2019

(All amounts in INR lakhs, unless otherwise stated)

## Statement of changes in equity

## A. Equity share capital

	Notes	
As at 1 April 2017		2,594.40
Changes in equity share capital	11 (a)	-
As at 31 March 2018		2,594.40
Change in equity share capital	11 (a)	-
As at 31 March 2019		2,594.40

## B. Other Equity

	Securities premium reserve	Retained earnings	Fair Valuation reserve	Total
As at 1 April 2017	1,786.00	(4,447.89)	-	(2,661.89)
Loss for the year	-	(965.52)	-	(965.52)
Total comprehensive income for the year	-	(965.52)	-	(965.52)
Balance as at 31 March 2018	1,786.00	(5,413.41)	-	(3,627.41)

	Securities premium reserve	Retained earnings	Fair Valuation reserve	Total
As at 1 April 2018	1,786.00	(5,413.41)	-	(3,627.41)
Loss for the year	-	(1,236.83)	-	(1,236.83)
Total comprehensive income for the year	-	(1,236.83)	-	(1,236.83)
Fair valuation reserve created on loans availed during the year from Group companies			120.18	120.18
Balance as at 31 March 2019	1,786.00	(6,650.24)	120.18	(4,744.06)

The accompanying notes are an integral part of these financial statements.  
This is the statement of changes in equity referred to in our report of even date.

For Price Waterhouse Chartered Accountants LLP  
Firm Registration No. 012754N/N500016  
Chartered Accountants

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

**Amit Borkar**  
Partner  
Membership No. 109846  
Place : Pune  
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Company Secretary  
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Date : May 8, 2019

**Sunil Sane**  
Chief Financial officer  
Place : Pune  
Date : May 8, 2019

**Sharp India Limited**  
**(All amounts in INR lakhs, unless otherwise stated)**

**Note 1 : General Information**

Sharp India Limited ('the Company') was incorporated on July 5, 1985. The Company is principally engaged in the manufacture and sale of light emitting diode televisions ('LED TVs') and Air-conditioners ('ACs').

Sharp Corporation ('Sharp'), incorporated in Japan, holds 75 per cent of the issued share capital of the Company. The Company has a technical collaboration with Sharp for the manufacture of 'LED TVs' and 'ACs'.

**Note 2 : Significant accounting policies**

**(a) Basis of preparation**

*(i) Compliance with Ind AS*

The financial statements comply in all material aspects with Indian Accounting Standards (IndAS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

The Board of Directors have authorised these financial statements for issue on May 8, 2019.

*(ii) Historical cost convention*

The financial statements have been prepared on a historical cost basis, except for the following:

- Defined benefit plans – plan assets measured at fair value.

*(iii) New and amended standards adopted by the Company*

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing 1 April 2018:

- Ind AS 115, *Revenue from Contracts with Customers*

The Company had to change its accounting policies following the adoption of Ind AS 115. The adoption did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

*(iv) Current/non-current classification*

All assets and liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current/non-current classification of assets and liabilities.

**(b) Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The board of directors of the Company are identified as the Chief operating decision maker. Refer note 28 for segment information presented.

**(c) Foreign currency translation**

*(i) Functional and presentation currency*

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Indian rupee (INR), which is the Company's functional and presentation currency.

**(ii) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in profit or loss.

All foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other income or other expenses as the case may be.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

**(d) Revenue recognition**

The company manufactures and sells a range of electronic items. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the company has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

**(e) Income tax**

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

**(f) Impairment of assets**

Assets are tested for impairment whenever events or changes in circumstances indicate that they might be impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from

other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

The management periodically assesses using external or internal source, whether there is an indication that an asset may be impaired.

#### **(g) Cash and cash equivalents**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

#### **(h) Inventories**

*Raw materials and stores, packing material, work in progress, traded and finished goods*

Raw materials and components, stores and packing material, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost of raw materials comprises cost of purchases. Cost of work-in-progress and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition. Costs are assigned to individual items of inventory on the basis of weighted average basis. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

#### **(i) Financial assets**

##### *(i) Classification*

The Company classifies its financial assets at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

##### *(i) Measurement*

At initial recognition, the Company measures a financial asset at fair value. Subsequently these assets are measured at amortised cost.

##### *(ii) Impairment of financial assets*

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 26 details how the Company manages its credit risk.

##### *(iii) Derecognition of financial assets*

A financial asset is derecognised only when:

- The Company has transferred the rights to receive cash flows from the financial asset or
- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

**(j) Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

**(k) Property, plant and equipment**

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

*Depreciation methods, estimated useful lives and residual value*

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives:

<b>Particulars</b>	<b>Useful lives</b>
Buildings	
- Factory	29.94
- Others	60
Plant and machinery	2-15
Furniture, fittings and equipment (including office equipments)	4-10
Computers	3-6
Vehicles	5

The management has estimated, supported by independent assessment by professionals, the useful lives of certain Plant and machinery, Factory buildings, Moulds, Vehicles and Office equipments as per table above, which are lower than those indicated in Schedule II.

The residual values are not more than 5% of the original cost of the asset. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other income or other expenses as the case may be.

**(l) Intangible assets***(i) Computer software*

Computer softwares are shown at historical cost and are subsequently carried at cost less accumulated amortization and impairment losses.

*(ii) Amortisation methods and periods*

The Company amortises computer software over a period of 6 years



**(m) Trade and other payables**

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

**(n) Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income/expenses.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

**(o) Borrowing costs**

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

**(p) Provisions**

Provisions for legal claims are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. Provisions are discounted only if the impact of discounting is considered material.

**(q) Employee benefits****(i) Short-term obligations**

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

*(ii) Other long-term employee benefit obligations*

The liabilities for earned leave and sick leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. The liabilities are recognised on the basis of the actual obligations calculated.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

*(iii) Post-employment obligations*

The Company operates the following post-employment schemes:

- (a) defined benefit plans such as gratuity and
- (b) defined contribution plans such as provident & pensionfund, superannuation fund and employee deposit linked insurance scheme.

*Gratuity obligations*

The Company, on a prudent basis, accrues its gratuity obligations on the basis of actual liability using gross undiscounted basis. Accordingly, the changes in the gratuity obligations are recognized in profit or loss.

*Defined contribution plans*

The Company pays provident, pension, superannuation and employee deposit linked insurance scheme contributions to publicly administered provident & pension fund, contribution to superannuation fund and employee deposit linked insurance scheme as per local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

**(r) Contributed equity**

Equity shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**(s) Earnings per share***(i) Basic earnings per share*

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year.

*(ii) Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

**(t) Rounding of amounts**

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs as per the requirement of Schedule III, unless otherwise stated.

**Note 3: Critical estimates and judgements**

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed.

**Judgements**

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the financial statements:

**1. Legal Contingencies**

The Company has received various orders and notices from tax authorities in respect of direct taxes and indirect taxes. The outcome of these matters may have a material effect on the financial position, results of operation or cash flows. Management regularly analyses current information about these matters and makes provisions for probable losses including the estimate of legal expense to resolve such matters. In making the decision regarding the need for loss provisions, management considers the degree of probability of an unfavorable outcome and the ability to make a sufficiently reliable estimate of the amount of loss. The filing of a suit or formal assertion of a claim against the Company or disclosure of any such suit or assertion, does not automatically indicate that a provision of a loss may be appropriate.

**2. Going concern**

Refer Note 32

**Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

*Fair valuation measurement of unquoted financial instruments*

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Refer note 25 for further disclosures.

**Notes to Financial Statements**  
(All amounts in INR lakhs, unless otherwise stated)

**Note 4 : Property, plant and equipment and Intangible assets**

	Land - freehold	Factory buildings	Plant and machinery	Furniture fittings and equipment	Computers	Vehicles	Total	Intangible assets -SAP Software
<b>Year ended 31 March 2018</b>								
<b>Gross carrying amount</b>								
Opening gross carrying amount;	19.31	306.09	857.88	19.24	10.21	6.39	1,219.12	8.51
Closing gross carrying amount;	<b>19.31</b>	<b>306.09</b>	<b>857.88</b>	<b>19.24</b>	<b>10.21</b>	<b>6.39</b>	<b>1,219.12</b>	<b>8.51</b>
<b>Accumulated depreciation/amortisation</b>								
Opening accumulated depreciation/amortisation;	-	27.18	129.38	5.30	4.25	2.17	168.28	2.67
Depreciation/amortisation charge during the year	-	26.73	126.15	3.96	3.18	2.17	162.19	1.60
<b>Closing accumulated depreciation;</b>	-	<b>53.91</b>	<b>255.53</b>	<b>9.26</b>	<b>7.43</b>	<b>4.34</b>	<b>330.47</b>	<b>4.27</b>
Net carrying amount	19.31	252.18	602.35	9.98	2.78	2.05	888.65	4.24
<b>Year ended 31 March 2019</b>								
<b>Gross carrying amount</b>								
Opening gross carrying amount	19.31	306.09	857.88	19.24	10.21	6.39	1,219.12	8.51
Disposals	-	-	0.40	-	-	-	0.40	-
<b>Closing gross carrying amount</b>	<b>19.31</b>	<b>306.09</b>	<b>857.48</b>	<b>19.24</b>	<b>10.21</b>	<b>6.39</b>	<b>1,218.72</b>	<b>8.51</b>
Accumulated depreciation/amortisation								
Opening accumulated depreciation/amortisation;	-	53.91	255.53	9.26	7.43	4.34	330.47	4.27
Depreciation/amortisation charge during the year	-	26.62	124.68	2.69	2.55	1.99	158.53	1.45
Disposals	-	-	0.28	-	-	-	0.28	-
<b>Closing accumulated depreciation</b>	-	<b>80.53</b>	<b>379.93</b>	<b>11.95</b>	<b>9.98</b>	<b>6.33</b>	<b>488.72</b>	<b>5.72</b>
Net carrying amount	19.31	225.56	477.55	7.29	0.23	0.06	730.00	2.79

## Notes to Financial Statements

(All amounts in INR lakhs, unless otherwise stated)

## 5 Non-current loans

	As at 31 March 2019	As at 31 March 2018
<b>Unsecured, considered good</b>		
Security deposits	9.03	6.33
<b>Total non-current loans</b>	<b>9.03</b>	<b>6.33</b>

## Current loans

	As at 31 March 2019	As at 31 March 2018
Security Deposits	1.40	1.40
<b>Total current loans</b>	<b>1.40</b>	<b>1.40</b>

## 6 Income-tax assets (net)

	As at 31 March 2019	As at 31 March 2018
Opening balance	6.06	2.67
Add: Taxes paid (net of refunds received)	(3.30)	3.39
Less: Current tax payable for the year	-	-
<b>Total Income-tax assets (net)</b>	<b>2.76</b>	<b>6.06</b>

## 7 Deferred tax assets (net)

The balance of deferred tax comprises temporary differences attributable to:

Particulars	As at 31 March 2019	As at 31 March 2018
<b>Deferred tax asset</b>		
Expenditure allowed on payment basis	7.33	12.42
	7.33	12.42
<b>Deferred tax liability</b>		
Provision for depreciation and amortisation	7.33	12.42
	7.33	12.42
<b>Total deferred tax assets (net)</b>	<b>-</b>	<b>-</b>

**Changes in Deferred tax assets/ (liabilities) in Statement of Profit and Loss [ (charged)/ credited during the year ]**

	Year Ended	
	31 March 2019	31 March 2018
Expenditure allowed on payment basis	(5.09)	(22.57)
Provision for depreciation and amortisation	5.09	22.57
<b>Total</b>	-	-

**Unrecognised deferred tax assets**

Deferred tax assets have not been recognised in respect of the following items, because it is not probable that future taxable profit will be available against which the Company can use the benefits therefrom.

	As at 31 March 2019		As at 31 March 2018	
	Gross amount	Unrecognised tax effect	Gross amount	Unrecognised tax effect
Deductible temporary differences	245.81	63.91	239.81	74.10
Tax losses	5,888.05	1,530.89	4,539.66	1,402.76
<b>Total</b>	<b>6,133.86</b>	<b>1,594.80</b>	<b>4,779.47</b>	<b>1,476.86</b>

The statutory tax rates has been changed from 30.90% in FY 2017-18 to 26% in FY 2018-19.

The tax losses expire over a period of time until 2025-26. The deductible temporary differences do not expire under current tax legislation.

**Tax losses carried forward**

Tax losses for which no deferred tax asset was recognised expire as follows :

	As at 31 March 2019	As at 31 March 2018
Expire	3,743.49	2,566.58
Never expire	2,144.56	1,973.08
<b>Total</b>	<b>5,888.05</b>	<b>4,539.66</b>

The expiry dates are as follows:

	As at 31 March 2019	As at 31 March 2018
2017-18	-	-
2022-23	508.57	508.57
2023-24	1,219.36	1,219.36
2024-25	932.76	838.65
2025-26	1,082.80	-
<b>Total</b>	<b>3,743.49</b>	<b>2,566.58</b>

**8 Other non-current assets**

	As at 31 March 2019	As at 31 March 2018
Customs duty deposits	10.16	10.16
Sales tax and Service tax deposits	6.62	-
<b>Total other non-current assets</b>	<b>16.78</b>	10.16

**Other current assets**

	As at 31 March 2019	As at 31 March 2018
Prepayments	29.76	35.80
Balances with statutory/government authorities	75.10	111.03
<b>Total other current assets</b>	<b>104.86</b>	146.83

**9 Inventories**

	As at 31 March 2019	As at 31 March 2018
Raw materials and components	-	-
Stores and packing materials	-	-
Work-in-progress	-	-
Finished goods	-	-
<b>Total Inventories</b>	<b>-</b>	-

All inventories have been written down as on 31 March 2019.

**10 (a) Cash and cash equivalents**

	As at 31 March 2019	As at 31 March 2018
<b>Balances with banks</b>		
- On current accounts	1.12	2.97
- On cash credit account accounts	81.43	210.86
Cash on hand	0.07	0.06
<b>Total cash and cash equivalents</b>	<b>82.62</b>	213.89

**10 (B) Other financial assets - current**

	As at 31 March 2019	As at 31 March 2018
Receivable from related parties (Refer note 29)	0.51	-
Other receivables	0.15	0.45
<b>Total other financial assets</b>	<b>0.66</b>	0.45

Other receivables pertains to insurance claim receivable.

## Notes to Financial Statements

(All amounts in INR lakhs, unless otherwise stated)

## Note 10 : Equity share capital and other equity

## 11 (a) Equity share capital

Authorised equity share capital

	Number of shares	Amount
As at 1 April 2017	40,000,000	4,000.00
Change during the year	-	-
As at 31 March 2018	40,000,000	4,000.00
Change during the year	-	-
As at 31 March 2019	40,000,000	4,000.00

(i) Movements in equity share capital - Issued, subscribed and fully paid-up

	Number of shares	Equity share capital (par value)
As at 1 April 2017	25,944,000	2,594.40
Change during the year	-	-
As at 31 March 2018	25,944,000	2,594.40
Change during the year	-	-
As at 31 March 2019	25,944,000	2,594.40

Terms and rights attached to equity shares

The Company has one class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(ii) Shares of the company held by holding/ultimate holding company

Name of the shareholder	As at 31 March 2019	As at 31 March 2018
	(No.)	(No.)
Sharp Corporation Japan, the holding company	19,458,000	19,458,000

(iii) Details of equity shares held by shareholders holding more than 5% of the aggregate shares in the Company.

Name of the shareholder	As at 31 March 2019		As at 31 March 2018	
	No. of shares	% holding	No. of shares	% holding
Sharp Corporation Japan, the holding company	19,458,000	75.00%	19,458,000	75.00%

The Company has not issued any bonus shares and has not allotted any shares without payment being received in cash in 5 years immediately preceding year ended March 31, 2019.



## Notes to Financial Statements

(All amounts in INR lakhs, unless otherwise stated)

## 11 (b) Reserves and surplus

	As at 31 March 2019	As at 31 March 2018
Securities premium reserve - balance at the beginning and end of the year	1,786.00	1,786.00
Retained earnings (i)	(6,650.24)	(5,413.41)
Fair Valuation Reserve (ii)	120.18	-
<b>Total reserves and surplus</b>	<b>(4,744.06)</b>	<b>(3,627.41)</b>

## (i) Retained earnings

	As at 31 March 2019	As at 31 March 2018
Opening balance	(5,413.41)	(4,447.89)
Net loss for the year	(1,236.83)	(965.52)
	(6,650.24)	(5,413.41)
<b>Closing Balance</b>	<b>(6,650.24)</b>	<b>(5,413.41)</b>

## (ii) Fair Valuation Reserve

	As at 31 March 2019	As at 31 March 2018
Opening balance	-	-
Additions during the year	120.18	-
<b>Closing Balance</b>	<b>120.18</b>	<b>-</b>

**Fair Valuation Reserve**

Fair valuation reserve is used to record the impact of fair valuation of loans availed from Group companies in accordance with provisions of Ind AS 109.

**Nature and purpose of other reserves***Securities premium reserve*

Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Act.

## 12 Non-current borrowings

	As at 31 March 2019	As at 31 March 2018
<b>Unsecured</b>		
<b>Loan from related parties (Refer note 31)</b>		
- External commercial borrowings [Refer note (a)]	1,584.11	1,633.84
- Term loan [Refer note (b)]	1,172.45	300.00
<b>Total non-current borrowings</b>	<b>2,756.56</b>	<b>1,933.84</b>
Less : Current maturities of long-term debt (Included in note 13)	1,884.11	1,884.11
Less : Interest accrued and due on borrowings (Included in note 13)	4.85	49.73
Less : Interest accrued but not due on borrowings (Included in note 13)	17.78	-
<b>Non-current borrowings (as per balance sheet)</b>	<b>849.82</b>	<b>-</b>

**Note (a) :**

The Company has taken External Commercial Borrowings from Sharp Corporation, Japan, which have been withdrawn in 3 tranches as below :

Date of Withdrawals	Amount (Rs. 'Lakhs)
06-Feb-13	600.00
15-Apr-13	650.00
19-Jul-13	334.11
<b>Total Withdrawals</b>	<b>1,584.11</b>

The loan carries a fixed interest of 6.90% per annum and is repayable after 4 years from the date of withdrawal.

During the current year, repayment date for External Commercial Borrowings taken from Sharp Corporation, Japan, has been extended to 31st December 2019.

## Note (a) :

Particulars	Amount (Rs. 'Lakhs)
Sharp Software Development India Private Ltd (Note i)	300.00
Sharp Software Development India Private Ltd (Note ii)	285.00
Sharp Business System India Private Ltd (Note iii)	285.00
Sharp Business System India Private Ltd (Note iv)	400.00
<b>Total Withdrawals</b>	<b>1,270.00</b>

(i) Loan taken from Sharp Software Development India Private Limited of Rs. 300 lakhs was repayable anytime after 3 years (i.e. 17, December 2015) but before expiry of loan term of 5 years. The loan carries an interest of 10% per annum (12% per annum w.e.f. 1 January, 2019). During the current year, the maturity date for the repayment of the loan has been extended upto 31 December 2019.

(ii) Loan from Sharp Software Development India Private Limited has been withdrawn in three tranches as below:

Particulars	Amount (Rs. 'Lakhs)
08-May-18	95.00
06-Jun-18	95.00
06-Jul-18	95.00
<b>Total Withdrawals</b>	<b>285.00</b>

The loan carries an interest of 9.10% per annum and is repayable after 3 years from the date of withdrawal.  
The loan has been fair valued at 14.75% per annum considering the current applicable market rates of interest.

(iii) Loan from Sharp Business System India Private Limited has been withdrawn in three tranches as below :

Particulars	Amount (Rs. 'Lakhs)
06-Aug-18	95.00
06-Sep-18	95.00
04-Oct-18	95.00
<b>Total Withdrawals</b>	<b>285.00</b>

The loan carries an interest of 9.10% per annum and is repayable after 3 years from the date of withdrawal.  
The loan has been fair valued at 14.75% per annum considering the current applicable market rates of interest.

(iv) Loan from Sharp Business System India Private Limited has been withdrawn in four tranches as below :

Particulars	Amount (Rs. 'Lakhs)
14-Dec-18	100.00
04-Jan-19	100.00
05-Feb-19	100.00
05-Mar-19	100.00
<b>Total Withdrawals</b>	<b>400.00</b>

The loan carries an interest of 9.10% per annum and is repayable after 3 years from the date of withdrawal.  
The loan has been fair valued at 14.75% per annum considering the current applicable market rates of interest.

## Notes to Financial Statements

(All amounts in INR lakhs, unless otherwise stated)

## Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

	As at 31 March 2019	As at 31 March 2018
<b>Cash and cash equivalents</b>	<b>82.62</b>	213.89
Borrowings		
- Current borrowings	-	-
- Non-current borrowings	<b>(872.45)</b>	-
- Current maturities of long-term debt	<b>(1,884.11)</b>	(1,933.84)
<b>Net debt</b>	<b>(2,673.94)</b>	(1,719.95)

	Other assets	Liabilities from financing activities	Total
	Cash and cash equivalents	Borrowings	
<b>Net debt as at 1 April 2017</b>	1,014.11	(1,884.11)	(870.00)
Cash flows	(800.22)	-	(800.22)
Interest expense	-	(140.82)	(140.82)
Interest paid	-	91.09	91.09
<b>Net debt as at 31 March 2018</b>	<b>213.89</b>	<b>(1,933.84)</b>	<b>(1,719.95)</b>

	Other assets	Liabilities from financing activities	Total
	Cash and cash equivalents	Borrowings	
<b>Net debt as at 1 April 2018</b>	213.89	(1,933.84)	(1,719.95)
Cash flows	(131.27)	-	(131.27)
Interest expense	-	(208.99)	(208.99)
Interest paid	-	236.09	236.09
Proceeds from loans -	-	(970.00)	(970.00)
Non-cash movement - Fair value adjustments	-	120.18	120.18
<b>Net debt as at 31 March 2019</b>	<b>82.62</b>	<b>(2,756.56)</b>	<b>(2,673.94)</b>

**13 Other financial liabilities**

	As at 31 March 2019	As at 31 March 2018
<b>Non-current</b>		
Interest accrued but not due on borrowings	17.78	-
	17.78	-
<b>Current</b>		
Current maturities of long-term debt	1,884.11	1,884.11
Interest accrued and due on borrowings (Refer note 29)	4.85	49.73
Employee benefits payable	51.92	48.03
Other payables to related parties (Refer note 29)	-	0.64
	1,940.88	1,982.51
<b>Total other financial liabilities</b>	<b>1,958.66</b>	<b>1,982.51</b>

**14 (a) Non-current provisions**

	As at 31 March 2019	As at 31 March 2018
Provisions for dues under dispute [Refer note below]	68.20	68.20
<b>Total non-current provisions</b>	<b>68.20</b>	<b>68.20</b>

**Note :**

- (a) The Company had imported refrigerators during the financial year ended 31 March 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 deposited Rs. 54.04 Lakhs under protest against this demand with the customs authorities which has been fully provided for. During the year the Company has received an order stating the appeal of the Company has been dismissed.

The outstanding provision amount of Rs. 20.80 Lakhs as on 31 March 2019 represents interest on the demand upto the date of payment.

- (b) The Company was inter alia engaged in trading of "Sharp" brand consumer electronic goods during the period from 2007-08 to 2010-11. The Company has availed CENVAT credit of various common input services with respect to manufacturing activity and trading activity, such as Security, House-keeping, Auditing, etc. The Addl. Commissioner of Central Excise, Pune III commissionerate has issued a Show Cause Notice for non-reversal of CENVAT credit on such input services for the period 2007-08 to 2010-11. A personal hearing has been conducted by Addl. Commissioner on 20.03.2014 and the Order-in-Original is awaited. The Company has made full provision of the amount involved Rs. 47.40 lakhs.

## Notes to Financial Statements

(All amounts in INR lakhs, unless otherwise stated)

## Current provisions

	As at 31 March 2019	As at 31 March 2018
Provision for employee benefits		
- Provision for compensated absences	69.34	63.04
- Provision for gratuity (Refer note 24)	35.65	47.34
Other provisions	19.91	21.69
<b>Total current provisions</b>	<b>124.90</b>	<b>132.07</b>

Other provisions pertain to various provisions made towards indirect taxes such as custom duty, Value Added Tax etc.

## Movement in provisions

Particulars	Provision for dues under dispute	Other provisions
As at 1 April, 2018	68.20	21.69
Charged/(credited) to profit or loss	-	(1.78)
<b>As at 31 March, 2019</b>	<b>68.20</b>	<b>19.91</b>
<b>Non-current</b>	<b>68.20</b>	<b>-</b>
<b>Current</b>	<b>-</b>	<b>19.91</b>

## 15 Trade payables

	As at 31 March 2019	As at 31 March 2018
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		
-Related parties (Refer note 29)	2.96	4.86
-Others	76.59	103.16
<b>Total trade payables</b>	<b>79.55</b>	<b>108.02</b>

There are no dues to micro, small and medium enterprises as at 31 March 2019 (31 March 2018: Nil), 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.

## 16 Other current liabilities

	As at 31 March 2019	As at 31 March 2018
Statutory dues payable	19.08	20.01
Advances from customers	0.35	0.21
<b>Total other current liabilities</b>	<b>19.43</b>	<b>20.22</b>

## Notes to Financial Statements

(All amounts in INR lakhs, unless otherwise stated)

## 17 Revenue from operations

	Year ended 31 March 2019	Year ended 31 March 2018
Sale of products	32.68	126.09
Other Operating Revenue		
Scrap sales	3.26	1.13
Duty drawback	-	36.84
<b>Total revenue from operations</b>	<b>35.94</b>	<b>164.06</b>

Goods and Service Tax (GST) has been effective from 1 July 2017. Consequently, excise duty, value added tax (VAT), service tax etc. have been replaced with GST. Until 30 June 2017, "Sale of products" included the amount of excise duty recovered on sales. With effect from 1 July 2017, "Sale of products" excludes the amount of GST recovered.

Revenue from sale of products is recognized at a point-in-time. There are no remaining unsatisfied performance obligations as at the reporting date.

## 18 Other income

	Year ended 31 March 2019	Year ended 31 March 2018
Interest on deposits with banks (being financial assets carried at amortised cost)	1.11	24.19
Liabilities no longer required written back	13.53	61.59
Net gain on disposal of property, plant & equipment	0.52	17.48
Miscellaneous income	0.26	16.03
<b>Total other income</b>	<b>15.42</b>	<b>119.29</b>

## 19 Employee benefits expense

	Year ended 31 March 2019	Year ended 31 March 2018
Salaries, wages and bonus	537.40	534.33
Contribution to provident and other funds	25.06	17.93
Staff welfare expenses	47.41	48.61
<b>Total employee benefit expense</b>	<b>609.87</b>	<b>600.87</b>

## 20 Depreciation and amortization expense

	Year ended 31 March 2019	Year ended 31 March 2018
Depreciation on property, plant and equipment	158.53	162.19
Amortisation of intangible assets	1.45	1.60
<b>Total depreciation and amortisation expense</b>	<b>159.98</b>	<b>163.79</b>

**21 Other expenses**

	Year ended 31 March 2019	Year ended 31 March 2018
Consumption of stores and spares	-	0.45
Consumption of packing material	-	0.01
Freight, Octroi, Transit Insurance	<b>0.27</b>	3.83
Bank charges	<b>0.74</b>	1.83
Power, fuel, water charges	<b>33.79</b>	31.03
Rates and taxes	<b>15.53</b>	15.51
Repairs & maintenance		
- Plant & Machinery	<b>0.57</b>	0.61
- Buildings	<b>0.83</b>	9.20
- Others	<b>31.19</b>	31.94
Insurance	<b>21.93</b>	22.65
Travelling Expenses	<b>0.93</b>	0.97
Communication expenses	<b>21.02</b>	21.71
Directors sitting fees	<b>8.03</b>	7.70
Legal and professional fees	<b>86.37</b>	92.46
Auditors' remuneration [Refer note 21(a)]	<b>12.69</b>	13.18
Printing and stationery	<b>5.17</b>	4.40
Net foreign exchange losses	<b>0.46</b>	0.44
Security charges	<b>46.95</b>	46.70
License and application fees	<b>1.79</b>	1.91
Membership Fees	<b>2.50</b>	2.88
Housekeeping Expenses	<b>11.69</b>	12.25
Miscellaneous expenses	<b>6.90</b>	20.99
<b>Total other expenses</b>	<b>309.35</b>	342.65

**(a) Auditors' remuneration**

	Year ended 31 March 2019	Year ended 31 March 2018
<b>Payment to auditors</b>		
<b>As auditor :</b>		
Audit fee	<b>8.75</b>	8.75
Tax audit fee	<b>1.40</b>	1.40
Limited review	<b>2.45</b>	2.45
<b>In other capacities:</b>		
Re-imburement of expenses	<b>0.09</b>	0.58
	<b>12.69</b>	13.18

## Notes to Financial Statements

(All amounts in INR lakhs, unless otherwise stated)

## 22 Finance costs

	Year ended 31 March 2019	Year ended 31 March 2018
Interest on term loans	204.90	140.82
Other borrowing costs (Refer note 29)	4.09	-
<b>Total finance costs</b>	<b>208.99</b>	<b>140.82</b>

## 23 Income tax

The major components of income tax expense for the year ended 31 March 2019 and 31 March 2018 are:

## Statement of profit and loss

Profit and Loss section	Year ended 31 March 2019	Year ended 31 March 2018
<b>Current income tax charge</b>		
Current income tax	-	-
Deferred tax	-	-
<b>Income tax expense reported in the statement of profit or loss</b>	<b>-</b>	<b>-</b>

Other comprehensive income section	Year ended 31 March 2019	Year ended 31 March 2018
Deferred tax related to items recognised in OCI during the year	-	-
<b>Income tax charged to OCI</b>	<b>-</b>	<b>-</b>

## Reconciliation of tax expense and accounting profit multiplied by India's domestic tax rate for 31 March 2018 and 31 March 2018.

	Year ended 31 March 2019	Year ended 31 March 2018
Accounting profit/ (loss) before tax	(1,236.83)	(965.52)
"At Statutory income tax rate of 26% (31 March 2018: 30.90%)	(321.58)	(298.35)
Tax losses for which no deferred income tax was recognised	321.58	298.35
<b>Income tax expense reported in the statement of profit or loss</b>	<b>-</b>	<b>-</b>



**Notes to Financial Statements****(All amounts in INR lakhs, unless otherwise stated)****24 Provision for employee benefits**

Particulars	31 March 2019	31 March 2018
<b>Gratuity (Refer Note B)</b>	<b>35.65</b>	<b>47.34</b>
Current	<b>35.65</b>	47.34
<b>Non-current</b>	-	-

**A Defined Contribution Plan**

The Company has certain defined contribution plans i.e., contribution to provident and pension fund, contribution to superannuation fund and employee deposit linked insurance scheme. Contributions are made to provident fund for employees at the rate of 12% of basic salary as per regulations. The contributions are made to registered provident fund administered by the government. The obligation of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the period towards defined contribution plan is as follows:

Particulars	31 March 2019	31 March 2018
<b>Defined contribution plans</b>		
– Provident fund	<b>14.80</b>	14.74
– Pension fund	<b>18.52</b>	18.67
– Superannuation fund	<b>1.95</b>	1.98
– Employees' deposit linked insurance scheme	<b>1.11</b>	2.91

**B Gratuity – Defined benefit plan**

The Company on a conservative basis, has accrued gratuity on the basis of actual liability using gross undiscounted basis. The liability is net of the amounts contributed to an Insurer, along-with interest accrued thereon, specifically to fund these liabilities.

As at 31 March 2019, the net liability is Rs. 35.65 Lakhs (31 March 2018 Rs. 47.34 Lakhs) (net of plan assets amounting to Rs. 656.34 Lakhs (31 March 2018: Rs. 599.03 Lakhs)

## Notes to Financial Statements

(All amounts in INR lakhs, unless otherwise stated)

## 25 Fair value measurements

## Financial instruments measured at amortised cost by category

	As at 31 March 2019	As at 31 March 2018
<b>Financial assets</b>		
Security deposits	10.43	7.73
Cash and cash equivalents	82.62	213.89
Other financial assets	0.66	0.45
<b>Total financial assets</b>	<b>93.71</b>	<b>222.07</b>
<b>Financial liabilities</b>		
Borrowings	2,756.56	1,933.84
Trade payables	79.55	108.02
Other financial liabilities	51.92	48.67
<b>Total financial liabilities</b>	<b>2,888.03</b>	<b>2,090.53</b>

## i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of inputs used in determining fair value, the Company has classified its financial instruments into three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

<b>Assets and liabilities which are measured at amortised cost for which fair values are disclosed</b>	Notes	Level 1	Level 2	Level 3	Total
<b>At 31 March 2019</b>					
<b>Financial liabilities</b>					
Borrowings	12			2,769.19	2,769.19
<b>Total financial liabilities</b>				<b>2,769.19</b>	<b>2,769.19</b>

<b>Assets and liabilities which are measured at amortised cost for which fair values are disclosed</b>	Notes	Level 1	Level 2	Level 3	Total
<b>At 31 March 2018</b>					
<b>Financial liabilities</b>					
Borrowings	12			1,868.96	1,868.96
<b>Total financial liabilities</b>				<b>1,868.96</b>	<b>1,868.96</b>

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. However, the Company does not have any financial instruments that are measured using Level 1 inputs.

Level 2: The fair value of derivatives is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

## ii) Fair value of financials assets and liabilities measured at amortised cost

The carrying amounts of all financial assets and liabilities except for borrowings are a reasonable approximation of their fair values.

The fair value of borrowings are based on discounted cash flows using a current borrowing rate. They are classified as Level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk.

**Notes to Financial Statements****(All amounts in INR lakhs, unless otherwise stated)****26 Financial risk management**

The Company's activities exposes it to market risk, liquidity risk and credit risk. The operative management of the treasury activities of the Company is responsible for managing the financial risk position and maintaining adequate liquidity. The financial risks are reviewed and monitored on a regular basis.

**(A) Credit risk**

Credit risk arises from cash and cash equivalents, deposits with banks, security deposits and other receivables. The maximum exposure arising from these financial assets is their carrying value as disclosed in the balance sheet.

*(i) Credit risk management*

For banks and financial institutions, only high rated banks are accepted and hence, these are subject to low credit risk with risk of default being negligible. Hence, no provision has been created for expected credit loss for credit risk arising from these financial assets. For trade and other receivables, the Company periodically reviews the status of its key customers, monitoring their respective payment deadlines and remaining outstanding balances. Further, since the Company's sales are made solely to its related parties, it does not bear any credit risk with respect to trade receivables.

**(B) Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. The company obtains necessary funds mainly through loans from its parent company i.e. Sharp Corporation, Japan.

The management monitors rolling forecasts of the Company's liquidity position on the basis of expected cash flows.

*(i) Maturities of financial liabilities*

The tables below analyse the Company's financial liabilities into relevant maturity group based on their contractual maturities:

<b>31 March 2019</b>	<b>Less than 1 year</b>	<b>1-3 years</b>
Borrowings	1,884.11	849.82
Employee benefits payable	51.92	-
Trade payables	79.55	-
Other financial liabilities	4.85	17.78
<b>Total</b>	<b>2,020.43</b>	<b>867.60</b>

<b>31 March 2018</b>	<b>Less than 1 year</b>	<b>1-3 years</b>
Borrowings	1,933.84	-
Employee benefits payable	48.03	-
Trade payables	108.02	-
Other financial liabilities	0.64	-
<b>Total</b>	<b>2,090.53</b>	<b>-</b>

The amounts disclosed in the tables above are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

**Notes to Financial Statements****(All amounts in INR lakhs, unless otherwise stated)****(C) Market risk****(i) Foreign currency risk**

The Company operates in an international context where transactions are conducted in currencies different from the Indian Rupees (INR). This exposes the Company to risks arising from exchange rates fluctuations. For this purpose, the Company has an exchange rate risk management policy which aims to neutralise the possible negative effects of the changes in exchange rates on Company cash-flows.

**(a) Foreign currency risk exposure:**

The Company's exposure to foreign currency risk at the end of the reporting period expressed in INR, are as follows :-

	31 March 2019		31 March 2018	
	JPY	USD	JPY	USD
<b>Financial assets</b>				
Reimbursement of expenses	0.32	-	-	-
<b>Net exposure to foreign currency risk (assets)</b>	0.32	-	-	-
<b>Financial liabilities</b>				
Trade payables	-	0.04	3.81	3.28
<b>Net exposure to foreign currency risk (liabilities)</b>	-	0.04	3.81	3.28

A movement of 5% in the foreign exchange rates (USD and JPY) will not have a material impact on the profit after tax.

**(ii) Interest rate risk exposure :**

The Company has availed fixed - rate borrowings and hence is not exposed to interest rate risk.

**27 Capital Management****Risk management**

The Company's objectives when managing capital are to:

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- Maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may return capital to shareholders, issue new shares or sell assets to reduce debt.

**Notes to Financial Statements****(All amounts in INR lakhs, unless otherwise stated)****28 Segment reporting**

The Company is exclusively engaged in the business of 'consumer electronics' consisting of all types of Colour Televisions, LED TVs and Air conditioners which is considered to constitute one single segment.

The Company is domiciled in India. The location wise break up of revenue is shown in the table below :

	31 March 2019	31 March 2018
India	28.87	29.31
Egypt	-	51.84
Thailand	-	30.92
Hongkong	3.81	14.02
<b>Total</b>	<b>32.68</b>	<b>126.09</b>

All non-current assets are located within India.

2 customers (31 March 2018: 4 customers) contribute to revenues of approximately Rs. 30.48 lakhs (31 March 2018: Rs. 112.21 lakhs).

**29 Related party transactions****A Name of the related parties and nature of relationship****(i) where control exists :****a. Holding Company**

Sharp Corporation, Japan

**b. Shareholders of the Holding Company**

Hon Hai Precision Industry Co. Ltd.

Foxconn (Far East) Limited

Foxconn Technology Pte Limited

SIO International Holdings Limited

**(ii) Other Related Parties with whom transactions have taken place during the year:****Fellow Subsidiaries :**

Sharp Electronics (Malaysia) SDN. BHD., Malaysia

Sharp Business Systems (India) Private Limited

Sharp Software Development India Private Limited

**(iii) Key management personnel :**

Mr. M. Nakagawasai (Managing Director)

## Notes to Financial Statements

(All amounts in INR lakhs, unless otherwise stated)

## 29 B. Disclosure of transactions/balances with related parties:

Name of related party	Nature of transactions	Year ended	
		31 March 2019	31 March 2018
Sharp Corporation, Japan	Interest on loan	<b>112.28</b>	110.82
	Reimbursement of expenses received	<b>43.76</b>	41.42
	Reimbursement of expenses paid	<b>6.90</b>	8.55
	Loan guarantee fees	<b>4.09</b>	-
Sharp Business Systems (India) Private Limited	Sale of goods, spares and raw materials**	<b>2.20</b>	16.21
	Purchase of goods/services/others*	<b>0.26</b>	0.35
	Reimbursement of expenses received	<b>1.45</b>	1.55
	Reimbursement of expenses paid	<b>0.86</b>	-
	Interest on loan	<b>22.14</b>	-
	Proceeds from loan	<b>685.00</b>	-
Sharp Electronics (Malaysia) SDN. BHD., Malaysia	Reimbursement of expenses paid	<b>15.00</b>	17.98
Sharp Software Development India Private Limited	Interest on Loan	<b>52.70</b>	30.00
	Proceeds from loan	<b>285.00</b>	-
Key management personnel	Managerial Remuneration	<b>13.60</b>	13.60

\* Net of discounts received

\*\* Domestic Sales are net of taxes &amp; duties.

**Disclosure of outstanding balances****(i) Trade and other payables**

<b>Name of the party</b>	<b>As at 31 March 2019</b>	<b>As at 31 March 2018</b>
Sharp Electronics (Malaysia) SDN. BHD., Malaysia	<b>2.96</b>	3.28
Sharp Business Systems (India) Private Limited	-	0.94
Sharp Corporation, Japan	-	0.64
<b>Total</b>	<b>2.96</b>	<b>4.86</b>

**(ii) Other Receivables**

<b>Name of the party</b>	<b>As at 31 March 2019</b>	<b>As at 31 March 2018</b>
Sharp Corporation, Japan	<b>0.51</b>	-
<b>Total</b>	<b>0.51</b>	-

**(iii) Borrowings\***

<b>Name of the party</b>	<b>As at 31 March 2019</b>	<b>As at 31 March 2018</b>
Sharp Software Development India Private Limited	<b>585.00</b>	300.00
Sharp Corporation, Japan	<b>1,584.11</b>	1,584.11
Sharp Business Systems India Private Limited	<b>685.00</b>	-
<b>Total</b>	<b>2,854.11</b>	<b>1,884.11</b>

\*amounts disclosed above are proceeds from borrowings and do not include fair value adjustments made.

**(iv) Interest accrued**

<b>Name of the party</b>	<b>As at 31 March 2019</b>	<b>As at 31 March 2018</b>
Sharp Software Development India Private Limited	<b>9.07</b>	-
Sharp Corporation, Japan	-	49.73
Sharp Business Systems India Private Limited	<b>13.56</b>	-
<b>Total</b>	<b>22.63</b>	<b>49.73</b>

**Notes to Financial Statements****(All amounts in INR lakhs, unless otherwise stated)****30 Contingencies**

	As at 31 March 2019	As at 31 March 2018
Claims against the company not acknowledged as debts, pending in appeal with:		
- Central excise authorities (Refer note (i))	-	88.62
- Sales tax authorities	<b>111.95</b>	-
<b>Total</b>	<b>111.95</b>	88.62

- (i) Claims against the company for central excise pertain to claim for (i) service tax on repairs and maintenance services and cenvat credit on input services availed for procurement of inputs (ii) Service tax credit on input services attributable to purchase of inputs which were removed as such. They have been dismissed in the court proceedings.
- (ii) The Company is in the process of evaluating the impact of the recent Supreme Court Judgment in case of "Vivekananda Vidyamandir And Others Vs The Regional Provident Fund Commissioner (II) West Bengal" and the related circular (Circular No. C-1/1(33)2019/Vivekananda Vidya Mandir/284) dated March 20, 2019 issued by the Employees' Provident Fund Organisation in relation to non-exclusion of certain allowances from the definition of "basic wages" of the relevant employees for the purposes of determining contribution to provident fund under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952. In the assessment of the management, the aforesaid matter is not likely to have a significant impact and accordingly, no provision has been made in these financial statements.

**31 Earnings per share**

	31 March 2019	31 March 2018
<b>Basic and diluted earnings per share</b>		
a) Profit attributable to the equity holders of the company (Rs. In Lakhs)	<b>(1236.83)</b>	(965.52)
b) Weighted average number of equity shares outstanding (Nos.)	<b>25,944,000</b>	25,944,000
c) Earnings per share		
- Basic	<b>(4.77)</b>	(3.72)
- Diluted	<b>(4.77)</b>	(3.72)

**Notes to Financial Statements****(All amounts in INR lakhs, unless otherwise stated)****32 Going concern assessment**

During the year ended 31 March 2019, the Company has incurred a loss of Rs. 1,236.83 Lakhs and accumulated loss at 31 March 2019 is Rs. 6,650.24 Lakhs. There was no production of LED TVs from April, 2015 (except in August, 2015) and of Air Conditioners since June, 2015, in the absence of any orders.

As at 31 March 2019, the Company has received a support letter from Sharp Corporation, Japan for financial and operational support until 31 March 2020. Sharp Japan is a group company of Hon Hai/Foxconn Group, the world's largest contract electronics manufacturer and the world's third largest information technology company in terms of revenue.

Based on this continued support from the holding company, the management is of the opinion that the Company will be able to continue as going concern.



**33 Indian accounting standards and amendments issued but not yet effective as at 31 March 2019*****i) Ind AS 116: Leases***

Ind AS 116 was notified by the Ministry of Corporate Affairs on March 30, 2019 and it is applicable for annual reporting periods beginning on or after April 1, 2019.

Ind AS 116 will affect primarily the accounting by leases and will result in the recognition of almost all leases on the balance sheet. The standard removes the current distinction between operating and finance leases and requires recognition of an asset (the right-of-use of the leased item) and a financial liability to pay rentals for virtually all lease contracts.

An optional exemption exists for short-term and low-value leases.

The statement of profit and loss will also be affected because the total expense is typically higher in the earlier years of a lease and lower in the later years. Additionally, operating expense will be replaced with interest and depreciation, so key metrics like EBITDA will change.

Operating cash flows will be higher as repayments of the lease liability and related interest are classified within financing activities.

The accounting by lessors will not significantly change. Some differences may arise as a result of the new guidance on the definition of a lease. Under Ind AS 116, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

This amendment will not have any impact as the Company does not have any leases.

***ii) Other amendments***

The Company has assessed the effects of the following amendments and has concluded that these amendments are not applicable to the Company and hence, have no impact :

- (a) Appendix C, Uncertainty over Income Tax Treatments, to Ind AS 12, 'Income taxes'.
- (b) Long-term Interests in Associates and Joint Ventures - Amendments to Ind AS 28, 'Investments in Associates and Joint Ventures'
- (c) Prepayment Features with Negative Compensation - Amendments to Ind AS 109, 'Financial Instruments'
- (d) Plan Amendment, Curtailment or Settlement - Amendments to Ind AS 19, 'Employee Benefits'
- (e) Ind AS 103, 'Business Combinations'
- (f) Ind AS 111, 'Joint Arrangements'
- (g) Ind AS 12, 'Income Taxes'
- (h) Ind AS 23, 'Borrowing Costs'

**For Price Waterhouse Chartered Accountants LLP**  
Firm Registration No. 012754N/N500016  
Chartered Accountants

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

**Amit Borkar**  
Partner  
Membership No. 109846  
Place : Pune  
Date : May 8, 2019

**Naoki Hatayama**  
Managing Director  
Din : 08390564  
Place : Pune  
Date : May 8, 2019

**Bhumika Batra**  
Director  
Din : 03502004  
Place : Pune  
Date : May 8, 2019

**Chandranil Belvalkar**  
Company Secretary  
Place : Pune  
Date : May 8, 2019

**Sunil Sane**  
Chief Financial officer  
Place : Pune  
Date : May 8, 2019

**Form No. MGT-11****PROXY FORM**

[Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies  
(Management and Administration) Rules, 2014]

CIN: L36759MH1985PLC036759

Name of the company : SHARP INDIA LIMITED

Registered office : Gat No.686/4, Koregoan Bhima, Taluka: Shirur, Dist: Pune - 412216

Name of the member(s):
Registered address:
E-mail ID:
Folio No./ Client Id:
DP ID:

I/ We, being the member(s) of ..... shares of the above named Company, hereby appoint :

- (1) Name: \_\_\_\_\_ Address: \_\_\_\_\_  
E-mail Id: \_\_\_\_\_ Signature: \_\_\_\_\_ or failing him;
- (2) Name: \_\_\_\_\_ Address: \_\_\_\_\_  
E-mail Id: \_\_\_\_\_ Signature: \_\_\_\_\_ or failing him;
- (3) Name: \_\_\_\_\_ Address: \_\_\_\_\_  
E-mail Id: \_\_\_\_\_ Signature: \_\_\_\_\_

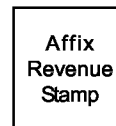
as my/ our Proxy to attend and vote (on a poll) for me/ us and on my/ our behalf at the Thirty Fourth Annual General Meeting of the Company, to be held on Wednesday, 25th September 2019 at 12:00 noon at Gat No.686/4, Koregoan Bhima, Taluka: Shirur, Dist: Pune – 412216 and at any adjournment thereof in respect such resolutions as are indicated below:

Resolution No.	Resolution
<b>Ordinary Business</b>	
1	Adoption of Financial Statements, Directors' and Auditors' Report for the financial year ended 31st March, 2019
2	Re- appointment of Mr. Seiji Hayakawa ( DIN 07962281), who retires by rotation and being eligible, offers himself for re-appointment
<b>Special Business</b>	
3	Re- appointment of Mr. Prashant Asher (DIN: 00274409) as Independent Director of Company for the period of 5 (Five) years with effect from 11th November 2019 to 10th November 2024 (both days inclusive)
4	Re- appointment of Ms. Bhumika Batra (DIN: 03502004) as Independent Director of Company for the period of 5 (Five) years With effect from 11th November 2019 to 10th November 2024 (both days inclusive)
5	Approve the Material Related Party Transactions for the financial year 2019-2020.
6	Ratify the Remuneration payable to the Cost Auditor- M/s. C.S. Adawadkar & Co., Cost Accountant for the financial year ending on 31st March 2020.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2019

Signature of Shareholder: \_\_\_\_\_

Signature of Proxy holder: \_\_\_\_\_

**NOTE:**

This form of Proxy, in order to be effective, should be duly completed and deposited at the Registered Office of the Company, at Gat No. 686/4, Koregaon Bhima, Taluka: Shirur, Dist: Pune -412216 not less than FORTY-EIGHT (48) HOURS before the commencement of the Meeting.

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# SHARP

REGISTERED / COURIER

*If undelivered please return to :*

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