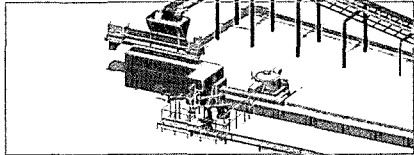
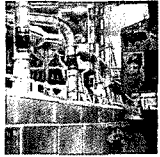
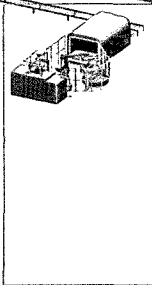


**DISA**  
shaping industry

# THE COMPLETE FOUNDRY



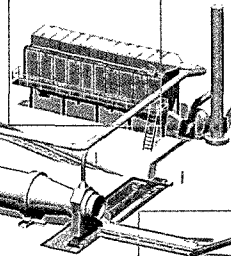
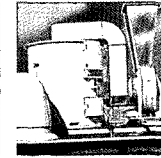
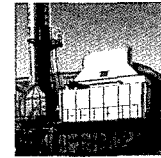
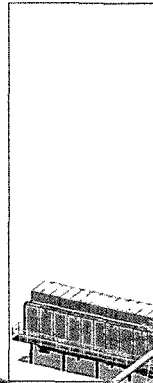
Moulding



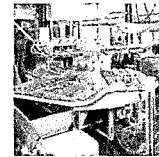
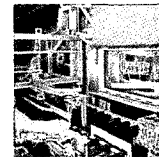
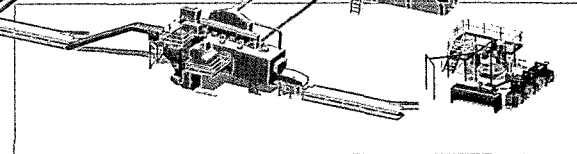
Core and Core Handling



Filters



Finishing



**BOARD OF DIRECTORS**

KENT ARENTOFT (upto 26-03-2009)  
JAN JOHANSEN  
LARS CHRISTENSEN (upto 17-11-2009)  
DEEPA HINGORANI  
SANJAY ARTE  
VIRAJ NAIDU

Chairman

Managing Director

**BANKERS**

CANARA BANK  
STATE BANK OF INDIA  
HDFC BANK LTD.  
KOTAK MAHINDRA BANK LTD

**REGISTRARS**

Alpha Systems Pvt. Ltd.  
30, Ramana Residency,  
Ground Floor,  
IV Cross, Sampige Road,  
Malleswaram,  
Bangalore - 560 003.  
Ph: +91 80 23460815/816

**REGISTERED OFFICE**

5th Floor, Kushal Garden Arcade  
1A, Peenya Industrial Area,  
Peenya 2nd Phase  
Bangalore 560 058  
Ph: +91 80 4020 1400 to 04

**Branches Telephone**

PUNE : 020 - 26152503 DELHI : 011 - 26411123  
KOLKATTA : 033 - 22805570

**STOCK EXCHANGES**

Bombay Stock Exchange, Ltd, Mumbai  
Phiroze Jeejeebhoy Towers  
Dalal Street  
MUMBAI - 400 001

National Securities Depository Limited  
Trade World, 4th Floor, Kamala Mills Compound  
Senapati Bapat Marg, Lower Parel  
MUMBAI - 400 013

Central Depository Services (India) Limited  
Phiroze Jeejeebhoy Towers  
28th Floor, Dalal Street  
MUMBAI - 400 023

**AUDITORS**

M.K. Dandeker & Co.  
Chennai

**SOLICITORS**

Chander Kumar & Associates  
Bangalore

**WORKS**

**Foundry Machinery Division:**  
28-32, Satyamangala Indl. Area,  
Tumkur - 572 104.

**Clean Air Division:**  
50, KIADB Industrial Area,  
Hosakote - 562 114.

**NOTICE**

NOTICE is hereby given that the Twenty Fifth Annual General meeting of DISA INDIA LIMITED will be held at 11.00 hrs on Friday, 30<sup>th</sup> April 2010 at The Atria Hotel, # 1, Palace Road, Bangalore -560001 to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> December 2009 and the Profit and Loss Account for the year ended on that date, together with the Reports of the Board of Directors and the Auditors thereon.
2. To elect a Director in place of Ms. Deepa Hingorani, who retires by rotation and is eligible for reappointment.
3. To elect a Director in place of Mr. Sanjay Arte, who retires by rotation and is eligible for reappointment.
4. To appoint Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

By Order of the Board of Directors

For DISA India Limited

Date: 26.02.2010

Place: Bangalore

Viraj Naidu

Managing Director

3. The Shares of the Company are traded compulsorily in dematerialized form as per the directions of the Stock Exchange. Accordingly, members who have not opted for dematerialization of shares are once again reminded to take steps to demat their shares.
4. Members are requested to communicate the changes, if any, in their addresses to the Company's Registrar and Share Transfer Agents, Alpha Systems Pvt. Ltd. 30, Ramana Residency, IV Cross, Sampige Road, Malleswaram, Bangalore-560 003.
5. Under Section 205A of the Companies Act, 1956, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the date of payment is required to be transferred to the Investor Education and Protection Fund of the Central Government.
6. In view of the above, members who have not encashed the dividend warrant(s) so far for any of the dividends declared earlier, are requested to make their claims to the Company immediately. Please note that as per Section 205-C of the Companies Act, 1956, no claim shall lie against the Company or the said Fund, in respect of individual amounts which remain unclaimed or unpaid for a period of seven years from the date of payment, and no payment shall be made in respect of any such claims.
7. Investors are requested to utilize ECS facility to enable transfer of dividends directly to the bank account of eligible shareholders whenever the Company declares Dividend.

**NOTES:**

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself/herself and such proxy need not be a member. Proxies, in order to be effective, must be received by the Company not less than forty-eight hours before the meeting.
2. The Register of Members and the Share Transfer books of the Company will remain closed from 29<sup>th</sup> April 2010 to 30<sup>th</sup> April 2010 (both days inclusive).

By Order of the Board

For DISA India Ltd

Date: 26.02.2010

Place: Bangalore

Viraj Naidu

Managing Director

## DIRECTORS' REPORT

The Board of Directors have pleasure in presenting the 25<sup>th</sup> Annual Report and Audited statement of Accounts for the year ended 31<sup>st</sup> December 2009 together with the Auditors' Report.

### FINANCIAL RESULTS

(Rs.in '000)

Description	2009	2008
Sales & Service	712,929	859,288
Profit before depreciation, tax & financial charges	175,205	205,757
Less: Depreciation	19,941	16,970
Less: Interest	2,416	5,595
Less: Provision for taxation (net of deferred tax)	54,225	63,486
<b>PROFIT AFTER TAXATION</b>	<b>98,623</b>	<b>119,706</b>
Add: Profit & Loss account Balance b/f	135,800	16,094
<b>PROFIT AVAILABLE FOR APPROPRIATION</b>	<b>234,423</b>	<b>135,800</b>
Amount transferred to reserve	NIL	NIL
Balance carried to Profit & Loss Account	234,423	135,800

### DIVIDEND

Despite the recovery trend, the profitability achieved during the year under report has been less than that of the previous year. Your Directors felt it appropriate to conserve the cash resources and therefore do not recommend any Dividend for the year.

### PERFORMANCE OF THE COMPANY

The year 2009 saw a wide fluctuation in the demand for your Company's products and a significant part of the management challenge was to match resources with the changing markets. While the first half of the year was very low – continuing from Y2008's major slowdown of the Indian Industry – the second half saw a recovery trend.

Fresh Order Intake was very low throughout the year; however, the last quarter brought in significant order finalisations, which raised the Company's order backlog to a reasonably healthy figure by the year end.

However, the recovery seen in the second half of the year could not offset the huge drop seen in the first half. As such, compared to Y2008, Sales in Y2009 went down 17%.

On the other hand, the Management actions on cost cutting – both on Variable & Fixed Costs – are clearly reflected with Operating Profit (PBDIT) going down 15% only.

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Global Recession & its resulting slowdown in the Indian Industry took away a major chunk of the demand in the first half of 2009. Thankfully, the Indian market improved in the second half, thereby fuelling the business confidence of most of the major customers. While the Global recovery is still considered very slow and in some pockets still doubtful, the full confidence is yet to be built up.

This external environment had strong impact on the Capital Equipment Industry, as the Fresh Order Intake came down sharply. It was only thanks to some high order intakes in the last quarter, that the Total Order Intake in Y2009, for your Company, actually went up marginally to Rs.73 Crores (against Rs.70 Crores in Y2008).

The decline was across all the Product Offerings – Moulding, Shot Blast & Filters. Your Company saw a small growth in our Spares / Services business, as the Company continued to focus on this area for increasing penetration and the effect of increased installed base in the recent years.

The New Flex 80 Flask Line was delivered in 2009 and will be commissioned shortly. With this, the Company continues to make further inroads in the High Pressure Moulding Lines using Horizontal Flask system.

There have been significant learnings from the market upheavals of the last two years. Focus on cost reduction & working capital improvement, are higher than ever before, with significant improvements already made.

The Company is now in a cautious ramping up of the resources again, so as to leverage from the sharp recovery seen over the last few months.

The Company has adequate internal control systems as part of the Management Information System in place. Regular Audits are being conducted on all fronts by the Statutory and Internal Auditors.

### GROUP COMPANIES

Persons constituting Group coming within the definition of "Group" as defined in the Monopolies and Restrictive Trade Practices Act, 1969 include the following:

Sl. no	Name of the Company
1	DISA Holding A/S, Denmark
2	DISA Holding II A/S, Denmark
3	DISA Holding AG, Switzerland
4	DISA Holding Corporation, Oswego
5	DISA Industrianlagen GmbH, Germany
6	DISA Industries A/S, Denmark
7	DISA Industries AG, Switzerland

## DISA INDIA LIMITED

- 8 DISA Industries Oswego, USA
- 9 DISA Industries s.r.o., Czech Republic
- 10 DISA Industries UK Limited, UK
- 11 DISA K K, Japan
- 12 DISA Limited, Hong kong
- 13 DISA Machinery Limited, China
- 14 DISA Trading (Shanghai) Co Limited
- 15 DISA Technologies Private Limited, India
- 16 GF DISA England Limited, UK
- 17 WGH HOLDING GROUP (BVI)
- 18 WG GLOBAL LLC (Delaware)
- 19 WHEELABRATOR GROUP, INC (Delaware)
- 20 WHEELABRATOR GROUP (Canada) Inc, (Canada)
- 21 ISPC II LLC (Delaware)
- 22 ISPC II & Cie SCS (Luxembourg)
- 23 International Surface Preparation Company Sarl(Luxembourg)
- 24 WGH UK Holdings Ltd. (UK)
- 25 WGH UK Limited (UK)
- 26 Wheelabrator Technologies (UK) Ltd, UK
- 27 Wheelabrator Group SLU (Spain)
- 28 Wheelabrator Group Holding GmbH (Germany)
- 29 Wheelabrator Group SAS (France)
- 30 Wheelabrator Group NV (Belgium)
- 31 Blast Cleaning Techniques Ltd (UK)
- 32 Wheelabrator Group Limited, (UK)
- 33 Wheelabrator Group s.r.o. (Czech Republic)
- 34 Wheelabrator Group SRL (Romania)

### CORPORATE GOVERNANCE

In compliance with the listing agreement with the Stock Exchange, your Board has adhered to the Corporate Governance Code. All the requisite Committees are functioning in line with the guidelines and on operational need basis.

As reported earlier, a reputed firm of independent Chartered Accountants has been carrying out the responsibilities of Internal Auditors and periodically they have been reporting their findings of systems, procedures and management practices. A separate note on Corporate Governance is included in this Report.

### DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors confirm as follows:

- (a) The Statement of Accounts has been prepared in conformity with appropriate Accounting Standards.
- (b) Accounting policies have been selected and consistently applied so as to give a true and fair view

of the financial statements. Change in Accounting Policy and its impact on financial statements are disclosed separately as required under relevant Accounting Standards.

- (c) Internal controls are in place to provide reasonable assurance and reliability of the accounting records and to safeguard the assets of the Company and also to detect fraud and other irregularities, if any.

A reputed independent accounting firm acts as Internal Auditors of your Company and they conduct regular audits.

- (d) The Directors are satisfied that the Company has enough resources to carry on business and therefore have finalized the accounts as a going concern.

### CONSERVATION OF ENERGY

Your Company gives high priority for conservation of energy through better supervision and training of employees to economize the usage of electricity.

### RESEARCH AND DEVELOPMENT, TECHNOLOGY, ABSORPTION, ADAPTATION & INNOVATION

Your Company has been continuously seeking and adapting new technology from principals in order to develop skills locally and meet specific needs of Indian and global customers.

Personnel at all levels are routinely sent to Principals' factories and design offices abroad for training and updating their skills.

### FOREIGN EXCHANGE EARNINGS AND OUTFLOW

The Company earned Rs. 30.48 (Rs.51.3) Million in foreign exchange and expended Rs. 63.45 (Rs.300.14) Million in foreign exchange during the year under review.

### INDUSTRIAL RELATIONS

During the period, the earlier wage agreement with the workers' union expired and a new agreement for a further period of three years, to be signed is under discussion.

Industrial relations have been cordial and constructive, which have helped your Company to achieve production targets.

### PERSONNEL

Particulars of employees as required under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of employees) Rules 1975 are given in the Annexure forming part of the Report.

### DIRECTORS

During the year under review, Mr. Kent Arentoft and Mr. Lars Christensen resigned as Chairman and Director

respectively, due to personal reasons. Your Board places on record its deep appreciation on the yeomen services rendered by Mr. Kent Arentoft and Mr. Lars Christensen. Mr. Viraj Naidu was re-designated as Managing Director with effect from 1<sup>st</sup> Jan 2010 and his terms were altered within the limits of Schedule XIII to the Companies Act, 1956, as already approved by the Shareholders.

In terms of the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Ms. Deepa Hingorani, and Mr. Sanjay Arte retire by rotation at the forthcoming Annual General Meeting and are eligible for reappointment.

#### AUDITORS

The Auditors, Messrs. M. K. Dandekar & Co., Chartered Accountants, Chennai, retire at the ensuing Annual General Meeting. The Company has received a certificate under Section 224 -1(B) of the Companies Act, 1956 from Messrs. M. K. Dandekar & Co., Chartered Accountants, Chennai

that their appointment would be within the limits specified therein.

Your Directors recommend their appointment.

#### ACKNOWLEDGEMENT

The Directors place on record their appreciation for valuable contribution made by employees at all levels, active support and encouragement received from Government of India, Government of Karnataka, Company's Bankers, Customers, Principals and Business Associates.

Your Directors also recognize the continued support extended by all the Shareholders and gratefully acknowledge with a firm belief that the support and trust will continue in the future also.

For and on behalf of the Board of Directors

Place: Bangalore      Deepa Hingorani      Viraj Naidu  
Date: 26.02.2010      Director      Managing Director

#### ANNEXURE TO DIRECTORS' REPORT (Year ending 31 Dec 2009)

#### STATEMENT PURSUANT TO SECTION 217(2A) OF THE COMPANIES ACT, 1956

SL. No.	Name & Age	Qualification	Date of commencement of employment (Exp. in years)	Designation/ Nature of duties	Gross Remuneration Rs.	Particulars of last employment held before joining the Company
1	Jagadish A Kulkarni 45 years	B.E. (Mech)	25/02/1991 (23)	Vice President - Sales & Marketing - FSB	2,237,557	Bemco Hydraulics Application Engineer
2	Joydip Ghosh 45 years	M.Tech, MBA	25/4/2007 (22)	Vice President - Filters Business & HK Operations	2,536,461	Timken Engineering & Research Pvt Ltd Program Manager
3	S.Mohan 52 years	B.Sc,ACA, AICWA	23/6/2004 (32)	Chief Financial Officer	3,914,008	Encore Software Limited Chief Financial Officer
4	Viraj Naidu 41 years	B. Tech (Hons)	22/1/2007 (18)	Managing Director	4,676,336	Tata Autocomp Systems Ltd Interiors & Plastic Division. Chief Operating Officer

- Notes:
1. Gross remuneration as above includes basic salary, contribution towards Provident Fund, Superannuation, Insurance premium, Bonus, House Rent Allowance & monetary value of perquisites.
  2. None of the above employees are related to any of the other Directors of the Company
  3. Conditions of employment are governed by individual terms and conditions of service
  4. Perquisites include amounts evaluated as per Income Tax Rules in respect of certain items

**REPORT ON CORPORATE GOVERNANCE**

**1. Company’s Philosophy on Code of Governance**

DISA India Limited has been adhering to all the aspects of Corporate Governance even before Clause 49 of the Listing Agreement with the Stock Exchange became applicable to the Company. As a part of Norican Group worldwide, the Company follows good practices of transparency and disclosure in its reporting. The Company is firmly committed to Corporate Governance and to meet the expectations of its stakeholders in matters related to trusteeship, integrity, ethical and legal standards.

**2. Board of Directors:**

**(a) Composition & Size of the Board**

As on date, the Board comprises of Four Directors including Three non-Executive Directors. The Directors have a mix of rich corporate experience and in-depth knowledge of the business.

Category	Names of Director	Number of Directors	Composition	Relationship with other Directors	No. of other Directorships	Memberships of other Board Committees
Non-Executive & Independent		2	50%			
	Deepa Hingorani			None	8	Nil
	Sanjay Arte			None	6	Nil
Non-Executive		1	25%			
	Jan Johansen			None	6	Nil
Executive Director		1	25%			
	Viraj Naidu			None	Nil	Nil
<b>Total</b>		<b>4</b>	<b>100%</b>			

**(b) Number of Board Meetings held during the year along with the dates of the Meetings Four Board Meetings were held during the year on the following dates :**

24<sup>th</sup> Feb, 24<sup>th</sup> April, 31<sup>st</sup> July & 30<sup>th</sup> October 2009

**(c) Attendance of each Director at the Board Meeting, Annual General Meeting (AGM) and the number of Companies and Committees where he is Director/Member.**

Name of Director	Category of Directorship	No. of Board Meetings attended	Whether Attended last AGM	No. of Directorships in other Companies incorporated in India	No. of Committee membership Members/Chairman in other companies in India
Kent Arentoft *	Chairman	1	No	Nil	Nil
Jan Johansen	Director	4	Yes	Nil	Nil
Lars Christensen *	Director	Nil	No	Nil	Nil
Deepa Hingorani	Director	4	Yes	6	Nil
Sanjay Arte	Director	4	Yes	6	Nil
Viraj Naidu	Managing Director	4	Yes	Nil	Nil

Note : The Directors participate through video conferencing facility in case of inability to participate in person.

\*During the year Mr. Kent Arentoft, Chairman and Mr. Lars Christensen, Director ceased to be Directors from 26.03.09 and 17.11.09 respectively.

**3. Audit Committee**

The Audit Committee is responsible for over-viewing the Company’s financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible; recommending the appointment and removal of the statutory and internal auditors, fixation of audit fees, the approval for payment for any other services and reviewing with the management the annual financial statements before submission to the Board.

The Internal Auditors and Statutory Auditors attend the meetings of the Audit Committee, by invitation.



**Meetings and the attendance during the year**

The Committee met **four times** during the year on the following dates:

**24<sup>th</sup> Feb, 24<sup>th</sup> April, 31<sup>st</sup> July & 30<sup>th</sup> October 2009**

The attendance of each Member of the Committee is stated below:

Name of Director	No. of Meetings attended
Deepa Hingorani	4
Kent Arentoft *	1
Sanjay Arte	4
Jan Johansen	2

\*During the year Mr. Kent Arentoft resigned from the Committee and Mr. Jan Johansen was appointed as Member of the Committee.

**4. Remuneration Committee**

The Company has set up a Remuneration Committee, firstly to determine and review the Remuneration and Bonus of the Executives/Managing Director and secondly to review policy issues relating to Remuneration and Bonuses of Senior Managers.

**Meetings and the attendance during the year**

The Committee met once during the year on the following date:

**30<sup>th</sup> October 2009**

The attendance of each member of the Committee is stated below:

Name of Director	No. of Meetings attended
Jan Johansen	1
Deepa Hingorani	1
Sanjay Arte	1

**5. Shareholders' Committee**

The Board has constituted a Shareholders' Grievance and Investor Relations Committee to approve share transfers, transmissions, transposition of name, issue of split/duplicate certificates, ratify confirmations made to the demat requests received by the Company and review the status report on redressal of shareholders' complaints received by the Company/ share transfer agents.

The Committee comprising of Ms. Deepa Hingorani, Mr. Sanjay Arte and Mr. Viraj Naidu met Seven times during the year on the following dates :

**20<sup>th</sup> Jan, 24<sup>th</sup> April, 20<sup>th</sup> May, 24<sup>th</sup> July, 10<sup>th</sup> Oct, 10<sup>th</sup> Nov and 3<sup>rd</sup> Dec 2009**

Name of Director	No. of Meetings attended
Deepa Hingorani	0
Sanjay Arte	7
Viraj Naidu	7

There were (March Qtr-1, June Qtr-2, Sep Qtr-2, Dec Qtr-2) 7(seven) complaints received and redressed during the year ended 31<sup>st</sup> December 2009. There was no pending share transfer as on 31-12-2009.

**6. Remuneration paid to Directors**

The details of remuneration paid to the Directors during the year 2009 are given below:

a) Managing Director

(in Rs.)

Director	Salary	Performance Bonus	Perquisites	Sitting Fees	Total
Mr. Viraj Naidu	42,12,316	256,320	207,700	-	4,676,336

## b) Non-Executive Directors

(in Rs.)

Name	Sitting fees INR	Commission for the year 2008 (paid in 2009)
Kent Arentoft	20,000	450,000
Jan Johansen	70,000	225,000
Deepa Hingorani	90,000	225,000
Sanjay Arte	0	0
<b>Total</b>	<b>180,000</b>	<b>900,000</b>

Note: Owing to the terms of his present assignment, Mr. Sanjay Arte has declined to accept any compensation from the Company.

**7. Name, designation & address of Compliance Officer**

Mr S Mohan  
Chief Financial Officer  
DISA India Limited  
5th Floor, Kushal Garden Arcade  
1A, Peenya Industrial Area, 2nd Phase  
Bangalore 560 058

E-Mail: investor.relations@noricangroup.com  
Phone: +91 80 4020 1406  
Fax : +91-80-2839 1661

The Company has fulfilled all the compliance requirements under the listing agreements as regards the investor grievance committee.

**8. General Body Meetings**

Location and time of the last three Annual General Meetings

Year	Date	Venue	Time
2006	18-04-2007	Chancery Hotel, Lavelle Road, Bangalore-560 001	1100 Hrs
2007	23-04-2008	Chancery Hotel, Lavelle Road, Bangalore-560 001	1130 Hrs
2008	24-04-2009	The Atria Hotel, #1, Palace Road, Bangalore-560 001	1130 Hrs

**9. Disclosures**

Transactions with the related parties are disclosed in Schedule 17 to the Accounts in the Annual Report.

The Register of Contracts containing the transactions, in which Directors are interested, is placed before the Board every quarter.

During the last three years, there were no strictures or penalties imposed by either SEBI or the Stock Exchanges or any statutory authority for non-compliance of any matter related to the capital markets.

**10. Means of Communication**

The Quarterly & Half Yearly results are published in national and local dailies such as Financial Express (in English) and Sanjevani (in Kannada) and also are displayed on SEBI website, and hence are not individually sent to the shareholders.

**11. General Information to Shareholders**

a) **AGM** : **Date: Friday, 30<sup>th</sup> April, 2010**  
Time: 11:00 Hrs  
Venue: The Atria Hotel, Palace Road, Bangalore 560 001

Financial year : January to December 2009

Date of Book Closure: 29.04.2010 to 30.04.2010

Listing on Stock Exchanges: Mumbai. Stock code is 500068 in the Bombay Stock Exchange.

**b) Stock Market price data for the year 2009**

Period	SENSEX		BSE (Rs.)	
	High	Low	High	Low
January 2009	10,469.72	8,631.60	1,635.00	1,535.00
February 2009	9,724.87	8,619.22	1,750.00	1,577.50
March 2009	10,127.09	8,047.17	1,660.00	1,610.00
April 2009	11,492.10	9,546.29	1,650.00	1,550.00
May 2009	14,930.54	11,621.30	1,690.00	1,588.30
June 2009	15,600.30	14,016.95	1,759.00	1,610.30
July 2009	15,732.81	13,219.99	1,704.00	1,600.05
August 2009	16,002.46	14,684.45	1,700.00	1,600.00
September 2009	17,142.52	15,356.72	1,669.00	1,565.00
October 2009	17,493.17	15,805.20	1,719.95	1,401.00
November 2009	17,290.48	15,330.56	1,700.00	1,200.00
December 2009	17,530.94	16,577.78	1,440.00	1,300.15

**c) Registrar and Transfer Agents (RTA)**

Alpha Systems Pvt. Ltd, No.30, Ramana Residency, Ground Floor, IV Cross, Sampige Road, Malleswaram, BANGALORE -560 003, Tel: 23460815/816 is the Company's Registrar and Share Transfer Agents. They have the requisite registration with SEBI.

**d) Share Transfer System**

The Company's Share Transfer Committee meets regularly and expeditiously handles the procedures related to application for transfer of shares. The said RTA has the requisite infrastructure to process all activities related to share transfers. The system is further audited by a Practicing Company Secretary and the required certificates/ reports to this effect as also those related to dematerialisation, reconciliation of Shares etc. are issued and filed with the Stock Exchanges where the Company's Shares are enlisted.

The Company's Shares are compulsorily traded in the demat form and the ISIN No. allotted is INE 131CO1011.

**e) Distribution of shareholding as on 31-12-2009**

Face Value Rs.10/-

Range (in Rs.)	No. of Share Holders	% of Total Share Holders	Total Holding In Rs.	% of Total Capital
1 - 5000	3463	99.02	17,07,800	11.31
5001 - 10000	16	0.46	1,17,480	0.78
10001 - 20000	9	0.26	1,40,600	0.93
20001 - 30000	2	0.06	58,000	0.38
30001 - 40000	0	0.00	0	0.00
40001 - 50000	1	0.03	47,820	0.32
50001 - 100000	0	0.00	0	0.00
100001 & above	6	0.17	1,30,30,350	86.28
<b>Total</b>	<b>3497</b>	<b>100.00</b>	<b>1,51,02,050</b>	<b>100.00</b>

**MODE OF HOLDINGS AS ON 31.12.2009**

	NO. OF SHARES	% ON CAPITAL
NSDL	2,90,119	19.21
CDSL	26,670	1.77
PHYSICAL	11,93,416	79.02
<b>TOTAL</b>	<b>15,10,205</b>	<b>100.00</b>

**f) Shareholding pattern as on 31-12-2009**

<b>Category</b>	<b>No of Shares</b>	<b>% Holding</b>
Directors	Nil	Nil
Promoter-But not Director	1121651	74.27
Director/Promoters' Relatives	Nil	Nil
<b>Sub total</b>	<b>1121651</b>	<b>74.27</b>
Banks & Financial Institutions, Insurance Companies Mutual Fund	400	0.03
Body Corporate	190713*	12.63
NRI	1337	0.09
FII	Nil	Nil
Indian Promoter	Nil	Nil
Clearing Member	738	0.05
General Public	195366	12.94
<b>Total</b>	<b>1510205</b>	<b>100.00</b>

**Dematerialization of shares and liquidity**

About 20.98% of the 15,10,205 outstanding Equity Shares have been dematerialized upto 31.12.2009.

\* Includes 181,384 shares - 12.01% shares acquired pursuant to the Open Offer yet to be transferred to DISA Holding A/S, Denmark.

**g) Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity. - NIL****h) Plant Locations : Factories**

- |   |  |
|---|--|
| 1) No. 28-32, Satyamangala Industrial Area<br>Tumkur - 572 104<br>Tel: 0816 2211290 / 2211291 | 2) Plot No.50, KIADB Industrial Area<br>Hosakote - 562 114<br>Tel: 080 27971310 / 27971516 |
|---|--|

**i) Address for correspondence**

DISA INDIA LIMITED  
5th Floor, Kushal Garden Arcade, 1A, Peenya Industrial Area, Peenya 2nd Phase, Bangalore 560 058  
Phone: 91-80-4020 1400 to 04

**AUDITORS' CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF  
CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT**

To

The Members of  
DISA INDIA LIMITED  
5th Floor, Kushal Garden Arcade  
1A, Peenya Industrial Area  
Peenya 2nd Phase  
Bangalore 560 058

1. We have examined the compliance of the conditions of Corporate Governance by DISA India Limited for the year ended 31<sup>st</sup> December, 2009 as stipulated in Clause 49 of the Listing Agreement of the said company with the Stock Exchange in India.
2. 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 Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.
3. In our opinion and to the best of our information and explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above-mentioned Listing Agreement.
4. We state that in respect of investor grievances received during the year ended 31<sup>st</sup> December 2009, no investor grievance was pending against the company as on 31<sup>st</sup> December 2009, as per records maintained by the company and presented to the shareholders / Investors Grievances Committee.
5. As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that as per the records maintained by the Company, there was no investor grievance remaining unattended/pending for more than 30 days.
6. We further state that such Compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

For M.K. Dandeker & Co.

K.J. Dandeker  
Partner

Chartered Accountants  
Membership No. 18533

Place : Bangalore  
Date : 26.02.2010

## SECRETARIAL COMPLIANCE CERTIFICATE

Registration No. of the Company:

**L85110KA1984PLC006116**

Nominal Capital: **Rs. 5,00,00,000/-**

To:

The Members, DISA INDIA LIMITED,  
Bangalore – 560 058.

I have examined the registers, records, books and papers of DISA India Limited (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on the 31st December, 2009. In my opinion and to the best of my information and according to examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made there under and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made there under (beyond the time prescribed with additional fee).
3. The Company being a Public Limited Company, has the minimum prescribed paid-up capital as per the provisions of Companies Act, 1956 and the provisions of the Act do not prescribe maximum number of members for such a Public Limited Company.
4. The Board of Directors duly met 4 {Four} times from 1.1.2009 to 31.12.2009 on the following dates: 24.2.2009, 24.4.2009, 31.7.2009, and 30.10.2009 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed including the circular resolutions passed, in the Minutes Book maintained for the purpose.
5. The Company closed its Register of Members from 17.4.2009 to 24.4.2009 (both the days inclusive) and necessary compliance of Section 154 of the Act has been made.
6. The Annual General Meeting for the financial year ended on 31.12.2008 was held on 24.4.2009 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No Extra Ordinary General Meeting was held during the financial year.
8. The Company has not advanced any loans to its Directors or persons or firms or companies referred to under Section 295 of the Act.
9. The Company has not entered into any contracts falling within the purview of Section 297 of the Act.
10. The Company has made necessary entries in the register maintained under Section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, members or Central Government.
12. The Company has issued duplicate share certificates, wherever required, after complying with the procedures under the Act, during the financial year.
13. The Company :
  - i. has delivered all the certificates on lodgment thereof for transfers/transmission or any other purpose in accordance with the provisions of the Act.
  - ii. has not deposited any amount in a separate Bank Account as no dividend was declared during the financial year.
  - iii. was not required to post warrants to any member of the Company as no dividend was declared during the financial year.
  - iv. has transferred funds to the Investor Education and Protection Fund.
  - v. has duly complied with the requirement of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted. There were no appointments of Additional Directors/Alternate Directors/Directors to fill casual vacancies during the financial year. During the year, Mr. Kent Arentoft and Mr. Lars Christensen ceased to be Directors from 26.03.09 and 17.11.09 respectively and proper returns were filed with the Registrar of Companies.
15. The Company has not appointed Managing Director during the financial year.
16. The Company has not appointed any sole-selling agents during the financial year.
17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar and/or such authorities prescribed under the various provisions of the Act during the financial year.
18. The Directors have disclosed their interests in other firms/ companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. The Company has not issued any Shares during the financial year.
20. The Company has not bought back shares during the financial year.
21. There was no redemption of preference shares during the financial year.
22. There were no transactions necessitating the Company to keep in abeyance the rights to rights shares and bonus shares/securities pending registration of transfer of shares.

23. The Company has not invited/accepted any deposits including any unsecured loans falling within the purview of Section 58A during the financial year.
24. The Company's borrowings during the financial year ended 31.12.2009 were in compliance with the Act.
25. Except to suppliers and customers in the ordinary course of business, the Company has not made any loans or advances or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose.
26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one state to another during the year under scrutiny.
27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the Memorandum with respect to the name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the Memorandum with respect to the share capital of the Company during the year under scrutiny.
30. The Company has not altered its Articles of Association during the financial year.
31. There were no prosecutions initiated against or show cause notices received by the Company and no fines or penalties or any other punishment was imposed on the Company during the financial year, for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. The Company has not constituted a Provident Fund referred to, under Section 418 of the Act.
- Place: Bangalore  
Date: 26.2.2010
- VIJAYAKRISHNA K T

**ANNEXURE- A**

Following were the registers maintained by the Company:

1. Register of Members
2. Register of Directors
3. Register of Directors' Shareholdings
4. Register of Disclosure of Interests.
5. Register of Transfers
6. Register of Charges
7. Register of Contracts
8. Register of Debentures
9. Minutes of the Board, Committee and Shareholders Meetings
10. Register of Allotment.

**ANNEXURE- B**

Forms and Returns as filed by the Company with the Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ended 31<sup>st</sup> December 2009:

Sl. No.	Form No./ Return	Filed under Section	For	Date of filing	Whether filed within the Pre-scribed time Yes/No	If delay in filing whether requisite additional fee paid Yes / No.
1.	Balance Sheet	220	Annual Accounts	22-05-2009	Yes	No
2.	Annual Return	159	Annual Return	09-06-2009	Yes	No
3.	Secretarial Compliance Report	383A	Secretarial Compliance Report	20-05-2009	Yes	No
4.	Form 32	303(2)	Resignation of Mr. Kent Arentoft	13-04-2009	Yes	No
5.	Form 23	303(2)	Resignation of Mr. Lars Christensen	07-12-2009	Yes	No
6.	Form 18	146	Shifting of Registered Office	31-3-2009	Yes	No
7.	Form 1	Rule 3 of IE & PF (Awareness and Protection of Investors) Rules, 2001	Unpaid Dividend 2001-2002	11-9-2009	Yes	No

**AUDITORS' REPORT TO THE MEMBERS OF DISA INDIA LTD., BANGALORE**

We have audited the attached Balance Sheet of Disa India Limited, Bangalore as at 31st December, 2009, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that:

- i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii. In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
- iii. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;

- iv. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- v. On the basis of written representations received from the directors, as on 31st December, 2009, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st December 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st December, 2009; and
  - b) in the case of the Profit and Loss Account, of the profit for the year ended on that date.
  - c) in case of the Cash Flow Statement, of the cash flows for the year ended on that date.

for M.K.DANDEKER & CO.

K.J.DANDEKER  
Partner

Place : Bangalore  
Dated : 26.02.2010

Chartered Accountant  
Membership No.18533



**ANNEXURE TO THE AUDITOR'S REPORT IN PURSUANCE OF COMPANIES (AUDITORS REPORT) ORDER, 2003** (Referred to in our Report of even date)

- |  |  |
|--|--|
| <p>I. The Company has maintained proper records showing full particulars including Quantitative details and situation of fixed assets. The Management at reasonable intervals has physically verified these Fixed Assets and no material discrepancies were noticed on such verification.</p> <p>II. The physical verification of inventory has been conducted at reasonable intervals by the Management. The procedures for physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the company and the nature of its business. The Company is maintaining proper records of inventory and any discrepancies noticed on physical verification are being properly dealt in the books of accounts.</p> <p>III. The Company has neither granted nor taken any loans, secured or unsecured to or from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act 1956.</p> <p>IV. The Company has adequate internal control procedures commensurate with the size of the company and the nature of its business, for the purchase of inventory, fixed assets and also for the sale of goods. There are no major weaknesses in the internal control to be corrected.</p> | <p>V. The Company has not entered into any transaction as seen from the register maintained in pursuance of Section 301 of the Companies Act 1956 with the exception of related party transactions with the group companies where the transactions purchases/sales are at reasonable rates as per the information given to us.</p> <p>VI. The Company has not accepted deposits from the public and the provisions of Section 58A and 58AA of the Companies Act 1956, rules framed there under and other relevant directives issued by the Reserve Bank of India are not applicable to the Company.</p> <p>VII. The Company has appointed a firm of Auditors to carry out the Internal Audit. The Internal Audit is commensurate with its size of the Company and nature of its business.</p> <p>VIII. The Company is not required to maintain the cost records as prescribed by the Central Government under clause (d) of sub-section (i) of section 209 of the Companies Act 1956.</p> <p>IX. The Company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employee's State Insurance, Income tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess with the appropriate authorities, except for the following cases:</p> |
|--|--|

Forum	Description	Period related to	Net Demand (In Rs.)
Regional Provident Fund Commissioner, Bangalore	Other Allowance paid to Trainees not considered for PF Calculation	August 2006 to August 2009	4,92,376/-
Commissioner of Central Excise (Appeals), Bangalore	Credit of service tax on staff transport sought to be disallowed.	July 2006 to June 2007	59,528/-
Assistant Commissioner of Central Excise – Bangalore	Credit of service tax on staff transport sought to be	July 2007 to August 2008	58,615/-
Commissioner of Central Excise (Appeals), Bangalore	Service Tax on commission payments to non-residents sought to be levied	July 2004 to April 2006	77,993/-
Income Tax Appellate Tribunal, Bangalore	Appeal filed against Penalty levied under section 271(1)(c) of the Income Tax Act, 1961,	Assessment Year 2004-05	19,09,818/-

## **DISA INDIA LIMITED**

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- X. The company has got accumulated profits at the end of the year and the company has not incurred cash losses in the current year and in the immediately preceding year.
- XI. The Company has not defaulted in repayment of dues to Financial Institutions or Banks or Debenture holders.
- XII. The Company has not granted any loan and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly paragraph 4 (xii) of the Order is not applicable;
- XIII. In our opinion and according to the information and explanations. The company is not a Chit Fund, Nidhi or Mutual Benefit Fund/ Societies. Accordingly paragraph 4 (xiii) of the Order is not applicable;
- XIV. According to the information and explanations given to us, the company is not dealing or trading in shares, securities, debentures or other investments. Accordingly paragraph 4(xiv) of the Order is not applicable.
- XV. The Company has not given any guarantee for loans taken by others from Bank or Financial Institution etc.,
- XVI. The Company has not obtained any term loans during the year.
- XVII. The funds raised by the Company on short-term basis have not been used for long term investment and vice versa
- XVIII. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act 1956 during the year.
- XIX. The Company has not issued any debentures during the year.
- XX. The Company has not raised any money by public issues during the year. Accordingly paragraph 4(xx) of the Order is not applicable.
- XXI. Based on our examination and the information provided to us by the company, no fraud on or by the company has been noticed or reported during the year.

for M.K.DANDEKER & CO.

**K.J.DANDEKER**  
Partner

Place : Bangalore  
Dated : 26.02.2010

Chartered Accountant  
Membership No.18533

**BALANCE SHEET AS AT 31ST DECEMBER, 2009**

Description	Schedule No.	As at 31.12.09 Rs.'000		As at 31.12.08 Rs.'000	
<b>SOURCES OF FUNDS</b>					
1. Shareholders Funds:					
Capital	1	15,102.05		15,102.05	
Reserves & Surplus	2	389,737.20		291,114.01	
			404,839.25		306,216.06
2. Loan Funds:					
Secured Loans	3 (a)		1,062.98		31,353.74
Unsecured Loans	3 (b)		3,862.74		8,555.45
3. Deferred Income Tax			3,134.76		3,272.82
			<b>412,899.73</b>		<b>349,398.07</b>
<b>APPLICATION OF FUNDS</b>					
1. Fixed Assets:	4				
Gross Block		335,806.20		330,115.43	
Less: Depreciation		213,152.59		193,713.51	
Net Block		122,653.61		136,401.92	
Capital Work in Progress		-	122,653.61	-	136,401.92
2. Current assets, loans & advances:					
Inventories	5	110,220.97		212,759.69	
Sundry Debtors	6	49,313.93		35,477.44	
Cash & Bank balances	7	329,783.43		206,945.40	
Loans & advances	8	40,821.11		61,792.79	
			530,139.44		516,975.32
Less: Current liabilities & provisions:					
Current Liabilities	9	239,893.32		303,907.91	
Provisions	10	-		71.26	
			239,893.32		303,979.17
Net Current Assets			290,246.12		212,996.15
3. EPS/ Notes/Segment Reporting/ Related party disclosures/ Accounting Policies	14-18				
<b>TOTAL</b>			<b>412,899.73</b>		<b>349,398.07</b>

Schedules referred to herein form part of the Balance Sheet.

This is the Balance Sheet referred to in our report of even date

For and on behalf of  
 M.K. DANDEKER & CO.,  
 Chartered Accountants

For and on behalf of  
 DISA INDIA LIMITED

K. J. Dandeker  
 Partner  
 Membership No. 18533

Viraj Naidu  
 Managing Director

Sanjay Arte  
 Director

Place : Bangalore  
 Date : 26.02.2010

**DISA INDIA LIMITED**
**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 2009**

Description	Schedule No.	Year ended 31 December 09 Rs.'000		Year ended 31 December 08 Rs.'000	
<b>INCOME:</b>					
1. Sales & Services	11	712,928.51		859,287.54	
2. Other income	11	28,634.16		37,103.24	
			<b>741,562.67</b>		<b>896,390.78</b>
<b>EXPENDITURE:</b>					
1. Manufacturing & other expenses	12	566,357.89		690,634.00	
2. Depreciation	4	19,940.55		16,970.04	
3. Interest	13	2,416.10		5,595.16	
			<b>588,714.54</b>		<b>713,199.20</b>
<b>PROFIT BEFORE TAX</b>			<b>152,848.13</b>		<b>183,191.58</b>
1. Provision for Taxation		54,043.00		62,670.00	
2. Provision for Deferred Tax		(138.06)		(1,374.97)	
3. Fringe benefit Tax		320.00		2,190.72	
			54,224.94		63,485.75
<b>PROFIT FOR THE PERIOD AFTER TAX</b>			<b>98,623.19</b>		<b>119,705.83</b>
Balance from earlier period b/f			135,800.10		16,094.27
Less :					
Dividend		-		-	
Tax on dividend		-		-	
Transfer to General reserve		-		-	
			-		-
<b>PROFIT TRANSFERRED TO BALANCE SHEET</b>			<b>234,423.29</b>		<b>135,800.10</b>
Basic & Diluted earnings per share (Rs.) including extraordinary item	14		65.30		79.26
Basic & Diluted earnings per share (Rs.) excluding extraordinary item			65.30		79.26
Nominal value per equity share (Rs.)			<b>10.00</b>		<b>10.00</b>

Schedules referred to herein form part of the Profit & Loss Account

This is the Profit & Loss Account referred to in our report of even date

For and on behalf of  
M.K. DANDEKER & CO.,  
Chartered Accountants

For and on behalf of  
DISA INDIA LIMITED

K. J. Dandeker  
Partner  
Membership No. 18533

Viraj Naidu  
Managing Director

Sanjay Arte  
Director

Place : Bangalore  
Date : 26.02.2010

**SCHEDULES FORMING PART OF THE BALANCE SHEET**

Description	As at 31 December 09 Rs.'000		As at 31 December 08 Rs.'000	
	<b>1. SHARE CAPITAL</b>			
<b>Authorised:</b> 5,000,000 Equity Shares of Rs.10 each	50,000.00		50,000.00	
<b>Issued, subscribed and paid up:</b> 1,510,205 Equity Shares of Rs.10 each (818,902 Equity Shares are held by Disa Holding A/G, Switzerland, the holding company & 302,749 Equity Shares are held by Disa Holding A/s, Denmark the ultimate Holding company)	15,102.05		15,102.05	
		<b>15,102.05</b>		<b>15,102.05</b>
<b>2. RESERVES AND SURPLUS</b>				
Capital Reserve		1,524.00		1,524.00
Share Premium		109,056.32		109,056.32
General Reserve	44,733.59		44,733.59	
Add: Transfer to reserve during the period	-		-	
		44,733.59		44,733.59
Balance in Profit & Loss Account		234,423.29		135,800.10
		<b>389,737.20</b>		<b>291,114.01</b>
<b>3(a) SECURED LOANS</b>				
From CANARA BANK	1,062.91		19,450.25	
From Other Banks (Overdraft facility against Fixed Deposits)	0.07		11,903.49	
		1,062.98		31,353.74
<b>(b) UNSECURED LOANS</b>				
- Sales Tax deferment		3,862.74		8,555.45
Amount repayable within one year -3,863 PY (4,693)				

**4. FIXED ASSETS:**

Rs.'000

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.01.09	Additions 01.01.09 31.12.09	Sales/adj 01.01.09 to 31.12.09	As at 31.12.09	Upto 01.01.09	For the period	Sales/adj during the period	Upto 31.12.09	As at 31.12.09	As at 31.12.08
Land	3,145.23	-	-	3,145.23	-	-	-	-	3,145.23	3,145.23
Buildings	106,698.82	-	-	106,698.82	29,481.71	3,560.45	-	33,042.16	73,656.66	77,217.11
Plant & Machinery	142,988.36	4,585.84	167.22	147,406.97	112,410.59	7,401.49	167.22	119,644.85	27,762.11	30,577.81
Patterns, tools, jigs & fixtures	13,624.03	1,319.93	-	14,943.95	9,307.98	1,201.86	-	10,509.83	4,434.12	4,316.04
Office equipment	13,511.47	24.96	334.23	13,202.20	7,928.58	1,360.85	334.23	8,955.18	4,247.02	5,582.89
Furniture & fittings	13,948.79	-	-	13,948.79	6,347.38	2,708.44	-	9,055.82	4,892.97	7,601.42
Vehicles	2,207.86	-	-	2,207.86	1,327.85	356.69	-	1,684.54	523.32	880.01
Computers	33,990.87	261.52	-	34,252.39	26,909.44	3,350.77	-	30,260.21	3,992.18	7,081.41
<b>Total</b>	<b>330,115.43</b>	<b>6,192.25</b>	<b>501.46</b>	<b>335,806.20</b>	<b>193,713.53</b>	<b>19,940.55</b>	<b>501.46</b>	<b>213,152.59</b>	<b>122,653.61</b>	<b>136,401.92</b>
Previous year	281,643.68	61,055.47	12,583.72	330,115.43	185,001.63	16,970.04	8,258.16	193,713.51	136,401.92	

## SCHEDULES FORMING PART OF THE BALANCE SHEET

Description	As at		As at	
	31 December 09 Rs.' 000		31 December 08 Rs.'000	
<b>5. INVENTORIES (at cost or net realisable value, whichever is lower)</b>				
Raw material	22,339.45		25,735.94	
Bought-out components	55,357.35		73,128.08	
Work-in-progress	32,524.17		113,895.67	
		<b>110,220.97</b>		<b>212,759.69</b>
<b>6. SUNDRY DEBTORS</b>				
a) Debts outstanding for a period exceeding 6 months - Secured considered Good	-		-	
Unsecured considered Good	10,383.86		10,619.51	
Unsecured considered doubtful	1,322.35		2,071.92	
Less : Provision for doubtful debts	(1,322.35)		(2,071.92)	
(b) Other debts for a period less than 6 months - Secured, considered good	448.83		-	
Unsecured, considered good	38,481.24		24,857.93	
Unsecured, considered doubtful	58.30		111.73	
Less : Provision for doubtful debts	(58.30)		(111.73)	
		<b>49,313.93</b>		<b>35,477.44</b>
<b>7. CASH AND BANK BALANCES:</b>				
Cash on hand	118.79		226.34	
With Scheduled Banks :				
(a) On current account	6,281.83		2,515.56	
(b) On deposit account	312,980.00		192,800.00	
(c) On unclaimed Dividend / Debentures A/c	10,402.81		11,403.50	
		<b>329,783.43</b>		<b>206,945.40</b>
<b>8. LOANS AND ADVANCES:</b>				
Unsecured, considered good:				
Advances recoverable in cash or kind or for value to be received	26,840.46		30,883.47	
Interest Accrued on Deposits but not due	3,911.08		6,519.27	
Deposits	5,107.00		9,942.60	
Advance tax (incl. tax ded. at source) - Net of Provisions	4,962.57		14,180.49	
Balance with Excise	-		266.96	
		<b>40,821.11</b>		<b>61,792.79</b>
<b>9. CURRENT LIABILITIES:</b>				
Sundry Creditors				
A) Micro Enterprises and small enterprises	4,310.63		16,345.09	
B) Others	72,379.60		132,040.05	
<b>Sundry Creditors - Total</b>	<b>76,690.23</b>		<b>148,385.14</b>	
<b>Other Liabilities:</b>				
Provision for Expenses	34,258.75		26,701.87	
Others	5,127.76		6,365.48	
Excise duty payable	7,385.55		-	
Advance from customers	106,028.22		111,051.92	
Un-encashed Debentures	5,391.85		5,834.40	
Un-encashed dividends	5,010.96		5,569.10	
		<b>239,893.32</b>		<b>303,907.91</b>
<b>10. PROVISIONS:</b>				
Provision for Fringe Benefit Tax less advance payments	-		71.26	
Provision for Dividend	-		-	
		<b>-</b>		<b>71.26</b>

**SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT**

Description	For the year 2009 Rs.'000		For the year 2008 Rs.'000	
<b>11. SALES AND SERVICES:</b>				
Turnover of Goods (Less Returns)	688,860.34		837,472.42	
Add: Excise Duty Paid	53,769.65		112,579.90	
Services & Commission	24,068.17		21,815.12	
Less: Excise duty Recovered	(53,769.65)	712,928.51	(112,579.90)	859,287.54
<b>OTHER INCOME:</b>				
a. Interest Income (including TDS -Rs 4035 P Y-Rs 8,479 )	18,169.84		24,611.91	
b. Exchange Fluctuation Gain ( Net )	352.17		0.00	
c. Other Income	7,846.82		7,907.10	
d. Sale of Scrap	2,060.31		2,870.88	
e. Profit on sale of Assets ( Net )	205.02	28,634.16	1,713.35	37,103.24
		<b>741,562.67</b>		<b>896,390.78</b>
<b>12. MANUFACTURING AND OTHER EXPENSES:</b>				
(a) Manufacturing expenses :				
Raw material & components consumed	283,936.69		530,344.30	
(Increase)/decrease in stock of Finished goods				
Opening Stock	-		-	
Closing Stock	-		-	
(Increase)/decrease in Stock of Work-in-Progress				
Opening Stock	113,895.66		38,376.58	
Closing Stock	(32,524.17)	365,308.18	(113,895.66)	454,825.22
(b) Power & Fuel	4,322.75		4,944.07	
(c) Repairs & maintenance - Building	1,631.70		3,651.35	
(d) Repairs & maintenance - Machinery	1,541.26		494.34	
(e) Repairs & maintenance - Others, Tools etc.	2,004.00	9,499.71	2,300.00	11,389.76
(f) Payments to and provision for employees:				
Salaries, wages, bonus etc	84,272.09		91,911.98	
Contribution to PF/ESI/SAF	8,280.01		8,758.89	
Welfare expenses	5,950.31		7,271.84	
Gratuity	3,300.80		3,103.31	
		101,803.21		111,046.02

## SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

Description	For the year 2009 Rs.'000		For the year 2008 Rs.'000	
(g) Administration & Selling expenses:				
Travelling expenses	16,747.27		22,956.66	
Professional charges, etc.	5,296.07		7,623.40	
Telephone, postage & courier	2,999.34		3,641.28	
Rent	6,932.11		8,419.56	
Miscellaneous expenses	4,815.92		3,912.73	
Bad Debts	1,694.97		913.82	
Advertisement & Sales promotion	1,361.99		4,394.30	
Commission Expenses	1,826.12		4,319.27	
Insurance	3,000.42		2,839.49	
Security Charges	2,563.44		3,064.83	
Packing & Freight Outwards	4,560.66		3,717.60	
Recruitment & Training	894.87		2,117.34	
Bank charges & guarantee commission	889.90		1,024.66	
Group Management reimbursement fees	5,466.97		13,898.20	
Stationery	1,148.11		1,184.41	
Directors' sitting fee & Commission	580.00		1,170.00	
Royalty	4,169.93		5,526.85	
Rates & Taxes	2,569.39		2,855.27	
IT costs	1,905.43		4,471.91	
Group IT costs	20,323.88		14,797.75	
Exch.Fluctuation & Others	0.00		523.67	
		89,746.79		113,373.00
		<b>566,357.89</b>		<b>690,634.00</b>
<b>13. INTEREST:</b>				
Interest - Others	2,416.10		5,595.16	
		<b>2,416.10</b>		<b>5,595.16</b>
<b>14. EARNINGS PER SHARE :</b>				
Profit for the year with Extraordinary income after tax	A	98,623.19		119,705.83
Profit for the year without Extraordinary income & net of Tax	B	98,623.19		119,705.83
Number of equity shares (in Numbers)	C	1,510,205		1,510,205
Basic & Diluted earnings per share (Rs.) including extraordinary item	(A/C)	65.30		79.26
Basic & Diluted earnings per share (Rs.) excluding extraordinary item	(B/C)	<b>65.30</b>		<b>79.26</b>



**SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT**  
**Notes on Accounts - Schedule No. 15**

Sl. No.	Description	For the year Rs.'000	Previous Year Rs.'000
<b>I</b>	<b>CONTINGENT LIABILITIES:</b>		
	a) i) Guarantees given by Bank	40,419	83,290
	ii) LC issued by Bank	-	739
	iii) Corporate Guarantees given	272	-
	b) Estimated amount of contracts remaining to be executed on capital account and not provided for	-	5,600
	c) Claims against company not acknowledged as debt — Income tax	1,910	-
	— Service tax	196	-
	— Others	492	-
<b>II</b>	<b>VALUE OF IMPORTS ON C.I.F. BASIS:</b>		
	Raw material	7,984	27,909
	Components and spare parts	15,687	26,865
	Capital Goods	960	608
	Others	168	761
	<b>Total</b>	<b>24,800</b>	<b>56,144</b>
<b>III</b>	<b>EXPENDITURE IN FOREIGN CURRENCY: [on actual payment]</b>		
	Travel	663	2,142
	Rawmaterial,Components and spare parts	25,887	53,906
	Capital purchases	749	608
	Dividend (Paid for the year 2007 to 2 Non resident Shareholders holding 1,121,651 shares in 2008)	-	224,330
	Commission	-	360
	Royalty	5,554	2,093
	Subscription for magazines/Training of staff/Others	1,245	621
	Technical services / Software Purchases	29,347	16,083
	<b>Total</b>	<b>63,445</b>	<b>300,142</b>
<b>IV</b>	<b>EARNINGS IN FOREIGN CURRENCY [on actual receipt]</b>		
	Agency Commission/Others	6,221	9,994
	Exports	24,259	41,313
	<b>Total</b>	<b>30,480</b>	<b>51,307</b>
<b>V</b>	<b>PROVISIONS AND/OR PAYMENTS IN RESPECT OF AUDITORS' REMUNERATION ( Excl. Service Tax)</b>		
	Statutory Audit Fees	350	350
	Tax Audit Fees & Other Certification	50	25
	Reimbursement of expenses	178	211
	<b>Total</b>	<b>578</b>	<b>586</b>
<b>VI</b>	<b>DETAILS OF LICENCED, INSTALLED CAPACITY AND ACTUAL PRODUCTION:</b>		
	Goods manufactured (Quantity in nos.,unless otherwise stated)	Actual Production Qty.	Value in Rs.'000
	Foundry Moulding } Shot Blasting Machine }	84 (120)	205,343 (298,081)
	Mould handling system, Shot Blasting system, Sand condition- ing plant, Sand Mixers/Slingers Spl. purpose mat. handling eqpt. }	* *	246,378 (245,129)
	Electrical Control Panels	42 (76)	51,342 (63,997)
	Dust Collectors	57 (77)	118,893 (155,360)
	Spares		66,905 (74,906)

\*consist of systems/projects. Hence not quantified.

# DISA INDIA LIMITED

## Notes on Accounts - Schedule No. 15 (Contd.)

VII	RAW MATERIALS & BOUGHT OUT COMPONENTS CONSUMED DURING THE YEAR:	Quantity in kgs	Value in Rs.'000	Percentage
	Raw material : Steel (imported)	51,532	8,646	2.37%
	Raw material : Steel (domestic)	179,472	15,606	4.27%
a)	Total	231,004	24,252	6.64%
		(419,773)	(54,084)	(14.81)%
b)	Intermediates, bought out components, hardware and items used for Projects under execution:			
i)	Imported	-	19,538	5.35%
			(30,355)	(8.31)%
ii)	Indigenous	-	321,518	88.01%
			(370,386)	(76.88)%
	TOTAL		365,308	100%
			(454,825)	100%

Note : As the company also sells as spare parts (for goods manufactured and sold by it) some of its bought out components shown in item (b) includes the cost of such components sold, this being an activity ancillary to its manufacturing activity.

		For the year Rs.'000	Previous Year Rs.'000
VIII	<b>MANAGERIAL REMUNERATION:</b>		
a)	Computation of Profit in accordance with Section 309(5) read with Section 349 of the Companies Act, 1956 :		
	Profit before extra-ordinary items & taxation	152,848	183,192
	Less: Profit on sale of fixed assets	205	1,713
	Add: Directors' Sitting fees	180	170
	Add: Managerial remuneration	4,676	5,336
	Adjusted net profit as per Section 198	<b>157,499</b>	<b>186,985</b>
b)	Remuneration to Managing Director		
	Salaries+HRA+Performance Bonus	3,916	4,439
	Contribution to PF/Superannuation Fund **	552	565
	Allowances and Monetary value of perquisites ***	208	332
		<b>4,676</b>	<b>5,336</b>
	** Contribution to group gratuity is based on actual payment on overall company basis is excluded		
	*** Perquisites include amounts evaluated as per Income Tax Rules in respect of certain items		
IX	<b>REMUNERATION TO OTHER DIRECTORS</b>		
	Commission @ 1% of net profit	1,575	1,870
	Commission restricted to	400	1,000
X	Deferred Tax liability (Net) is in respect of Depreciation	(6,326)	(7,223)
	Expenses charged in the financial statements but allowable as deductions in future years under the IT Act, 1961		
	i) Knowhow Fees	537	807
	ii) Software	382	545
	iii) Employee retention bonus	1,151	1,428
	iv) Others	1,121	1,170
	Deferred Tax Liability (Net)	<b>(3,135)</b>	<b>(3,273)</b>
XI	Disclosure under Micro, Small and Medium Enterprises Development Act, 2006		
	Amount due and remaining unpaid as at 31st December, 2009		
	- Principal	NIL	12,508
	- Interest thereon	-	151
	Amount of Interest paid on all delayed payments during the year	NIL	Nil
	Note: The above is on the basis of information to the extent provided by the Suppliers to the Company, which has been relied by the auditors		

**Notes on Accounts - Schedule No. 15 (Contd.)**
**XII Disclosure Pursuant to AS-15 (Revised)**
**1. Defined Contribution Plans**

An amount of Rs.82.80 lakhs (previous year Rs.87.58 lakhs) is recognised as an expense and included in "Manufacturing and Other Expenses" (Schedule 12 (f)) in the Profit and Loss Account.

**2. Defined Benefit Plans**

Gratuity - as per Actuarial Valuation

Particulars	For the year Rs.'000	Previous year Rs.'000
<b>Change in benefit obligation:</b>		
Defined benefit obligation at beginning of year	-	13,997.53
Service cost	-	1,996.26
Interest cost	-	773.80
Benefits paid	-	(149.53)
Net transfer in / (out)	-	(459.15)
Actuarial Loss/(Gain)	-	(1,356.51)
<b>Benefit obligation at end of year</b>	<b>13,997.53</b>	<b>14,802.40</b>
<b>Changes in Fair value of Plan Assets :</b>		
Fair Value of plan assets at end of prior year	-	10,507.02
Expected return on plan assets	-	953.70
Employer Contributions	-	817.37
Transfer outs	-	(459.15)
Benefits paid	-	(149.53)
Actuarial Gain / (Loss)	-	(48.54)
Fair value of plan assets at end of the year	10,507.02	11,620.87
<b>Fair value of Plan Assets :</b>		
Fair Value of plan assets at end of prior period	-	10,507.02
Actual return on plan assets	-	905.16
Employer Contributions	-	817.37
Transfer outs	-	(459.15)
Benefits paid	-	(149.53)
<b>Fair value of plan assets at end of the year</b>	<b>10,507.02</b>	<b>11,620.87</b>
Funded Status	-	(3,181.53)
Excess of Actual over estimated return on plan assets	-	(48.54)
<b>Reconciliation of Net Liability :</b>		
Present value of defined benefit obligations	13,997.53	14,802.40
Less : Fair value of plan assets	10,507.02	11,620.87
<b>Funded Status - ( deficit ) / surplus</b>	<b>(3,490.51)</b>	<b>(3,181.53)</b>
<b>Actuarial Loss / (Gain) recognised</b>		
Actuarial loss / (gain) for the period - Obligation	-	(1,356.51)
Actuarial (loss) / gain for the period - Plan Assets	-	(48.54)
Total actuarial loss / (gain) for the period	-	(1,307.97)
Actuarial loss / (gain) recognised in the period	-	(1,307.97)
<b>Experience Adjustments in</b>		
Plan Liabilities	-	(31.45)
Plan Assets	-	(47.54)
<b>Actuarial Assumptions :</b>		
Discount rate	5.70%	7.50%
Expected long term rate of return of assets	8.90%	8.50%
Rate of compensation increase for the first five years	10.00%	12.00%
Rate of compensation increase for the subsequent years	10.00%	10.00%

# DISA INDIA LIMITED

## Notes on Accounts - Schedule No. 15 (Contd.)

### Leave Encashment - as per Actuarial Valuation

Particulars	For the year Rs '000	Previous year Rs '000
Change in benefit obligation	-	-
<b>Defined benefit obligation at beginning of year</b>	-	6,163.48
Service cost	-	-
Interest cost	-	378.44
Benefits paid	-	(951.78)
Actuarial Loss/(Gain)	-	882.89
<b>Benefit obligation at end of year</b>	<b>6,163.48</b>	<b>6,473.03</b>
<b>Changes in Fair value of Plan Assets</b>		
<b>This plan is unfunded</b>		
<b>Reconciliation of Net Liability</b>		
Present value of defined benefit obligations	6,163.48	6,473.03
Less : Fair value of plan assets	-	-
<b>Funded Status - ( deficit ) / surplus</b>	<b>6,163.48</b>	<b>6,473.03</b>
<b>Actuarial Loss / (Gain) recognised</b>		
Actuarial loss / (gain) for the period - Obligation	-	882.89
Actuarial (loss) / gain for the period - Plan Assets	-	-
Total actuarial loss / (gain) for the period	-	882.89
Actuarial loss / (gain) recognised in the period	-	882.89
<b>Actuarial Assumptions :</b>		
Discount rate	5.70%	7.50%
Expected long term rate of return of assets	8.90%	8.50%
Rate of compensation increase for the first five years	10.00%	12.00%
Rate of compensation increase for the subsequent years	10.00%	10.00%
The company has adopted the AS-15 (Revised) for the first time in the year 2008.		
<b>XIII Amount of borrowing costs capitalised during the year - Nil ( 2008- Nil )</b>		
<b>XIV Previous year's figures have been re-grouped/reclassified wherever necessary. Figures in brackets indicate previous year's figures.</b>		

For and on behalf of  
M.K. DANDEKER & CO.,  
Chartered Accountants

K. J. Dandeker  
Partner  
Membership No. 18533

Place : Bangalore  
Date : 26.02.2010

For and on behalf of  
DISA INDIA LIMITED

Viraj Naidu  
Managing Director

Sanjay Arte  
Director

**SCHEDULE 16**
**SEGMENT - WISE REPORTING**

Rs. '000

Particulars	For the year 2009	Previous year 2008		
<b>Segment Revenue:</b>				
a) Foundry Business	581,905	688,105		
b) Air business	131,024	171,183		
Total Revenue from Segments	712,929	859,288		
Less: Inter-Segment Sales	-	-		
Net Sales	712,929	859,288		
<b>Segment Results</b>				
a) Foundry Business	111,387	128,384		
b) Air business	25,550	42,625		
Total Segment Results	136,937	171,009		
Add: unallocable corporate income (net of unallocable Corporate expenditure)	157	(6,833)		
Operating Profit / (Loss)	137,094	164,176		
Less: Interest Expense	2,416	5,595		
Add: Interest Income	18,170	24,611		
Total Profit before Tax	152,848	183,192		
<b>Less: Provision for Taxation</b>				
Current year	54,043	62,670		
Deferred tax	(138)	(1,375)		
FRINGE BENEFIT TAX	320	2,191		
Total Profit from Ordinary activities	98,623	119,706		
Add: Extraordinary Income	-	-		
Less: Extraordinary Expense / loss	-	-		
Net Profit	<b>98,623</b>	<b>119,706</b>		
<b>Segment Capital Employed:</b>				
Segment Assets: (Business - wise)				
a) Foundry Business	179,117	263,080		
b) Air business	103,955	117,716		
Segment Liabilities:				
a) Foundry Business	55,042	96,248		
b) Air business	29,479	60,323		
Segment Capital Employed:				
a) Foundry Business	124,075	166,832		
b) Air business	74,476	57,393		
Total Capital Employed in Segments	198,551	224,225		
Add: unallocable Corporate Assets	369,721	272,556		
Less: unallocable Corporate Liabilities	163,433	190,565		
Total Capital Employed in the Company	404,839	306,216		
<b>Other Information:</b>				
<b>Capital Expenditure:</b>				
a) Foundry Business	6,069	26,348		
b) Air business	124	38,913		
c) Corporate	-	3,817		
Depreciation				
a) Foundry Business	8,506	6,948		
b) Air business	5,567	4,616		
c) Corporate	5,887	5,407		
Non- Cash expenses other than Depreciation:				
a) Foundry Business	-	-		
b) Air business	-	-		
<b>Reconciliation between Segment Report and Financial Statements</b>				
<b>Reconciliation of Revenue</b>				
Total Segment Revenue:	712,929	859,288		
Total Enterprise Revenue	741,563	896,391		
Difference due to Corporate Revenue	<b>(28,634)</b>	<b>(37,103)</b>		
Interest Income	18,170	24,611		
Other Income	7,847	7,908		
Sale of Scrap	2,060	2,871		
Exchange fluctuation & others	352	-		
Extra ordinary Income	-	-		
Profit/(Loss) on Sale of Assets	205	1,713		
	<b>28,634</b>	<b>37,103</b>		
<b>Reconciliation of Results</b>				
Total Segment Results	136,937	171,009		
Total Enterprise Result (PBT)	152,848	183,192		
Difference due to Corporate Revenue & Exp	<b>15,911</b>	<b>12,183</b>		
Interest Income	18,170	24,611		
Interest Expense	(2,416)	(5,595)		
Profit on Sale of Assets	205	1,713		
Add: Extraordinary Income	-	-		
Corporate Expenditure/income	(48)	(8,546)		
	<b>15,911</b>	<b>12,183</b>		
<b>Reconciliation of Assets</b>				
Segment Assets	283,072	380,796		
Corporate Assets	369,721	272,556		
Total Assets as per Balance Sheet	<b>652,793</b>	<b>653,352</b>		
<b>Reconciliation of Liabilities</b>				
Segment Liabilities	84,521	156,571		
Corporate Liabilities	163,433	190,565		
Total Liabilities as per Balance Sheet	247,954	347,136		
Total Capital Employed	404,839	306,216		

# DISA INDIA LIMITED

## SCHEDULE 17

### RELATED PARTY DISCLOSURES

Rs'000

NAME OF THE RELATED PARTY	DISA INDUSTRIES AG	DISA INDUSTRIES A/S DENMARK	DISA K.K. JAPAN	DISA HOLDING AS, Denmark	DISA INDUSTRIES SRO	DISA (CHANGZHOU) M/CRY LTD	DISA HONGKONG	DISA TECHNOLOGIES PVT LTD, INDIA	TOTAL
1. Nature of Relationship - (where control exists whether or not there are transactions with related party)	Disa Holding AG, Switzerland holds 54.22% and Disa Holding A/S Denmark holds 20.05% of the paid up equity share capital of the Company. Disa Holding AG, Switzerland is a fully owned subsidiary of Disa Holding A/S, Denmark								
2. Nature & Volume of transactions									
(a) Technical Know how fees									4,170
(b) Royalty	323	3,847							4,170
(c) Engineerign & Design Services								452	452
(i) Group Service fees				5,467					5,467
(ii) Group IT Fees				20,324					20,324
(d) Import of Materials		698			670	1,240			2,607
(e) Deputation charges									
f) Reimbursement of Expenses	973	98					66		1,138
<b>TOTAL</b>	<b>1,296</b>	<b>4,643</b>		<b>25,791</b>	<b>670</b>	<b>1,240</b>	<b>66</b>	<b>452</b>	<b>34,157</b>
(g) Service Income								3,600	3,600
(h) Export of Materials	12,567	17,405	567			106			30,646
(i) Deputation charges						84			84
(j) Commission Income		6,428							6,428
<b>TOTAL</b>	<b>12,567</b>	<b>23,833</b>	<b>567</b>			<b>190</b>		<b>3,600</b>	<b>40,758</b>
3 (a) Amount of debts from related parties as at Balance Sheet date.	10,737	6,297	40			97			
(b) Amount of debts due to related parties as at Balance Sheet date.		54		4,961	157	79			
(c) Provision for Doubtful debts in respect of such transactions.									
(d) Amounts written-off or written back in respect of debts due from such related parties									

For details of Commission paid to directors, please refer to Notes to Accounts -Schedule 16 (IX) & Remuneration to Key Management personnel -Managing Director , please refer to Notes to Accounts - Schedule 16 ( VIII{b} ).

**SCHEDULE 18****SIGNIFICANT ACCOUNTING POLICIES FINANCIAL YEAR 2009**

1. The financial statements have been prepared and presented under the historical cost convention and in accordance with the provision of Companies Act, 1956 and accounting Standards contained in the Companies (Accounting Standards) Rules, 2006.

**2. FIXED ASSETS:**

Fixed Assets comprising those acquired at the time of setting up of initial operations are at cost to the Company inclusive of direct and appropriate allocated expenses upto the date of commercial production. All subsequent acquisitions are capitalized at actual acquisition cost.

**3. DEPRECIATION:**

Effective from 1995-96 the company adopted DISA group Depreciation policies and rates as per straight-line method. Consequently the assets acquired during the period 1995-96 to 2001-02 not exceeding CHF 5000, (currently equivalent to about Rs.2,25,000/-) were depreciated fully at the time of acquisition.

Effective from 01.04.2002 the Company has changed its Accounting policy to charge off individual assets costing less than Rs. 10,000 to revenue at the time of acquisition. The depreciation rates adopted for other assets are not less than the rates specified in Schedule XIV of the Companies Act, 1956.

Depreciation rates adopted is 3.34% p.a in respect of Buildings, 15% p.a in respect of Plant & Machinery, Patterns, tools, jigs and Fixtures, Office Equipment, Furniture & Fittings, 20 % in respect of vehicles and 25% in respect of Computers. Software is expensed out at the time of purchase.

**4. INVENTORIES:**

Raw materials, Components and Work-in-Progress are valued at lower of cost and net realizable value. Cost is generally ascertained on Weighted average basis. Scrap generated is not valued as it is not of significant value. Scrap is brought into books only when identified and sold.

**5. REVENUE RECOGNITION:**

Revenue is recognized on accrual basis except for interest collected on overdues from customers which is accounted on receipt basis.

**6. FOREIGN CURRENCY TRANSACTIONS:**

Transactions in foreign Currencies are recognized at exchange rate prevailing on the date of the transaction. All monetary Assets and liabilities denominated in

foreign currency as at the Balance Sheet date are translated at the year end exchange rates.

The company uses forward exchange contract to hedge its exposure to movements in foreign exchange rates. The premium or discount arising at the inception of such a forward exchange contract are amortised as expense or income over the life of the contract. Exchange differences on such a contract are recognized in the profit and loss statement in the reporting period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such a forward exchange contract is recognized as income or expense of the period.

**7. Impairment of assets**

At each Balance sheet date, the Company assesses whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount. If the carrying amount of the asset exceeds its recoverable amount an impairment loss is recognized in the Profit and Loss Account to the extent carrying amount exceeds the recoverable amount.

**8. Accounting for Government grants**

Government grants received are credited directly to Capital reserves under the Capital approach.

**9. Employee Benefits****(a) Short Term Employee Benefits**

All employee benefits falling due wholly within twelve months of rendering the service are classified as short term employee benefits. The benefits like salaries, wages, bonus etc. are recognised in the period in which the employee renders the related service.

**(b) Post – Employment Benefits**

i. **Defined Contribution Plans:** The Company's Provident Fund Scheme, Super Annuation Fund and Employees' State Insurance are defined contribution plans. The contribution paid/payable under the schemes is recognised during the period in which the employee renders the related service.

ii. **Defined Benefit Plans:** The Company has taken a Group Gratuity Policy with LIC of India and also compensates the unutilized leave of its employees by way of leave encashment. These constitute the Defined Benefit Plans of the company.

The Present Value of the Obligation under such defined benefit plans is determined based on the actuarial valuation using the Projected Unit Credit Method. The Objective of this method is to spread the cost of each employee's benefits over the period that the employee works for the company. The allocation of cost of benefits to each year of service is achieved indirectly by allocating projected benefits to years of service. The cost allocated to each year of service is then the value of the projected benefit allocated to that year.

The discount rates used for determining the present value of the obligation under defined benefit plans, is based on the market yields on Government securities as at the balance sheet date, having maturity periods approximating to the terms of related obligations.

Actuarial gains and losses are recognised immediately in the Profit & Loss Account.

In case of funded plans, the fair value of the plan assets is reduced from the gross obligation under the defined benefit plans to recognise the obligation on the net basis.

### **10. Provision for Current Tax and Deferred Income Tax**

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961.

Deferred Tax resulting from timing difference between book and taxable profit is accounted for using the tax rates and laws that are enacted or substantially enacted as on the balance sheet date. The deferred tax asset is recognized and carried forward only to the extent there is a reasonable certainty that the asset will be realized in future.

### **11. Provisions, Contingent Liabilities and Contingent Assets:**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

### **12. Intangible assets**

Software which are not integral part of the hardware are classified as Intangibles and are expensed out at the time of purchase.

### **13. Borrowing costs**

Borrowing costs that are attributable to the acquisition and or construction of qualifying assets are capitalized as part of the cost of such assets, in accordance with Accounting Standard – AS 16. A qualifying asset is one that necessarily takes a substantial period of time to be ready for its intended use.



**CASH FLOW STATEMENT FOR THE YEAR 2009**

(Rs.'000s)

	Year ended 31.12.09	Year ended 31.12.08
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Net profit before Tax and extraordinary items	152,848	183,192
Adjustments for :		
Depreciation	19,941	16,970
Interest paid	2,416	5,595
(Profit) / Loss on sale of assets	(205)	(1,713)
Interest received	(18,170)	3,982
		(24,612)
<b>Operating Profit before working capital changes</b>	<b>156,830</b>	<b>179,432</b>
Adjustments for :		
Increase /(Decrease) in Bank Overdraft	(30,291)	7,888
Increase /(Decrease) in trade advances from customers	(5,024)	(34,385)
Decrease in Sales Tax Deferment	(4,693)	(4,693)
Increase /(Decrease) in trade and other payables	(57,990)	49,942
(Increase)/ Decrease in trade and other receivables	(4,691)	40,402
(Increase)/ Decrease in inventories	102,539	(72,477)
<b>Net changes in Working Capital</b>	<b>(150)</b>	<b>(13,323)</b>
<b>Cash generated from operations</b>	<b>156,680</b>	<b>166,109</b>
Interest on Working capital	(2,416)	(5,342)
Tax paid ( net of refunds )	(44,826)	(85,300)
FBT Paid	(390)	(2,210)
	(47,632)	
<b>Cash flow before extra-ordinary items</b>	<b>109,048</b>	<b>(92,852)</b>
Extraordinary items	-	73,257
Net cash from operating activities	109,048	73,257
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchase of fixed assets	(6,192)	(57,042)
Sale of fixed assets	205	2,025
Interest received	20,778	37,816
Net cash from investing activities	14,791	(17,201)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Redemption of Bonus debentures	(443)	(6,112)
Interest on Bonus Debentures		(348)
Dividends paid including Dividend Tax	(558)	(349,332)
Net cash used in financing activities	(1,001)	(355,792)
<b>D. NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>122,838</b>	<b>(299,736)</b>
Cash and Cash Equivalents as at 31.12.08	206,945	506,681
Cash and Cash Equivalents as at 31.12.09	329,783	206,945
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>122,838</b>	<b>(299,736)</b>

- Note: 1. The cash balance includes bank deposits of short-term nature expected to be used for working capital requirement / investment in capital assets in the next year.
2. Figures in brackets indicate cash outflow.
3. Closing balance of cash and cash equivalents includes restricted cash in the form of unencashed dividends & unencashed debentures -10,402.81 t INR ( 2008- 11,403.50 t INR )
4. Above Cash Flow Statement has been prepared under indirect method in accordance with Accounting Standard (AS)- 3 issued under the Accounting Standards Rules , 2006

This is the Cash Flow Statement referred to in our report of even date

For and on behalf of  
M.K. DANDEKER & CO.,  
Chartered Accountants

K. J. Dandeker  
Partner  
Membership No. 18533

Place : Bangalore  
Date : 26.02.2010

For and on behalf of  
DISA INDIA LIMITED

Viraj Naidu  
Managing Director

Sanjay Arte  
Director

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

**I Registration Details**

Registration No.  State code   
 Balance Sheet Date   
 Date Month Year

**II Capital Raised during the year (Amount in Rs.Thousands)**

Public Issue   
 Rights Issue   
 Bonus Issue   
 Private Placement

**III Position of Mobilisation and Deployment of Funds (Amount in Rs.Thousands)**

Total Liabilities  Total Assets   
**Source of Funds :**  
 Paid-up Capital  Reserves & Surplus   
 Secured Loans  Unsecured Loans   
**Application of Funds :**  
 Net Fixed Assets  Investments   
 Net Current Assets  Misc.Expenditure   
 Accumulated Losses

**IV Performance of Company (Amount in Rs.Thousands)**

Turnover  Total Expenditure   
 +/- Profit/Loss before Tax  +/- Profit/Loss after Tax

(Please tick appropriate box+ for Profit - for Loss)

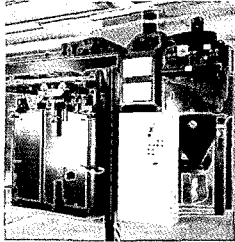
Earning per share in Rs.  Dividend %

**V. Generic Names of Three Principal Products/ Services of Company (as per monetary terms)**

Item Code No. (ITC Code)   
 Production Description   
 Item Code No. (ITC Code)   
 Production Description   
 Item Code No. (ITC Code)   
 Production Description

INDIAN FOUNDRY EXHIBITION - FEBRUARY 2010, AHMEDABAD





### **DISA India**

Founded in 1984, DISA India is a major supplier of equipment for Foundry, Shot Blast & Air Filtration applications to Indian and world market.

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[www.noricangroup.com](http://www.noricangroup.com)

***DISA***  
shaping industry

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