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**DISA**

NOW AN ISO 14001 COMPANY

17TH ANNUAL REPORT  
2001 - 2002  
DISA INDIA LIMITED

**BOARD OF DIRECTORS**

V.A. DATAR

Chairman

H. BRÜNGGER

JAN JOHANSEN

B.P. VAIDYA

F.A.A. JASDANWALLA

V.M. BHAT

TOMAS DYRBYE

C.K. NEELAKANTARAJ upto 16-04-02

KSIIDC Nominee

R.N. CHAWHAN w.e.f. 16-05-02

KSIIDC Nominee

VILAS KARNIK

Vice-Chairman &amp; Managing Director

**BANKERS**

CANARA BANK

THE VYSYA BANK LIMITED

STATE BANK OF INDIA

BANK OF MAHARASHTRA

THE BANK OF NOVA SCOTIA

**REGISTRARS**

Alpha Systems Pvt. Ltd.

30, Ramana Residency,

Ground Floor,

IV Cross, Sampige Road,

Malleswaram,

Bangalore - 560 003.

**REGISTERED OFFICE**

Basappa Complex,

40/1A, Lavelle Road,

Bangalore - 560 001

Telephone : 080 - 2214701

**Branches Telephone**

PUNE :020 - 6132503

DELHI : 011 - 6411123

KOLKATA :033 - 2805570

COIMBATORE :0422 - 216065

**STOCK EXCHANGES**

The Bangalore Stock Exchange Ltd.

51, Stock Exchange Towers

1 Cross, JC Road,

BANGALORE - 560 027

National Securities Depository Limited

Trade World, 4th Floor, Kamala Mills Compound

Senapati Bapat Marg, Lower Parel

MUMBAI - 400 013

The Stock Exchange, Mumbai

Phiroze Jeejeebhoy Towers

Dalal Street

MUMBAI - 400 001

Central Depository Services (India) Limited

Phiroze Jeejeebhoy Towers

28th Floor, Dalal Street

MUMBAI - 400 023

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**AUDITORS**

Dandeker Associates,

Chennai

**SOLICITORS**

Chander Kumar &amp; Associates

Bangalore

**WORKS**

Foundry Machinery Division,

28-32, Satyamangala Indl. Area,

Tumkur - 572 104.

Clean Air Division,

50, KIADB Industrial Area,

Hosakote - 562 114.

## DISA INDIA LIMITED

### NOTICE

NOTICE is hereby given that the Seventeenth Annual General Meeting of DISA INDIA LIMITED, will be held at 10.30 hrs on Friday, the 30th August, 2002 at Hotel Rama, Lavelle Road, Bangalore-560 001, to transact the following business:

#### ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2002 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 declare dividend.
3. To elect a Director in place of Mr.V.A.Datar, who retires by rotation, and being eligible, offers himself for re-election.
4. To elect a Director in place of Mr. Jan Johansen, who retires by rotation and being eligible, offers himself for re-election.
5. 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. The retiring Auditors, Messrs.Dandekar Associates, Chartered Accountants, Chennai have offered their services and are eligible for re-appointment.

#### SPECIAL BUSINESS:

6. To consider, and if thought fit to pass, with or without modification(s), the following Resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 268, 309, 310, 311 of, and Schedule XIII to, and other applicable provisions, if any, of the Companies Act, 1956, the terms of appointment of, and remuneration payable to, Mr. Vilas Karnik, Vice Chairman & Managing Director as approved by the shareholders at the 13th Annual General Meeting held on 3rd September 1998 be and the same are hereby modified so as to authorise the Board of Directors to pay remuneration in terms of the revised amendments in Schedule XIII to the Companies Act, 1956.

RESOLVED FURTHER THAT the Board of Directors be authorised to fix such remuneration limit as they may deem fit for the residual part of tenure of Mr. Vilas Karnik and further that the Board be empowered to do such acts and deeds as may be necessary in this regard."

7. To consider, and if thought fit to pass, with or without modification(s), the following Resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956 and Article 129(2)(ii) of the Articles of Association, the Company do hereby approve the payment to the non-whole-time Directors of the Company, a Commission to be divided in such proportion as the Directors may think fit at a rate not exceeding 1% of the net profits of the Company (or such other limits as may be prescribed by the concerned authorities of the Government of India) to be computed in the manner laid down in Section 198 of the Companies Act, 1956, commencing from the financial year 2002-2003."

#### NOTES :

1. An explanatory statement pursuant to Section 173 of the Companies Act, 1956, pertaining to special business contained in the Notice is annexed.
2. 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 a 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.
3. The Register of Members and the Share Transfer books of the Company will remain closed from 19th August, 2002 to 30th August, 2002 (both days inclusive).

The shares of the Company are now traded compulsorily in dematerialized form as per the directions of the Stock Exchanges. 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.

By order of Board of Directors

Place: Bangalore  
Date : 16th May 2002

S. R. RAVI  
Company Secretary & DGM - Accounts.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956****ITEM NO.6**

The members may recall that the terms of appointment of Mr.Vilas Karnik, as Managing Director were approved at the Annual General Meeting held on 3rd September 1998. Further, at the last Annual General meeting held on 21st August 2001, the Board of Directors was authorised to further vary the terms including payment of remuneration in excess of the limits prescribed under the Companies Act, 1956.

The Department of Company Affairs has amended the provisions in Schedule XIII effective 16th January 2002, which now stipulate certain new conditions. In compliance thereof, your Board has approved the increase in remuneration of Mr.Vilas Karnik after recommendation by the Remuneration Committee.

Your Company has not made any default in repayment of any of its debts in the past year.

Following statement may be construed as compliance with the requirements of Schedule XIII as amended to date:

**GENERAL INFORMATION****1. Nature of the Industry**

The Company is in the manufacturing and engineering industry. Its products are heavy machinery – designed and engineered to fulfill Customer needs. The underlying technology has been acquired from within the Disa Group. This places the Company in a unique position because, in addition to serving the Indian customers the Company can also service other Companies in the Group and also its world customers.

The repeat orders from most of its major and prestigious customers like Brakes India Limited, Burn Standard Company Limited, Braithwaite Co. Ltd., BHEL, Rico Castings, - to name a few –is ample evidence of the goodwill the Company enjoys in the industry. The Company also has significant overseas business and therefore foreign currency earnings. Disa India is the first choice of many of these customers whenever they need any new equipment.

**2. Date of commercial production**

The Company commenced commercial production in November 1986.

**3. Financial performance**

The Company is in excellent financial position as of

today. Effective capital of the Company stood at Rs. 244.671 million as at 31st March 2002. The Company has always been prudent with its cash management and has a comfortable cash surplus, which assures its future growth and continued better performance. Excellent management of funds has been another reason for sustained growth.

Rs. in million

	31-03-2000	31-03-2001	31-03-2002
Revenue	154.021	213.978	220.048
Profit after tax	10.052	20.768	21.108

**4. Export performance and net foreign exchange**

Consistently the Company has been having export earnings. For the year ended 31-03-2002, the foreign currency earnings stood at Rs. 31.287 million and the net foreign exchange earnings was Rs. 9.689 million.

**5. Foreign investments and collaboration**

The Company belongs to DISA group. The parent Company already has about 55% stake in the Company and has proposed to increase its stake for which requisite approval from Foreign Investment Promotion Board, Government of India has been already received. The parent Company is also represented on the Board by three foreign nationals who have in depth knowledge and experience in the same line of business. Also, the said Directors actively participate in the proceedings of the Management Committee, which meets at regular intervals and reviews the operations of the Company. This proves the deep commitment of the foreign collaborators to their Indian subsidiary.

The foreign collaborators provide regular technology upgrades from time to time and therefore the Company always derives the latest of the best know-how.

**II. INFORMATION ABOUT THE MANAGING DIRECTOR**

Mr.Vilas Karnik is a qualified engineer with B.Tech Honors from IIT Mumbai. He worked with leading Company like Vulcan Laval Ltd., as Product Manager and gained substantial experience. Thereafter, he joined the Company as Vice President and was in due course elevated to the Office of Managing Director on account of his merit and proven ability. He has been at the helm of affairs on the day-to-day

## DISA INDIA LIMITED

operations of the Company for over twelve years. He is the only whole time Director of the Company. It is also significant to note that Mr. Vilas Karnik was further elevated to the office of Vice Chairman of the Company and in the absence of Chairman, it is he who chairs the proceedings of the Board/Shareholders. The confidence reposed in Mr. Karnik by the Board and the Foreign Holding company is thus corroborated.

He has been associated with this Company since its inception in India and has brought it up to a state where it now enjoys a dominant market share in the Foundry Industry. Under his leadership, the Company has grown rapidly and has earned a reputation for fair dealing, high quality, reliable and responsible service to customers. He has developed technical & human resources of the Company and brought in a Company culture, which is professional, enthusiastic and innovative.

The remuneration paid to the Managing Director in the last two years is as under:

Rs.	
31-03-2000	31-03-2001
1,684,811	1,868,550

This level of remuneration is not out of line with similarly placed Companies in India, in terms of size, business profile and nature of industry, professional qualification and experience of the incumbent.

The Managing Director and his wife together hold 2696 fully paid equity shares of Rs.10/- each.

### III. OTHER INFORMATION

The Company has been consistently earning good profits and has continuously achieved enhanced profitability levels. Continuous efforts to improve the performance and increase the productivity will achieve higher profits in years to come.

### IV. DISCLOSURES

The remuneration package of the Managing Director will be within the limits of the revised Schedule XIII and for the year ended 31-03-2002 is as below :

SALARY + HRA	Rs. 1,272,290
PERQUISITES	Rs. 522,035
PERFORMANCE BONUS (in lieu of Commission)	Rs. 332,000
OTHERS – SPECIFY	Rs. Nil
TOTAL COST TO COMPANY	Rs. 2,126,325
TOTAL REMUNERATION (S.198) excl. PF &SA	Rs. 1,899,525
TOTAL REMUNERATION AS % OF NET PROFIT (as calculated under s.198)	5.15%
DATE FROM WHICH PAID	01.04.2001

Except Mr. Vilas Karnik, no other Director is interested/ concerned in the above resolution.

The above statement may be treated as an abstract of the terms under Section 302 of the Companies Act, 1956.

#### Item No.7

Members had at the Annual General Meeting held on 3rd September 1998 passed a Resolution for payment of commission to non whole-time Directors at a rate not exceeding 1% of the net profits of the Company. Pursuant to the provisions of Section 309 of the Companies Act, 1956, for continuance of such payment, the said Resolution passed earlier requires renewal for a further period of 5 years commencing from the financial year 2002-2003. Accordingly approval of the shareholders is sought for the Special Resolution set out at Item No. 7 of the Notice.

Except Mr. Vilas Karnik, all other Directors may be deemed to be interested in the Resolution.

By order of Board of Directors

Place : Bangalore

S. R. RAVI

Date : 16th May 2002

Company Secretary & DGM - Accounts.

**DIRECTORS' REPORT**

The Board of Directors take pleasure in presenting the Seventeenth Annual Report and Audited statement of Accounts for the year ended 31st March 2002, together with the Auditors' Report.

**FINANCIAL RESULTS**

(Rs.in '000)

Description	2001-2002	2000-2001
Sales & Service	198,063	195,552
Profit before depreciation, tax & financial charges	51,842	49,895
Less: Depreciation	15,838	16,640
Less: Interest	3,133	2,072
Less: Provision for taxation (net of deferred tax)	11,763	10,416
PROFIT AFTER TAXATION	21,108	20,768
Less: Extraordinary items	10,457	0
Less: Prior period tax liability under appeal	0	5,263
PROFIT AFTER PRIOR PERIOD ADJUSTMENTS	10,651	15,505
Add: Profit & Loss account Balance b/fd	9,430	7,919
Less: Deferred Tax liability as at 01.04.01	(3,342)	0
Add: Investment Allowance written back	3,700	0
PROFIT AVAILABLE FOR APPROPRIATION	20,439	23,424
APPROPRIATION:		
Dividend proposed & Tax thereon	3,624	3,994
General Reserve	10,000	10,000
Balance in Profit & Loss Account	6,815	9,430

**DIVIDEND**

Your Board is pleased to recommend a dividend of 24%.

**PERFORMANCE OF THE COMPANY**

During the year under review, your Company achieved a turnover of Rs. 198.06 Million (previous year Rs. 195.55 Million). The Profit after Tax for the year under review is Rs. 21.108 Million compared to Rs. 20.77 Million in the previous year. Despite the market situation, your Board is pleased to report an order book position of Rs. 52.739 Million as at 31.03.2002.

Your Directors have taken note of the general industrial scenario and have initiated suitable measures to control costs.

The Company has successfully implemented an integrated ERP software provided by NAVISION Corporation A/S, Denmark.

The Company's Corporate Office at 98 & 99, EPIP, Whitefield, Bangalore-560 066 will be ready for occupation during the year. The land admeasuring 8,121 sq. mtrs. was allotted by Karnataka Industrial Areas Development Board.

**CORPORATE GOVERNANCE**

Your Company has been voluntarily complying with majority of the requirements of Corporate Governance Code. The Company has Share Transfer Committee, Management Committee, Remuneration Committee consisting of Directors and Working Committee comprising of Senior Executives. Your Company is a part of DISA group and in terms of reporting, has been making full disclosures.

A reputed firm of independent Chartered Accountants act as Internal Auditors and have been periodically reporting their findings on systems, procedures and management practices.

In terms of the requirements of the amendments to Schedule XIII to the Companies Act 1956, following additional disclosures are made :

1. The Company has only one whole-time Director, namely Mr.Vilas Karnik, Vice Chairman & Managing Director and other Directors are non-whole time.

Details of the remuneration paid to the Directors during the year ended 31-03-2002 are furnished below:

Rs.

Directors	Salary	Perquisites	Commission	Sitting fee	Total
V.A.Datar	Nil	Nil	94,857	25,000	119,857
Vilas Karnik*	1,604,290	522,035	Nil	Nil	2,126,325
Hermann Brungger	Nil	Nil	31,619	15,000	46,619
Jan Johansen	Nil	Nil	31,619	20,000	51,619
Tomas Dyrbye	Nil	Nil	15,810	15,000	30,810
V.M.Bhat	Nil	Nil	31,619	20,000	51,619
C.K.Neelakantaraj	Nil	Nil	31,619	15,000	46,619
B.P.Vaidya \$	Nil	Nil	63,238	30,000	93,238
F.A.A.Jasdanwalla	Nil	Nil	31,619	25,000	56,619

\* Perquisites include House Rent Allowance, LTA, PF, Superannuation and other benefits as approved.

\$ Does not include Professional Fees paid during the year - Rs. 323,238.



## DISA INDIA LIMITED

2. The details of fixed remuneration and performance linked incentive for Vice Chairman & Managing Director are as under:

Rs.	
Fixed Component	Performance linked
1,272,000	332,290

The performance criteria are reviewed by the Board continuously.

3. The Managing Director was appointed for a period of five years w.e.f. 01.10.1998.
4. The Company has no stock option plans as of date.

### 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 finalised 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 an income of Rs. 31.287 Million in foreign exchange and spent Rs. 21.598 Million in foreign exchange during the year under review.

### INDUSTRIAL RELATIONS:

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

Your management after deliberations with the workmen has signed a wage agreement for three years.

### PERSONNEL:

None of the employees draw remuneration in excess of Rs. 24,00,000 per annum or Rs. 2,00,000 per month. Hence furnishing of particulars of employees as required under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules 1975, as amended to date, does not arise.

### DIRECTORS:

In terms of the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr.V.A.Datar and Mr.Jan Johansen retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment. Your Directors recommend their reappointment.

### AUDITORS :

The Auditors Messrs. Dandekar Associates, Chennai, retire at the ensuing Annual General Meeting and are eligible for re-appointment.

### ACKNOWLEDGEMENT :

The Directors recognize the valuable contribution made by employees at all levels and place on record their sense of appreciation.

The Directors take this opportunity to acknowledge the active support and encouragement received from Government of Karnataka, KSIIDC, Company's Bankers, Customers, Principals and Business Associates.

Your Company's progress from year to year is in a large measure due to the continued understanding and support extended by all the shareholders. The Directors gratefully acknowledge the support and trust that it will continue in the future also.

For and on behalf of the Board of Directors

Place : Bangalore  
Date : 16th May 2002

V.A. DATAR  
Chairman