



20th Annual Report 2004

**DISA INDIA LIMITED**



SAND MIXER MODEL SAM-16-180  
AT BRAKES INDIA LIMITED, SHOLINGUR.

**BOARD OF DIRECTORS**

V.A. DATAR  
 H. BRÜNGGER  
 JAN JOHANSEN  
 V.M. BHAT  
 HANS OLE MADSEN  
 PRADEEP MALLICK  
 LARS CHRISTENSEN w.e.f. 03.03.05  
 R.N. CHAWHAN  
 VILAS KARNIK

Chairman

KSIIDC Nominee

Vice-Chairman &amp; Managing Director

**BANKERS**

CANARA BANK  
 THE ING VYSYA BANK LIMITED  
 STATE BANK OF INDIA  
 BANK OF MAHARASHTRA  
 THE BANK OF NOVA SCOTIA  
 HDFC BANK LTD.

**REGISTRARS**

Alpha Systems Pvt. Ltd.  
 30, Ramana Residency,  
 Ground Floor,  
 IV Cross, Sampige Road,  
 Malleswaram,  
 Bangalore - 560 003.

**REGISTERED OFFICE**

Plot No. 98 & 99,  
 Export Promotion Industrial Park,  
 Whitefield, Bangalore - 560 066

**Branches Telephone**

PUNE : 020 - 26132503 DELHI : 011 - 26411123

KOLKATTA : 033 - 22805570

**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

**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.

**DISA INDIA LIMITED****NOTICE**

**NOTICE** is hereby given that the **Twentieth Annual General meeting** of DISA INDIA LIMITED, will be held at **11.00 hrs on Tuesday, the 21st June 2005 at the Registered Office of the Company situated at Plot No. 98 & 99, Export Promotion Industrial park, Whitefield, Bangalore – 560 066** to transact the following business:

**ORDINARY BUSINESS :**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st December 2004 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.
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.

**SPECIAL BUSINESS:**

5. To consider, and if thought fit to pass, with or without modification(s), the following as an ordinary Resolution:

"RESOLVED THAT Mr. Lars Christensen who was appointed as Additional Director by the Board on 3rd March 2005, be and is hereby appointed as Director."

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

"RESOLVED THAT subject to the provisions of the Companies Act, 1956, Securities Contracts (Regulation) Act, 1956 and the rules framed thereunder, Listing Agreements, and all other applicable Laws, Rules, Regulations and Guidelines and subject to such approvals, permissions and sanctions, as may be necessary and subject to such conditions and modification(s) as may be prescribed or imposed by any authority while granting such approvals, permissions and

sanctions, which the Board of Directors of the Company{hereinafter referred to as " the Board" which term shall be deemed to include any Committee thereof for the time being exercising the powers conferred on the Board by this resolution}, be and is hereby authorized to accept, the consent of the Company be and is hereby accorded to the Board to de-list the Equity Shares of the Company from the Stock Exchange at Bangalore".

**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 16th June 2005 to 21st June 2005 (both days inclusive). Dividend, if approved at the meeting, will be payable on or after 21st June 2005.

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.
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 (IEPF) set up by the Central Government. The Company accordingly complied with this requirement. Those

who have not encashed the dividend for 1997-98 are requested to make their claim immediately as otherwise, as per law, the Company will transfer this amount to IEPF.

By order of the Board,

Vilas Karnik

Vice-Chairman &

Managing Director

Place : Bangalore  
Date : 03-03-2005

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

#### **Item No. 5**

Your Directors have appointed Mr.Lars Christensen as Additional Director at their Board Meeting held on 3rd March 2005.

Mr.Lars Christensen is the Executive Vice President of DISA A/s and has in depth knowledge and experience in the business segment to which your Company belongs. Mr. Christensen holds office until the conclusion of 20th Annual General Meeting. A notice has been received from a member under Section 257 of the Companies Act, 1956 proposing the candidature of Mr.Lars Christensen for appointment as Director.

Except Mr.Lars Christensen, no other Director is interested/ concerned in the above resolution.

#### **Item No. 6**

Your Company's Shares are listed on the following Stock Exchanges:

1. Bangalore Stock Exchange Limited
2. The Stock Exchange, Mumbai

The Listing Regulatory Authorities have introduced new

Guidelines namely the SEBI (Delisting of Securities) Guidelines, 2003 which came in to being some time ago and which have simplified the procedural requirements for Delisting.

Approval of the Members is being sought by way of a Special Resolution to enable the Board to de list the Company's Equity Shares, from the Stock Exchange at Bangalore.

Your Company pays Listing Fees annually to both the Stock Exchanges. Delisting would save your Company such amount and other operational costs and duplication of paperwork for compliance with the listing Regulations of the Stock Exchange at Bangalore. Also hardly any transactions of your Company's shares are reported from Bangalore Exchange. Your Company's Shares will continue to be listed on the Mumbai Stock Exchange which is a premier Exchange.

The de listing will take effect after all approvals, permissions and sanctions are received.

The proposed de- listing of the Company's Shares from the aforementioned Stock Exchange shall not cause any hardships to the investors, since, trading on your Company's Shares on the BSE can now be done from anywhere in India.

None of the Directors is interested or concerned in the resolution except as Shareholders.

Your Directors recommend the resolution for your approval.

By the order of Board of Directors

Vilas Karnik

Vice-Chairman &  
Managing Director

Place: Bangalore  
Date : 03-03-2005

**DISA INDIA LIMITED****DIRECTORS' REPORT**

The Board of Directors are pleased to present the 20th Annual Report and Audited statement of Accounts for the year ended 31st December 2004 together with the Auditors' Report.

**FINANCIAL RESULTS**

(Rs.in '000)

Description	2004 (12 months)	2003 (9 months)
Sales & Service	338,411	134,166
Profit before depreciation, tax & financial charges	80,234	26,622
Less: Depreciation	10,411	8,350
Less: Interest	919	859
Less: Provision for taxation (net of deferred tax)	23,680	6,276
<b>PROFIT AFTER TAXATION</b>	<b>45,224</b>	<b>11,137</b>
Add: Profit & Loss account Balance brought forward	3,786	5,715
<b>PROFIT AVAILABLE FOR APPROPRIATION</b>	<b>49,010</b>	<b>16,852</b>
<b>APPROPRIATION:</b>		
Proposed Dividend & Tax thereon	5,123	3,067
Transfer to General Reserve	35,000	10,000
Balance in Profit & Loss Account carried forward	8,887	3,786

It may be recalled that the Company changed its Accounting year to close on 31st December since last year. Hence the financials for 2004 are not comparable with those of the last year which was of nine months ending December 2003.

**DIVIDEND**

Your Board is pleased to recommend a Dividend of 30%.

**PERFORMANCE OF THE COMPANY**

During the period under review, your Company achieved a turnover of Rs.338.4 million compared to Rs. 134.2million in the previous year. [Rs.178.9 M. – prorata annualized].

The Profit after Tax for the year under review is Rs. 45.2 million compared to Rs. 11.1 million in the previous year [Rs.14.8 million – annualized]

Your Board is happy to report significant improvement in the revenue and profitability during the year under review. Overseas business also yielded profitable opportunities.

With the Auto industry going at a rapid pace, the prospects for 2005 are promising. Barring unforeseen circumstances, your Company will achieve better results in 2005.

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

Industry in general and the Capital goods industry in particular are doing well domestically. This is a reflection of the general upswing in the economy and more specifically the growth in manufacturing sector.

At the same time, it is important to sustain and increase exports of the Company's products. Together with the Group Management, your Management also is fully focused on this aspect. For example, joint development of certain high end technology products for moulding will lead to improved reach both in terms of range and technology. And help meet competition in India and abroad. The Company enjoys premier status for its products and holds a significant market share in the served market.

The outlook for the future appears to be encouraging. The Management is aware of earning and maintaining highest levels of customer satisfaction at all times, and to this end, your Company will continue to invest in increasing production capabilities, quality and service levels.

The Company has in place necessary internal controls to serve as an early warning system as part of its Management Information System. The internal controls are periodically strengthened by regular audits carried out by the internal and external auditors. An Audit Committee of Independent Directors has been functioning for some time now. Through its regular meetings, it makes valuable suggestions for system improvements and monitors implementation.

**CORPORATE GOVERNANCE :**

Your Board has always believed in Good Governance

and has put in place several Corporate Governance provisions long before they are mandated for this Company. A separate note on Corporate Governance is included in this Report. A reputed firm of independent Chartered Accountants is appointed as the Company's Internal Auditors. They appraise the systems, procedures and management practices and submit periodical reports for action.

#### **DELISTING FROM BANGALORE STOCK EXCHANGE:**

Members are aware that there has been no trading at all for the last 4-5 years on the Bangalore Stock Exchange where your Company's shares continue to be listed. In view of the gateway provided by SEBI by way of Voluntary Delisting and since the Shares are listed on the premier Exchange at Mumbai, it is proposed to delist the Shares from Bangalore Stock Exchange subject to your approval and the prescribed procedure. No investor will be put to hardship due to the proposed delisting.

#### **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 Rs.79.1 million in foreign exchange and spent Rs.64.8 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.

#### **PERSONNEL:**

Since no employee drew remuneration in excess of Rs.2 Lakhs per month or Rs.24 lakhs per annum, the question of furnishing particulars under Section 217(2A) of the Companies Act, 1956 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 retires by rotation at the forthcoming Annual General Meeting.

Mr. Lars Christensen was appointed as Additional Director by your Board of Directors on 3rd March 2005. In terms of Section 260 of the Companies Act, 1956, Mr. Lars Christensen holds office until the conclusion of the ensuing Annual General Meeting.

Notice has been received from a Member proposing Mr. Lars Christensen's name for the office of Director. Your Directors recommend the Resolution for appointment of Mr. Lars Christensen as Director, as set out at Item 5 of the Notice convening the Annual General Meeting.



## DISA INDIA LIMITED

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### 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, KSIIDC, Company's Bankers, Customers, Principals and Business Associates.

Your Directors also recognize and gratefully acknowledge the continued support extended by all the Shareholders and other stake holders. Your Directors firmly believe that their support and trust will continue in the future also.

For and on behalf of the Board of Directors

Place : Bangalore  
Date : 03-03-2005

V.A.DATAR  
Chairman





## 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 this Company. As a part of Disa 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:

#### Composition & Size of the Board

The Board comprises nine Directors including eight non-Executive Directors. The Directors have a mix of rich Corporate experience and indepth knowledge of the business.

Category	Names of Director	Number of Directors	Composition	Relationship with other Directors	No. of other Directorships	Membership of other Board Committees
Non-Executive & Independent						
	V.A.Datar (Chairman)	4	44%	None	2	2
	V.M.Bhat			None	Nil	Nil
	Pradeep Mallick			None	11	7
	R N Chawhan*			None	8	Nil
Non-Executive						
	Hermann Brungger	4	44%	None	8	Nil
	Jan Johansen			None	Nil	Nil
	Hans Ole Madsen			None	16	Nil
	Lars Christensen**			None	3	Nil
Executive Director						
	Vilas Karnik	1	12%	None	1	Nil
	<b>Total</b>	<b>9</b>	<b>100%</b>			

\*Nominee of Public Financial Institution

\*\* Mr.Lars Christensen was appointed as Additional Director at the Board Meeting held on 3rd March 2005.

#### No. of Board Meetings held during the year along with the dates of the Meetings

Four Board Meetings were held during the year. The dates on which the said meetings were held are as follows:

11th February 2004, 21st April 2004, 20th July 2004 and 20th October 2004.

Attendance of each Director at the Board Meetings and last Annual General Meeting (AGM) and the number of Companies and Committees where he is Director/Member:

**DISA INDIA LIMITED**

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
V.A.Datar	Chairman	3	Yes	2	2
V.M.Bhat	Director	4	Yes	Nil	Nil
Pradeep Mallick	Director	3	Yes	11	7
R N Chawhan	Director	4	Yes	8	Nil
Hermann Brungger	Director	2	Yes	Nil	Nil
Jan Johansen	Director	2	Yes	Nil	Nil
Hans Ole Madsen	Director	1	No	16	Nil
Lars Christensen*	Director	Nil	No	NA	Nil
Vilas Karnik	Vice Chairman & Managing Director	4	Yes	Nil	Nil

\* Mr.Lars Christensen was appointed as Additional Director at the Board Meeting held on 3rd March 2005.

**3. Audit Committee**

The Audit Committee is responsible for overview of 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 Audit Committee comprises of Mr. Pradeep Mallick, Chairman, Mr. V.A.Datar and Mr.V.M.Bhat all of whom are Independent Directors. The terms of Reference of this Committee include matters covered under Clause 49 of the Listing Agreement as also those under the Companies Act, 1956.

The Internal Auditors and Statutory Auditors attend the meetings by invitation.

**Meetings and the attendance during the year**

The Committee met three (3) times during the year. The attendance of each member of the Committee is stated below:

Name of Director	No. of Meetings attended
Pradeep Mallick	3
V.A.Datar	2
V.M.Bhat	3

**4. Remuneration Committee**

The Company has set up a Remuneration Committee firstly to determine and review the remuneration and bonus of the Executive/Managing Directors and secondly to review policy issues relating to remuneration and bonuses of Senior Managers.