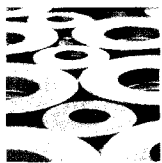
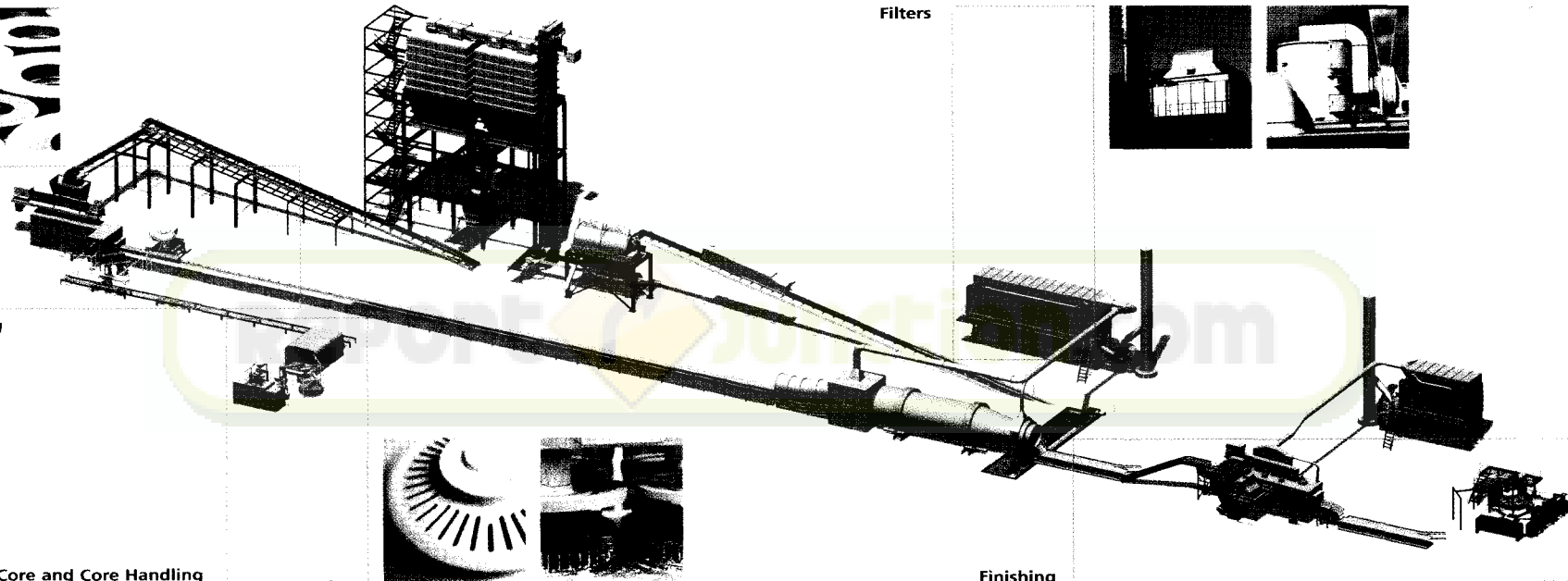


***DISA***

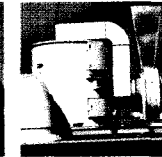
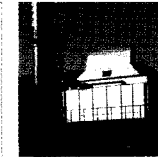
# THE COMPLETE FOUNDRY



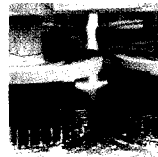
Moulding



Filters



Core and Core Handling



Finishing



**BOARD OF DIRECTORS**

KENT ARENTOFT  
 JAN JOHANSEN  
 V.M. BHAT - upto 2-11-06  
 PRADEEP MALLICK - upto 2-11-06  
 LARS CHRISTENSEN  
 DEEPA HINGORANI  
 SANJAY ARTE  
 DINAKAR A - upto 5-02-07  
 VIRAJ NAIDU - w.e.f. 6-02-07

Chairman

Managing Director  
 Whole-time 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**

4th Floor, Prestige Takt,  
 23, Kasturba Road Cross,  
 Bangalore - 560 001  
 Telephone: +91 80 22109381/82

**Branches Telephone**

PUNE : 020 - 26132503      DELHI : 011 - 26411123  
 KOLKATTA : 033 - 22805570

**STOCK EXCHANGES**

The Stock Exchange, 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. Dandekar & 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 Twenty Second Annual General meeting of DISA INDIA LIMITED will be held at 11.00 hrs on Wednesday, 18<sup>th</sup> April 2007 at Chancery Hotel, Lavelle Road, Bangalore – 560 001 to transact the following business:

## ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> December 2006 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.Lars Christensen, who retires by rotation and is eligible for reappointment.
4. To elect a Director in place of Ms.Deepa Hingorani, who retires by rotation and is eligible for reappointment.
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.

## SPECIAL BUSINESS

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

"RESOLVED THAT the Company do hereby grant its 'no objection' to DISA Holding A/S to invest in, directly or through any of its group entities and affiliates, and establish in India wholly owned subsidiaries or joint-ventures with other parties or to acquire any existing Indian company to undertake businesses in the same field as currently undertaken by the Company, except for the products which are currently being manufactured by the Company.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to provide a certified extract of this resolution to DISA Holding A/S, and such other declarations as may be required so as to enable DISA Holding A/S obtain the requisite approvals in relation to establishing its wholly owned subsidiaries or joint-ventures."

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

"RESOLVED THAT pursuant to, and in accordance with, the provisions of Sections 198, 269, 309, 310, 311, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, or any re-enactment or modifications thereof, approval of the members be and is hereby accorded to the variation in the terms of appointment including increase in remuneration payable to, Mr. Dinakar A as Managing Director of the Company with effect from 1.9.2006 up to 5.2.2007 with the following new terms and conditions:

- i. Basic Salary : Rs.1,62,500/- per month
- ii. **PERFORMANCE LINKED BONUS** : Eligible to receive a performance linked bonus every year. The standard DISA Bonus system will be applied. The system takes into account Group performance, Company performance and personal performance measured against agreed

objectives for the year. As constituted currently, the amount could reach a maximum of five months basic salary.

- iii. **HOUSE RENT ALLOWANCE** : Not exceeding 50% of basic salary. House rent allowance will be Rs.68,700/- per month.
- iv. **CONVEYANCE** : Chauffer driven car provided by the Company for the performance of duties. All expenses towards this facility will be borne by the Company.
- v. **TELEPHONE** : A residential telephone, Laptop Computer and one Internet Service connection will be provided by the Company at its cost to facilitate the performance of duties.
- vi. **SPECIAL ALLOWANCE** : General allowance to cover gas, electricity, water, routine furnishing and decoration, household insurance, minor maintenance and similar expenses at residence and expenses when using clubs in which the Company has corporate membership. Normally this allowance is not expected to exceed one month's basic salary in one year. However, as a special case, the special allowance will be Rs.15,000/- per month.
- vii. **MEDICAL EXPENSES** : Medical expenses incurred in respect of self, spouse and two dependent unmarried children less than 21 years of age will be to the extent that they do not receive such assistance from any other source. Premium for accident and mediclaim cover, taken by the Company is also included in this benefit. The normal limit for this benefit is one month's basic salary in one year. As a special case the benefit will be limited to a maximum of Rs.168,000/- per year.
- viii. **LEAVE AND LEAVE TRAVEL ASSISTANCE** : One month's leave for every eleven months of completed service. Expenses for self and family (as defined above) of travel anywhere in India on leave will be reimbursed once a year subject to a ceiling of one month's basic salary.
- ix. **PROVIDENT FUND** : Contribution of 12% of basic salary by the appointee with an equal amount of contribution by the Company.
- x. **SUPERANNUATION FUND** : The Company contributes 15% of the basic salary to the Superannuation fund
- xi. **GRATUITY** : After a continuous service of five years, eligible to receive gratuity at the rate of half a month's basic salary per year of service, limited to a maximum of 30 years. Payment of gratuity is as per rules and regulations of the Company applicable to Senior Managers.
- xii. **REIMBURSEMENT OF BUSINESS EXPENSES** : Reimbursement all reasonable expenses on travel, entertainment etc., legitimately incurred in the course of duties

He will not be paid any sitting fees for attending meetings of the Board of Directors or Committees thereof nor shall he be liable to retire by rotation

## MINIMUM REMUNERATION

In the event of absence or inadequacy of profits in any financial year during the currency of tenure of the appointment, the entire applicable remuneration by way of salary and perquisites mentioned above shall be paid as minimum remuneration, subject to the provisions under Schedule XIII of the Companies Act, 1956."



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

"RESOLVED THAT pursuant to, and in accordance with, the provisions of Sections 198, 269, 309, 310, 311, 386, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, or any re-enactment or modifications thereof, approval of the members be and is hereby accorded to the appointment of, and the remuneration payable to, Mr. Viraj Naidu as President & whole-time Director of the Company with effect from **06.02.2007 for a period of three years** and that the terms and conditions be as mentioned below:

Remuneration inclusive of perquisites and Performance linked bonus would be within the overall ceilings of the provisions prescribed under Schedule XIII to the Companies Act 1956 as amended from time to time.

#### REMUNERATION

##### i. Salary

A basic salary of Rs.163,000/- (Rupees one lakh sixty three thousand only) per month will be paid.

- ii. **PERFORMANCE LINKED BONUS** : Eligible to receive a performance linked bonus every year. The standard DISA Bonus system will be applied. The system takes into account Group performance, Company performance and personal performance measured against agreed objectives for the year. As constituted currently, the amount could reach a maximum of 30% of basic pay.

#### PERQUISITES

The Appointee will be allowed perquisites, as detailed hereinafter.

The total remuneration and perquisites would be within the overall ceilings and other provisions (including those relating to companies having no or inadequate profits) prescribed under Schedule XIII of Companies Act, 1956 as amended from time to time.

Unless the context otherwise requires, the perquisites are classified in three categories **A, B & C** as follows :

#### CATEGORY A

- i. **HOUSE RENT ALLOWANCE** : Not exceeding 50% of basic salary. Starting house rent allowance will be Rs.81,500 per month.
- ii. **SPECIAL ALLOWANCE** : The Appointee will be paid a general allowance to cover gas, electricity, water, routine furnishing and decoration, household insurance, minor maintenance and similar expenses at residence and expenses when using clubs in which the Company has corporate membership. This general allowance will be Rs.10,000/- per month
- iii. **MEDICAL EXPENSES** : Medical expenses incurred in respect of self, spouse and two dependent unmarried children less than 21 years of age will be reimbursed to the extent that they do not receive such assistance from any other source. Premium for accident and mediclaim cover, taken by the Company is also included in this benefit. The normal limit for this benefit is one month's basic salary in one year ie Rs. 163,000 per year.

#### iv. LEAVE AND LEAVE TRAVEL ASSISTANCE

- a. Leave will be as applicable to the senior managers of the Company
- b. Expenses for self and family (as defined above) for travel anywhere in India on leave will be reimbursed once a year subject to a ceiling of one month's basic salary.

Explanation : For the purpose of Category "A", "family" means his spouse and upto two dependent unmarried children below 21 years of age.

#### CATEGORY B

The following perquisites shall not be included in computation of ceiling under Part II, Section II of Schedule XIII to the Companies Act, 1956 on remuneration specified in CATEGORY A.

#### Retirement benefits

- i. **PROVIDENT FUND** : Contribution of 12% of basic salary by the appointee with an equal amount of contribution by the Company.
- ii. **SUPERANNUATION FUND** : The Company contributes 15% of the basic salary to the Superannuation Fund.
- The above two benefits will not be included in computation of the ceiling on perquisites mentioned above to the extent they, either singly or put together, are not taxable under Income Tax Act, 1961 as amended from time to time.
- iii. **GRATUITY** : After a continuous service of five years, eligible to receive gratuity at the rate of half a month's basic salary per year of service, limited to a maximum of 30 years. Payment of gratuity is as per rules and regulations of the Company applicable to Senior Managers.

#### CATEGORY C

**Car, Telephone and Computer for official use** : Chauffeur driven car will be provided by the Company for the performance of duties. All expenses towards this facility will be borne by the Company.

A residential telephone, Laptop Computer and one Internet Service connection will be provided by the Company at its cost to facilitate the performance of duties.

#### REIMBURSEMENT OF BUSINESS EXPENSES

Reimbursement of all reasonable expenses on travel, entertainment etc., legitimately incurred in the course of duties.

He will not be paid any sitting fees for attending meetings of the Board of Directors or Committees thereof.

The appointment as aforesaid may be terminated by either party giving to the other, six calendar months' notice in writing.

#### MINIMUM REMUNERATION

In the event of absence or inadequacy of profits in any financial year during the currency of tenure of the appointment, the entire applicable remuneration by way of salary and perquisites mentioned above shall be paid as minimum remuneration, subject to the provisions under Schedule XIII to the Companies Act, 1956.

## DISA INDIA LIMITED

"RESOLVED THAT the Board of Director (or Committee thereof) be and is hereby authorised to vary the terms of appointment of Mr.Viraj Naiu as President and wholetime Director within the limits prescribed under the Schedule XIII or other Provisions of the Companies Act, 1956 without seeking further approval from the Shareholders".

9. 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, 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 2007".

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

"RESOLVED THAT pursuant to the applicable provisions of the Companies Act, 1956, the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003, the Securities Contracts (Regulation) Act, 1956, Listing Agreement and subject to such other directions or modifications as may be issued by any of the applicable authorities, the consent of the Members of the Company be and is hereby accorded to voluntarily delist Equity Shares of the Company from Bombay Stock Exchange Ltd in pursuance of communication dated 20<sup>th</sup> March, 2007 received from Disa Holding A/S, Denmark.

RESOLVED FURTHER THAT the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee which the Board may constitute to exercise its powers, including the powers conferred by this resolution) be and is hereby authorised to provide any clarifications/ information in this regard and to take all necessary steps as may be required in order to comply with all the legal and procedural formalities and to do all such acts, deeds or things, as may be necessary, and further to authorise any of its Directors or any of the Officers of the Company to do all such acts, deeds, matters and things that may be necessary to give effect to this resolution."

By Order of the Board of Directors

For DISA India Limited

Date: 24.03.2007

Place: Herlev, Denmark

Kent Arentoft  
Chairman

## 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 12<sup>th</sup> April to 18<sup>th</sup> April 2007 (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.

5. Subject to the provisions of Section 206A of the Companies Act, 1956, Dividend as recommended by the Board of Directors, if declared at the Annual General Meeting, will be disbursed on or before 16.5.2007

6. 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.

7. 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.

8. The Members have been forwarded the document covering all the details thereof, to enable them exercise Put Option in respect of the Bonus Debentures held by them.

## INFORMATION REQUIRED TO BE FURNISHED UNDER THE LISTING AGREEMENT

As required under the Listing Agreement the particulars of Directors who are proposed to be re-appointed are given below:

- |                           |   |
|---------------------------|---|
| 1. Name                   | : Mr. Lars Christensen                        |
| Age                       | : 41 years                                    |
| Qualifications            | : Mechanical Engineering graduate             |
| Expertise                 | : 15 years of Industrial/ business experience |
| Other Directorships       | : 2   |
| Membership in Committees: | Nil   |
| 2. Name                   | : Ms. Deepa Hingorani                         |
| Age                       | : 36 years                                    |

Qualifications	: Masters degree in Finance and Control, MBA, (SIMI, Copenhagen)
Expertise	: 11 years
Other Directorships	: Board Memberships
	1) Pedershaab Millars India Pvt.Ltd
	2) Global Wool Alliance Pvt. Ltd.
	3) Alumeco India Extrusion Limited,
	4) Asia Power (Private) Limited, Sri Lanka
	5) C.W. Mackie & Co Ltd., Sri Lanka
	6) Elsteel Limited, Sri Lanka
	7) Avesta Nordic Research India Pvt.Ltd.
	8) Kring Technologies India Private Limited,
	9) Orana India Private Limited
	10) South Asian Breweries India Pvt. Ltd.

Membership in Committees : Member of Audit Committee, Remuneration Committee, Shareholders' Grievances and Investors' Relation Committee  
DISA India Limited, Bangalore

Attendance record of Directors seeking re-appointment (1-1-2006 to 31-12-2006)

Name of the Director	No. of Meetings held	No. of Meetings attended
Mr. Lars Christensen	6	1
Ms. Deepa Hingorani*	6	1

\* Appointed on 15<sup>th</sup> Aug 2006

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

##### **Item N o.6**

DISA Holding A/S ('DISA AS'), the Group's parent company has established a wholly owned subsidiary in India under the name DISA Technologies Pvt Ltd ('DTPL'), to render technical design and engineering services to the DISA Group entities overseas so as to assist them in their manufacturing processes.

The DISA Group now desires to undertake certain manufacturing activities through DTPL. The purpose of undertaking such activities is to assist the manufacturing processes of the Group outside India and to meet with certain specialized requirements of select clients. For such purposes, the DISA Group proposes to introduce proprietary technologies into DTPL, to enable it to render the desired services.

The present Foreign Direct Investment policy in India requires a foreign investor to obtain a 'no objection' from its Indian joint-venture partner, where such investments are in the same field and where either of the parties holds more than 3 percent of the venture. Though the DISA Group has not entered into any joint-venture with the Company's shareholders, as a matter of good corporate governance and record, it has sought a 'no objection' from the Company to undertake the desired activities through DTPL.

The shareholders may wish to note that DISA AS has assured the Company that the intent of undertaking the above activities in DTPL is not to divert any of the existing activities, customers, employees or business of the Company to DTPL and further DISA AS remains committed to support the activities of the Company.

The Board does not envisage a conflict or prejudice in the proposed activities of DTPL and requests the shareholders to pass the resolution as Special resolution.

None of the Directors is concerned or interested in the aforementioned resolution.

##### **Item No. 7**

The Members may recall that Mr. Dinakar's appointment was approved at the last Annual General Meeting. Based on the recommendations of the Remuneration Committee, the Board revised his terms at the Board Meeting held on 2.11.2006 with effect from 1.9.2006. The revision, details of which are furnished above, needs your approval. It may be noted that Mr. Dinakar has since then stepped down to pursue his career elsewhere.

Your Board recommends the resolution for approval.

Except Mr. Dinakar A himself, no other Director is interested or concerned in the resolution. An abstract of the variation in the terms of appointment was circulated amongst the Members in terms of Section 302 of the Companies Act, 1956 within the time limit prescribed under the said Act.

##### **Item No. 8**

Mr. Dinakar A had offered to step down as Managing Director to pursue his career elsewhere. The Company after a process of selection, decided to engage the services of a suitable person to steer the Company. Based on the recommendation of the Remuneration Committee, the Board of Directors of your Company at their meeting held on 31.1.2007, appointed Mr. Viraj Naidu as the President & whole-time Director of the Company with effect from 6<sup>th</sup> February, 2007. Mr.Naidu is vested with substantial powers of the day to day management of the Company. Under Section 2(24) read with Section 269 of the Companies Act, 1956.

A brief profile of Mr. Viraj Naidu is furnished hereunder:

Mr. Viraj Naidu is a Mechanical Engineering graduate from the Indian Institute of Technology and comes with 17 years of experience spanning several functional areas in Business Management. His Last position has been that as Chief Operating Officer (COO) in one of the companies of a leading business group.

The terms of appointment of Mr. Viraj Naidu have been exhibited in the resolution itself.

**DISA INDIA LIMITED**

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Your Directors consider that it is in the best interest of the Company to appoint Mr. Viraj Naidu as the whole-time Director of the Company and recommend the resolution accordingly.

None of the Directors of the Company except Mr. Viraj Naidu himself is concerned or interested in the resolution.

**Item No.9**

Members had at the 17<sup>th</sup> Annual General Meeting held on 30<sup>th</sup> August 2002, passed a Resolution approving 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 five years commencing from the financial year 2007. Accordingly approval of the Shareholders is sought for the Special Resolution set out at Item No.9 of the Notice.

The Directors may be deemed to be concerned or interested in the Resolution to the extent of commission payable to them.

**Item No. 10:**

The Equity shares of the Company are at present listed on Bombay Stock Exchange Ltd (BSE).

The Company has received a communication dated 20<sup>th</sup> March, 2007 from Disa Holding A/S, Denmark ("Disa Holding") promoter of the Company, holding 176,749 Equity Shares representing 11.70 % of the paid- up equity capital of the Company, proposing a resolution for voluntary delisting of the Equity Shares of the Company under provisions of the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 ("the Guidelines"). Another promoter Disa Holding A/G, Switzerland, which is a person acting in concert with Disa Holding A/s, holds 944,902 Equity Shares representing 62.57% of the paid-up equity capital of the company. Since Disa Holding wishes to acquire all the outstanding Equity Shares of the Company held by public, in accordance with the said Guidelines, Disa

Holding has requested the Company to consider a Special resolution for voluntary delisting the Equity Shares of the Company from the aforesaid Stock Exchange.

The Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 provide that, with the approval of shareholders, a listed company can delist its securities, if the promoter / majority shareholder proposes to delist its equity shares.

Pursuant to the aforesaid communication dated 20<sup>th</sup> March, 2007, received from Disa Holding, the Board of Directors of the Company at their meeting held on 24<sup>th</sup> March, 2007 decided to recommend a Special Resolution for voluntary delisting of Equity Shares of the Company to the Shareholders. The approval of the members is sought by way of a Special Resolution.

The members are requested to consider the proposed Special Resolution in light of the fact that in the opinion of Disa Holding, delisting of Equity Shares of the Company will offer more flexibility and greater efficiency in the operations and management of the Company and at the same time provide an exit opportunity for the other shareholders of the Company.

The original communication dated 20<sup>th</sup> March, 2007 from Disa Holding is available for inspection by members of the Company at its Registered Office on any working day between 9.00 A.M. to 5.00 P.M upto and including the date of Annual General Meeting. The same would also be available for inspection at the venue of the Annual General Meeting on the date of the Annual General Meeting.

None of the Directors of the Company, except Mr.Kent Arentoft, Mr. Lars Christensen and Mr Jan Johansen are, in any way, concerned or interested in the proposed Special Resolution.

By order of the Board

For DISA India Ltd

Date: 24.03.2007  
Place: Herlev, Denmark

Kent Arentoft  
Chairman



**DIRECTORS' REPORT**

The Board of Directors have pleasure in presenting the 22<sup>nd</sup> Annual Report and Audited statement of Accounts for the year ended 31<sup>st</sup> December 2006 together with the Auditors' Report.

**FINANCIAL RESULTS**

(Rs.in '000)

Description	2006	2005
Sales & Service	666,951	433,353
Profit before depreciation, tax, Financial Charges & Extra-ordinary income	226,894	132,508
Less: Depreciation	11,512	12,070
Less: Interest	3,435	771
Add : Extra-ordinary income	144,063	Nil
Less: Provision for taxation (net of deferred tax)	127,545	44,045
<b>PROFIT AFTER TAXATION</b>	<b>228,465</b>	<b>75,622</b>
Add: Profit & Loss account Balance b/fd	Nil	8,887
<b>PROFIT AVAILABLE FOR APPROPRIATION</b>	<b>228,465</b>	<b>84,509</b>
<b>APPROPRIATION:</b>		
Proposed Dividend & Tax thereon	6,888	75,812
Transfer to General Reserve	22,846	8,697
Balance in Profit & Loss Account	198,730	Nil

**PERFORMANCE OF THE COMPANY**

The year under review has been a good year for your Company. While the results have been higher than the Budgets, a number of initiatives have also been started in the areas of Manufacturing, Supply chain and Human Resources to meet the future challenges faced by the Company. A turnover of Rs. 667 Million as against Rs 433 Million and PAT of Rs 132 Million (excluding extraordinary income) as against Rs. 75.6 Million in the previous year recording a 54% increase in turnover and 75% increase in PAT are satisfying performance by the Company.

With most foundries in an investment mode, your Company has been successful in obtaining repeat orders from many of the existing customers, while a number of new customers have been added during the year.

Restructuring of the organization and re-engineering of key business processes are being implemented to meet challenges in the market place for the coming year. However, the Management is also seized of the increasing competition in the market place and is taking several steps to retain its leadership position in the Indian foundry market.

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

During the year that has passed, your Company had set out the following priorities:

1. Stronger commitments to Customers with emphasis on quality, cost and delivery
2. Strengthening of engineering, installation and commissioning services

3. Delivering superior value to customers through products and application support
4. Launch of World Class Manufacturing initiatives
5. Meeting stretched targets

Your Board is pleased to report that the Company has exceeded the targets in all the three SBUs-Moulding, Shotblast and Filters and there has been good progress in the Tumkur plant in implementation of World Class manufacturing and Lean production initiatives.

In order to build infrastructure for future growth, the Company has identified a separate Logistics and Supply Chain office to be functional by end of the I Quarter of 07. The manufacturing facility in Tumkur is also under expansion and this is expected to be completed in this quarter. A smooth start up of the logistics office and timely completion of the expansion are crucial to our meeting the plans for the coming year.

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.

**BONUS DEBENTURES**

Members may recall that after obtaining your approval through Postal Ballot, Debentures of the face value of Rs90/- were issued to all the members in the ratio of one for every one fully paid up Equity Share of Rs10/- each held, as Bonus Debentures. Certificates were dispatched to all those who were entitled. As per the terms of the issue, Put Option is available upon completion of six months from the date of the allotment.

**SHIFTING OF REGISTERED OFFICE**

The Registered Office of the Company was shifted to a prime location in the City of Bangalore during the year. The premises where the Registered Office was housed earlier, was disposed off, based on the approval of the Members by way of Postal Ballot. The Profit on sale of this property is shown as extraordinary income in the financial results given above.

**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 :

Sr no	Name of the Company
1	DISA France SAS, France
2	DISA Holding 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
8	DISA Industries Oswego, USA
9	DISA Industries s.r.o., Czech Republic
10	DISA Industries UK Limited, UK
11	DISA Italia Srl., Italy
12	DISA K K., Japan
13	DISA Limited, China
14	DISA Machinery Limited, China

## DISA INDIA LIMITED

### CORPORATE GOVERNANCE

In compliance with the requirements of Stock Exchanges, 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 on 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 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.50.1 Million in foreign exchange and expended Rs.87.5 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.

During the year, the Company has signed a wage agreement with unionized workmen for a period of three years starting from 1<sup>st</sup> October 06 to 30<sup>th</sup> September 2009.

### 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, Ms Deepa Hingorani and Mr. Sanjay Arte were inducted in to the Board. Mr. V M Bhat and Mr. Pradeep Mallick opted out of the Board due to personal reasons. Ms. Deepa Hingorani has been designated as Chairperson of the Audit Committee in place of Mr. Pradeep Mallick. Mr. Dinakar A who was appointed as Managing Director stepped down to pursue his career outside the group.

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

After going through a careful selection process, your Board has engaged the services of Mr. Viraj Naidu as President & whole-time Director. Mr. Viraj Naidu is a Mechanical Engineering graduate from the Indian Institute of Technology and comes with 17 years of experience spanning several functional areas in Business Management. His last position has been that as Chief Operating Officer (COO) in one of the companies of a leading business group.

Your Board recognizes the contribution extended by all the outgoing Directors and desires to place on record its appreciation for the services rendered by them.

### 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 deep 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  
Date: 31.01.2007

Kent Arentoft  
Chairman