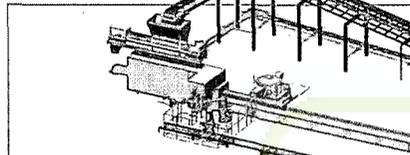
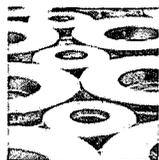
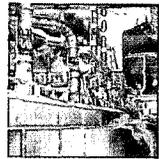
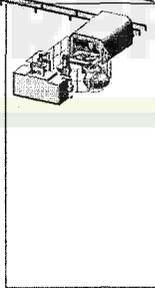


*DISA*

# THE COMPLETE FOUNDRY



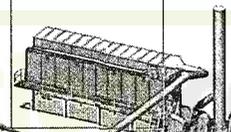
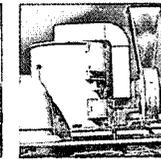
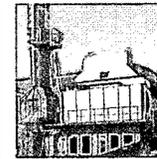
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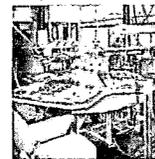
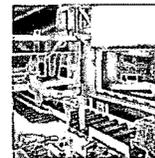
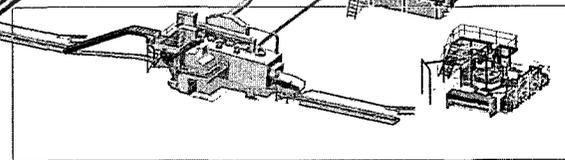
Core and Core Handling



Filters



Finishing



**BOARD OF DIRECTORS**

KENT ARENTOFT  
 JAN JOHANSEN  
 LARS CHRISTENSEN  
 DEEPA HINGORANI  
 SANJAY ARTE  
 VIRAJ NAIDU

Chairman

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 - 26152503      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.

Customer Support:  
 3rd Floor, Kushal Garden Arcade,  
 1A, Peenya Industrial Area 2nd Phase,  
 Bangalore - 560 058.

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

NOTICE is hereby given that the Twenty Third Annual General meeting of DISA INDIA LIMITED will be held at 11.30 hrs on Wednesday, 23<sup>rd</sup> April 2008 The Chancery, 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 2007 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. Kent Arentoft, who retires by rotation and is eligible for reappointment.
4. To elect a Director in place of Mr. Sanjay Arte, 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.

By Order of the Board of Directors

For DISA India Limited

Date: 16.02.2008

Place: Bangalore

Viraj Naidu

President & Whole Time Director

**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 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.
2. The Register of Members and the Share Transfer books of the Company will remain closed from 16<sup>th</sup> April 2008 to 23<sup>rd</sup> April 2008 (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.

3. 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.
4. 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 21.05.2008.
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 holding shares in physical form may send their ECS Mandate Form duly filled in to the Company's R&TA. ECS Mandate Form is provided with this Annual Report for use of investors.

By order of the Board

For DISA India Ltd

Date: 16.02.2008

Place: Bangalore

Viraj Naidu

President & Whole Time Director

**DIRECTORS' REPORT**

Your Board of Directors have pleasure in presenting the 23<sup>rd</sup> Annual Report and Audited statement of Accounts for the year ended 31<sup>st</sup> December 2007 together with the Auditors' Report.

**FINANCIAL RESULTS**

(Rs.in '000)

Description	2007	2006
Sales & Service	933,616	666,951
Profit before depreciation, tax, Financial Charges & Extra-ordinary income	293,135	226,864
Less: Depreciation	14,240	11,512
Less: Interest	4,852	3,435
Add : Extra-ordinary income	-	144,094
Less: Provision for taxation (net of deferred tax)	92,335	127,545
<b>PROFIT AFTERTAXATION</b>	<b>181,708</b>	<b>228,465</b>
Add: Profit & Loss account Balance brought forward	198,730	-
<b>PROFIT AVAILABLE FOR APPROPRIATION</b>	<b>380,438</b>	<b>228,465</b>
<b>APPROPRIATION:</b>		
Proposed Dividend & Tax thereon	353,552	6,888
Transfer to General Reserve	18,171	22,846
Deferred Tax written back	7,379	-
Balance in Profit & Loss Account	16,094	198,731

**DIVIDEND**

Your Board is pleased to recommend a Dividend of 2000% for the year 2007 and the out flow against the same will be Rs.353 Million.

**PERFORMANCE OF THE COMPANY**

The year under review has been again a major growth year for your Company.

A turnover of Rs. 933 Million has been achieved in 2007, registering a growth of 40% over that of the year 2006. Your Company achieved a PAT of Rs. 182 Million registering a growth of 34% over 2006 on a like to like basis.

Many significant projects were executed during the year, which have again established the competitive advantages your Company enjoys in the market.

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 implemented in the areas of Manufacturing, Supply Chain and Human Resources to meet the future challenges faced by the Company.

With most foundries continuing to be 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**

Your Board is pleased to report that the Company has exceeded the targets for all the three Major Product Lines - Moulding, Shot Blast and Filters.

Your Company has depended significantly on outsourcing of major fabrication activities to meet this demand growth. In the equally overheated vendor capacities situation, this outsourcing has come at a price and this has impacted margins.

While the outsourcing will continue to be high, a need for capacity addition was getting obvious. As such, your Company initiated further expansions at both the manufacturing units i.e. Tumkur and Hosakote - to meet the growing demand. The Tumkur expansion comes on top of the expansion carried out in Y2006.

To meet the Supply Chain challenges, a New Office in Peenya - a major hub of Company's suppliers - was started in April'07 and the team has been strengthened there. The same facility also houses a Warehouse for the Spares Parts Business.

With the expansions, your Company has decided to consolidate the Shot Blast Range of Equipment with the Filters range, at the Hosakote facility. The Tumkur facility would be consolidated to focus on the growing demand for Moulding Product Range.

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**

It may be recalled that your Company had issued Bonus Debentures of the face value of Rs90/- each to all the members in the ratio of one for every one fully paid up Equity Share of Rs10/- each held.

The final redemption of debentures took place on 4<sup>th</sup> Oct 2007 as per the terms of issue of Bonus Debentures. Your Company is still awaiting surrender of original certificates from certain debenture holders to facilitate despatch of redemption warrants. The debenture holders are advised to take note of this and submit the original debenture certificates. Any unclaimed amount on this account will be transferred to IEPF as per law after lapse of prescribed time limits.

**DELISTING**

The Shareholders may recall that a Special Resolution was passed at the last Annual General Meeting on the Delisting proposal based on the communication dated 20<sup>th</sup> March 2007 received from Disa Holding A/S, Denmark in terms of the prevailing Guidelines of SEBI. The said proposal did not materialize in view of the rejection of the discovered Price.

## DISA INDIA LIMITED

### 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
15	DISA Technologies Private Limited, India

### 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:

- The Statement of Accounts has been prepared in conformity with appropriate Accounting Standards.
- 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.
- 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.

- 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. 112.95 Million in foreign exchange and expended Rs. 191.05 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

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, there was no change in the constitution of the Board of Directors.

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

### AUDITORS

The Auditors, Messrs. M. K. Dandeker & 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. Dandeker & 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: 16.02.2008

Kent Arentoft  
Chairman

**ANNEXURE TO DIRECTORS' REPORT (Year ending 31 Dec 2007)****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	Mr. Dinakar. A* 44 years	B.E (Mech.)	29.08.2005 (22)	Managing Director	1,184,335	Grindwell Norton Ltd. General Manager & Business Head (Coated & Non Woven Abrasives)
2	Mr. Viraj Naidu* 39 years	B. Tech (Hons)	22.01.2007 (17)	President & Whole Time Director	3,635,081	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. \* Employed for part of the year.



## DISA INDIA LIMITED

## REPORT ON CORPORATE GOVERNANCE

## 1. Company's Philosophy on Code of Governance

DISA India Limited has been adhering to many 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 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 &amp; Size of the Board

As on date, the Board comprises of Six Directors including Five 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	Membership of other Board Committees
Non-Executive & Independent		2	33.33			
	Deepa Hingorani			None	7	-
	Sanjay Arte			None	7	2
Non-Executive		3	50.00			
	Kent Arentoft			None	13	-
	Jan Johansen			None	13	-
	Lars Christensen			None	3	-
Executive Director		1	16.66			
	Viraj Naidu*			None	Nil	-
<b>Total</b>		<b>6</b>	<b>100%</b>			

\* Mr Viraj Naidu was appointed as Whole-time Director with effect from 06.02.2007.

## Number of Board Meetings held during the year along with the dates of the Meetings

Five Board Meetings were held during the year on the following dates :

**31<sup>st</sup> January, 24<sup>th</sup> March, 17<sup>th</sup> April, 15<sup>th</sup> August and 30<sup>th</sup> October 2007**

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	5	Yes	Nil	Nil
Jan Johansen	Director	5	Yes	Nil	Nil
Lars Christensen	Director	Nil	No	Nil	Nil
Deepa Hingorani	Director	4	Yes	5	Nil
Sanjay Arte	Director	4	Yes	6	2
Viraj Naidu	Executive Director	4	Yes	Nil	Nil

## 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:

31<sup>st</sup> January, 17<sup>th</sup> April, 15<sup>th</sup> August and 30<sup>th</sup> October

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

Name of Director	No. of Meetings attended
Deepa Hingorani	4
Kent Arentoft	4
Sanjay Arte	4

#### 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.

##### Meetings and the attendance during the year

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

31<sup>st</sup> January

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

Name of Director	No. of Meetings attended
Kent Arentoft	1
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 9 times during the year on the following dates :

21<sup>st</sup> Feb, 23<sup>rd</sup> March, 26<sup>th</sup> April, 18<sup>th</sup> May, 19<sup>th</sup> June, 8<sup>th</sup> Aug, 10<sup>th</sup> Sep, 1<sup>st</sup> Oct, 14<sup>th</sup> Dec 2007

Name of Director	No. of Meetings attended
Deepa Hingorani	9
Sanjay Arte	2
Viraj Naidu	7

There were (March Qtr-6, June Qtr-1, Oct Qtr-4, Dec Qtr-2) 13 complaints received, 12 complaints redressed and 1 pending investigation during the year ended 31<sup>st</sup> December 2007. There was no pending share transfer as on 31-12-2007.

#### 6. Remuneration paid to Directors

The details of remuneration paid to the Directors during the year 2007 are given below:

##### a) Executive Directors

(in Rs.)

Name	Salary	Performance Bonus	Perquisites	Sitting Fees	Total
Mr. Dinakar A*	3,71,835	8,12,500	-	-	11,84,335

\* Employed for part of the year

##### b) President & Whole Time Director

Name	Salary	Performance Bonus	Perquisites	Sitting Fees	Total
Viraj Naidu*	35,46,541	-	88,540	-	36,35,081

\* Employed for part of the year

**DISA INDIA LIMITED**

## c) Non-Executive Directors

(in Rs.)

Name	Sitting fees INR	Commission for the year 2006 (paid in 2007)
Kent Arentoft	100,000	504,000
Jan Johansen	60,000	189,000
Lars Christensen	0	189,000
Deepa Hingorani	90,000	86,210
Pradeep Mallick*	0	132,630
V.M.Bhat*	0	132,630
R N Chawhan**	0	26,530
Sanjay Arte	0	0
<b>Total</b>	<b>250,000</b>	<b>12,60,000</b>

\* Ceased to be Directors w.e.f 2<sup>nd</sup> Nov 2006\*\* Ceased to be Director w.e.f. 2<sup>nd</sup> March 2006

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

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

Mr S Mohan  
Senior Vice President & CFO  
DISA INDIA LIMITED  
4<sup>th</sup> Floor, Prestige Takt,  
23, Kasturba Road Cross,  
Bangalore-560 001  
E-Mail: bangalore@disagroup.com  
Phone: 91-80-22109381/82.  
Fax : 91-80-22109570.

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

**8. General Body Meetings**

Location and time of the last three Annual General Meetings

Year	Date	Venue	Time
2004	21-06-2005	Registered Office of the Company	1100 Hrs
2005	02-05-2006	Registered Office of the Company	1130 Hrs
2006	18-04-2007	Chancery Hotel, Lavelle Road, Bangalore-560 001	1100 Hrs

**9. Disclosures**

Transactions with the related parties are disclosed in Schedule 18 to the Accounts in the Annual Report.

The Register of Contracts containing the transactions, in which Directors are interested, is placed before the Board as and when required.

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 Business Standard (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: 23<sup>rd</sup> April, 2008

Time: 11:30 Hrs

Venue: The Chancery, Lavelle Road, Bangalore-560 001

Financial year : January to December 2007

Date of Book Closure: 16.04.2008 to 23.04.2008

Payment of Dividends before 21.05.2008

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