
27th Annual Report



DISA

shaping industry in partnership with

wheelabrator

DISAMATCH 20/24



First "Made in India"
Advanced Horizontal Flaskless
Moulding Machine

MB 500



First "Made in India"
Metal Belt Tumbler Machine

BOARD OF DIRECTORS

JAN JOHANSEN
DEEPA HINGORANI
SANJAY ARTE
VIRAJ NAIDU Managing Director

BANKERS

CANARA BANK
HDFC BANK LTD.
KOTAK MAHINDRA BANK LTD

REGISTRARS

Integrated Enterprises (India) Limited
30, Ramana Residency,
Ground Floor,
IV Cross, Sampige Road,
Malleswaram,
Bangalore - 560 003.
Ph: +91 80 23460815/816

REGISTERED OFFICE

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

STOCK EXCHANGES

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

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

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

AUDITORS

M.K. Dandekar & Co.
Chennai

SOLICITORS

Chander Kumar & Associates
Bangalore

NOTICE

NOTICE is hereby given that the Twenty Seventh Annual General Meeting of DISA INDIA LIMITED will be held at 11.00 a.m. on 9th May, 2012 at Vivanta by Taj, No 2275, Tumkur Road, Yeshwantpur, Bangalore 560 022 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st December 2011 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. Sanjay Narendrakumar Arte, who retires by rotation and is eligible for reappointment.
4. To appoint Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

By Order of the Board of Directors

For DISA India Limited

Date: 29.02.2012

Place: Bangalore

Viraj Naidu

Managing 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 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 03.05.2012 to 09.05.2012 (both

days inclusive)

3. The Shares of the Company are now traded compulsorily in dematerialized form as per the directions of the Stock Exchange. Accordingly, members who have not opted for dematerialization of shares are once again reminded to take steps to demat their holdings.
4. Members are requested to communicate the changes, if any, in their addresses to the Company's Registrar and Share Transfer Agents, Integrated Enterprises (India) Limited, 30, Ramana Residency, IV Cross, Sampige Road, Malleswaram, Bangalore-560 003.
5. Subject to the provisions of section 205A 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 21st May 2012.
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. Investors are requested to utilize ECS facility to enable transfer of dividends directly to the bank account of eligible shareholders.

By Order of the Board

For DISA India Ltd

Date: 29.02.2012

Place: Bangalore

Viraj Naidu

Managing Director

INFORMATION REQUIRED TO BE FURNISHED UNDER LISTING AGREEMENT

As per Listing Agreement, particulars of Director who is proposed to be re-appointed are given below:

- Name:** Mr. Sanjay Narendrakumar Arte
Age: 53 years

Qualification:
B.Tech, M.M.S (Master of Management Studies)

Expertise:
28 years of Industrial/ Business Management

Other Directorships:

DM Healthcare Private Limited
IVF Advisors Private Limited
Mahindra Hinoday Industries Limited
UEM India Private Limited
Robo Silicon Private Limited

Committee Memberships :

Name of the Company	Committee	Status
DISA India Limited	Remuneration Committee	Chairman
DISA India Limited	Audit Committee	Member
DISA India Limited	Shareholders' Grievance and Investor Relations Committee	Member

Date: 29.02.2012
Place: Bangalore

For DISA India Ltd
Viraj Naidu
Managing Director

DIRECTORS' REPORT

The Board of Directors have pleasure in presenting the 27th Annual Report and Audited statement of Accounts for the year ended 31st December 2011 together with the Auditors' Report.

FINANCIAL RESULTS

(Rs.in '000)

Description	2011	2010
Sales & Service	1,539,853	1,076,365
Profit before depreciation, tax & financial charges	369,671	251,294
Less: Depreciation	21,935	18,009
Less: Interest	525	332
Less: Provision for taxation (net of deferred tax)	120,553	81,923
PROFIT AFTER TAXATION	226,658	151,030
Add: Profit & Loss account Balance b/f	385,453	234,423
PROFIT AVAILABLE FOR APPROPRIATION	612,111	385,453
APPROPRIATION:		
Amount transferred to General Reserves	59,602	NIL
Proposed Dividend & Tax thereon	351,040	NIL
Balance in Profit & Loss Account	201,469	385,453

DIVIDEND

After the severe market drop from End Y2008 till Mid Y2009, your Company had been preserving cash as a precaution against any potential double dip recession in the global economy and its extended effect on the Company's business in India. However, in view of the sharp rise in the Company's performance since Y2009, and also based on the good initial market response for the new products being introduced by your Company in recent years, there is improved business confidence now. The Board of Directors, therefore, recommends an exceptional dividend of Rs. 200 per equity share of Rs. 10 each (2000%).

PERFORMANCE OF THE COMPANY

The sharp recovery of the Indian Industry since the last quarter Y2009, kept accelerating and almost peaked till the mid of Y2011. This led to a record order intake of about Rs.150 Crores by your Company during Y2011. Your Company was also able to scale up its operations substantially to meet with this high demand successfully.

Year-on-year Sales rose by 43%, while PBT rose by 49%. High Inflation – both Materials & Salaries – has been a challenge for all Indian companies in Y2011, but your Company was able to offset the inflation impact – at least in part – through Product Mix & Pricing.

A significant part of the Management efforts was to keep scaling up – both in terms of internal output & external vendor base development – as demand remained high during the year. The success of these efforts was evident with the very sharp rise in the last two quarters performance.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The sharp Indian recovery from the slowdown of 2009, was evident, but so was the slowdown towards the later half of the year. With Global Market recoveries still uncertain, the Indian market also showed its uncertainties in the last quarter and the fresh order intake slowed down. However, unlike the sudden slump of Y2008, there was little reluctance from customers in terms of executing the projects already ordered. This helped your Company in reaching its record sales ever in its 26 years history.

The fundamentals of the Indian Industry still appear quite strong and the expansion of Indian Foundry Industry is still very much on.

Your Company is committed to its philosophy of accelerating the market growth, through continuous introduction of new products and making the High End Technology affordable. The DISA 030 – the first fully Made-in-India Vertical DISAMATIC machine was launched in IFEX in Feb'2011 at Chandigarh and has been well received by the market. New Products are again planned for introduction at IFEX'2012 – the First Fully Made-in-India Matchplate Moulding Machine called the Match 20/24 and also the New Metal Belt Tumblast Machine MB500S, being localised from the Wheelabrator Germany range.

With continuous introduction of such high end products, your Company remains confident of leading the Indian Market growth in the coming years.

Hosakote Plant completed its expansion by almost 50% (additional plant area of 2000 sqm). Tumkur plant added new CNC Machining capacity.

As mentioned earlier, your Company's major markets – Indian Foundries – are currently facing a major demand boom, but against a background of severe crunch in availability of labour and power. This is now driving a clear move of upgrading towards High Productivity Automated High pressure Moulding Lines. Also, with the Global Merger of the Wheelabrator Group with the DISA Group in Y2009, your Company now has access to the whole range of Wheelabrator technologies, which are being introduced now for the Indian Automotive & Steel Processing Industries, as your Company's new target markets.

High inflation and the Interest rate hikes have impacted fresh order intakes towards the end of Y2011, though there appears to be a recent revival again, which is important for the investment cycles to continue and also for the Capital Equipment Industry to keep growing.

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

GROUP COMPANIES

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

S.No.	Name of the Company
1	Norican Holdings ApS (Denmark)
2	Norican Group ApS (Denmark)

- 3 DISA Holding A/S (Denmark)
- 4 DISA Holding II A/S (Denmark)
- 5 DISA Holding AG (Switzerland)
- 6 DISA Holding LLC (Michigan USA)
- 7 DISA Industries A/S (Denmark)
- 8 DISA Industries AG (Switzerland)
- 9 DISA Industries, Inc. (Illinois, USA)
- 10 DISA Industries s.r.o. (Czech Republic)
- 11 DISA K K (Japan)
- 12 DISA Machinery Limited (China)
- 13 DISA Trading (Shanghai) Co Limited (China)
- 14 DISA Technologies Private Limited (India)
- 15 WGH Holding Corp. (BVI)
- 16 WG Global LLC (Delaware, USA)
- 17 Wheelabrator Group, Inc. (Delaware, USA)
- 18 Wheelabrator Group (Canada) Ltd, (Canada)
- 19 Castalloy, Inc. (Delaware, USA)
- 20 WGH UK Holdings Ltd. (UK)
- 21 WGH UK Limited (UK)
- 22 Wheelabrator Technologies (UK) Ltd (UK)
- 23 Wheelabrator Group SLU (Spain)
- 24 Wheelabrator Group Holding GmbH (Germany)
- 25 Wheelabrator Group GmbH (Germany)
- 26 Wheelabrator Group SAS (France)
- 27 Matrasur Composites SAS (France)
- 28 Wheelabrator Group Limited (UK)
- 29 WG Plus de Mexico S de RL de CV (Mexico)

CORPORATE GOVERNANCE

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

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

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors confirm as follows:

- (a) The Statement of Accounts has been prepared in conformity with appropriate Accounting Standards.
- (b) Accounting policies have been selected and consistently applied

so as to give a true and fair view of the financial statements. Change in Accounting Policy and its impact on financial statements are disclosed separately as required under relevant Accounting Standards.

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

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

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

CONSERVATION OF ENERGY

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

RESEARCH AND DEVELOPMENT, TECHNOLOGY, ABSORPTION, ADAPTATION & INNOVATION

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

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

FOREIGN EXCHANGE EARNINGS AND OUTFLOW

The Company earned Rs.160.34 (Rs.111.14) Million in foreign exchange and expended Rs. 175.88 (Rs.97.06) 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

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

AUDITORS

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

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1956 from Messrs. M. K. Dandekar & Co., Chartered Accountants, that their appointment would be within the limits specified therein.

Your Directors recommend their appointment.

ACKNOWLEDGEMENT

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

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

For and on behalf of the Board of Directors

Place: Bangalore

Date: 29.02.2012

Deepa Hingorani

Director

Viraj Naidu

Managing Director

ANNEXURE TO DIRECTORS' REPORT (Year ending 31 Dec 2011)

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	Viraj Naidu 43 years	B. Tech (Hons)	22.01.2007 (20)	Managing Director	81,46,628 per annum	Tata Autocomp Systems Ltd Interiors & Plastic Division. Chief Operating Officer

- Notes :
1. Gross remuneration as above includes basic salary, contribution towards Provident Fund, Superannuation, Bonus, House Rent Allowance & monetary value of perquisites.
 2. The above employee is not related to any of the other Directors of the Company.
 3. Conditions of employment are governed by individual terms and conditions of service.
 4. Perquisites include amounts evaluated as per Income Tax Rules in respect of certain items.

REPORT ON CORPORATE GOVERNANCE

1. Company's Philosophy on Code of Governance

As a part of Norican Group worldwide, the Company follows good practices of transparency and disclosure in its reporting. The Company is firmly committed to Corporate Governance and to meet the expectations of its stakeholders in matters related to trusteeship, integrity, ethical and legal standards.

2. Board of Directors:

Composition & Size of the Board

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

Category	Names of Director	Number of Directors	Composition	Relationship with other Directors	No. of other Directorships	Memberships of other Board Committees
Non-Executive & Independent		3	75%			
	Deepa Hingorani			None	9	1
	Sanjay Arte			None	5	Nil
	Jan Johansen*			None	4	Nil
Executive Director		1	25%			
	Viraj Naidu			None	Nil	Nil
	Total	4	100%			

* Mr. Jan Johansen has been recognized as Non-Executive Independent Director with effect from 1st May 2011.

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

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

25th Feb, 6th May, 5th Aug & 4th Nov 2011

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
Jan Johansen	Director	4	Yes	Nil	Nil
Deepa Hingorani	Director	4	Yes	8	1
Sanjay Arte	Director	2	Yes	5	Nil
Viraj Naidu	Managing Director	4	Yes	Nil	Nil

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

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:

25th Feb, 6th May, 5th Aug & 4th Nov 2011

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

Name of Director	No. of Meetings attended
Deepa Hingorani	4
Sanjay Arte	2
Jan Johansen	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 Director and secondly to review policy issues relating to remuneration and bonuses of Senior Managers.

Meetings and the attendance during the year

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

25th Feb 2011

Name of Director	No. of Meetings attended
Deepa Hingorani	1
Sanjay Arte	Nil
Jan Johansen	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 eight times during the year on the following dates :

13th Jan, 5th March, 6th July, 2nd Sep, 10th Nov, 2nd Dec, 8th Dec & 22nd Dec 2011

Name of Director	No. of Meetings attended
Deepa Hingorani	7
Sanjay Arte	6
Viraj Naidu	8

There was (March Qtr-1, June Qtr-o , Sep Qtr-o , Dec Qtr- o) 1(one) complaint received and redressed during the year ended 31st December 2011. There was no pending share transfer as on 31-12-2011.

6. Remuneration paid to Directors

The details of remuneration paid to the Directors during the year 2011 are given below:

a) Managing Director (in Rs.)

Directors	Salary	Performance Bonus & incentive	Perquisites	Sitting Fees	Total
Mr. Viraj Naidu	53,62,275	25,58,053	226,300	-	81,46,628

b) Non-Executive Directors (in Rs.)

Name	Sitting fees	Commission for the year 2010 (paid in 2011)
Jan Johansen	90,000	-
Deepa Hingorani	140,000	300,000
Sanjay Arte	-	-
Total	230,000	300,000

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

7. Name, designation & address of Compliance Officer

Mr S Mohan
Chief Financial Officer
DISA India Limited