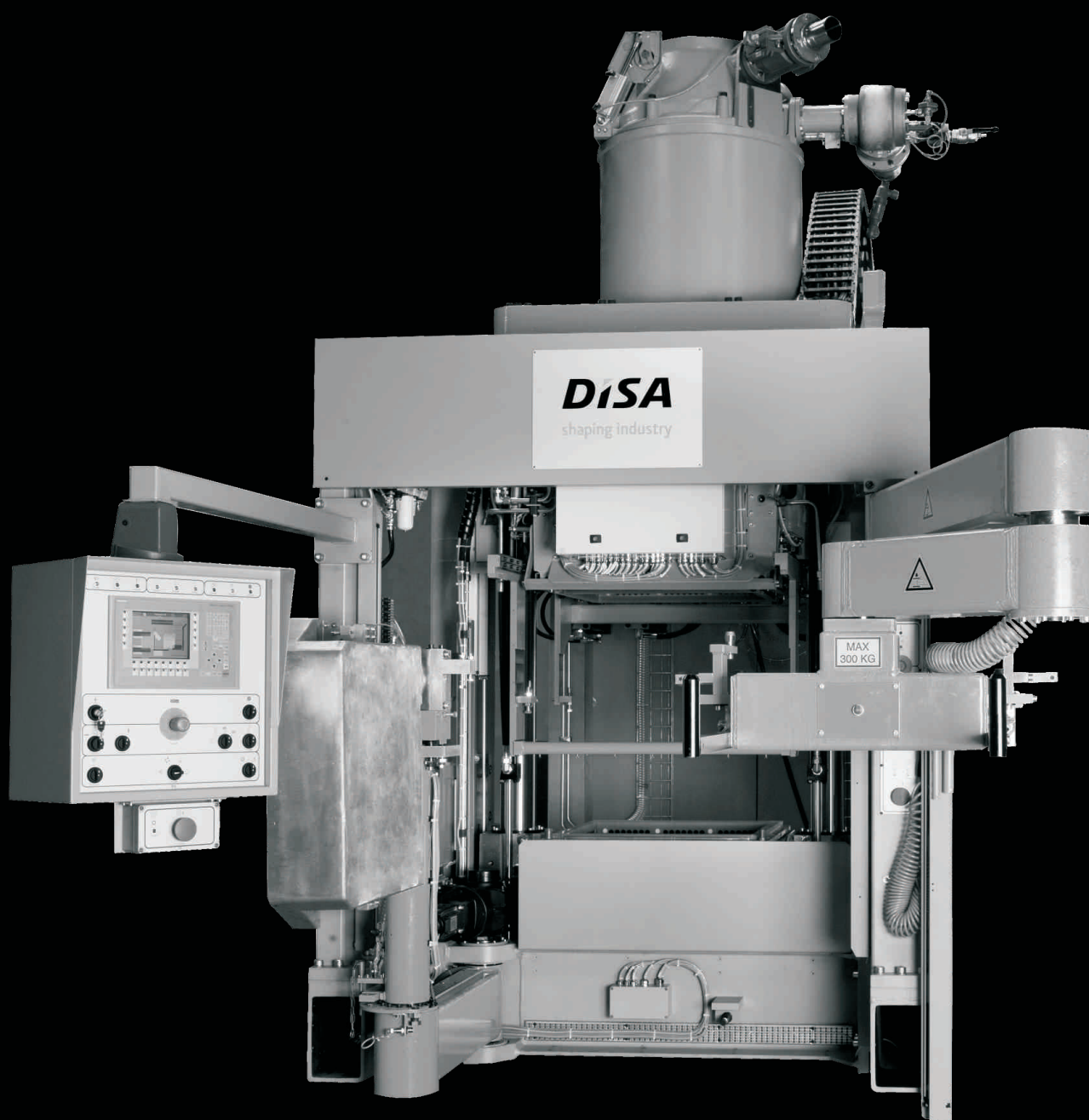




# 29th Annual Report



**DİSA**  
shaping industry

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## DISA India - Manufacturing facilities

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Tumkur



Hosakote

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## DISA India board members - visit to Brakes India Limited

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**BOARD OF DIRECTORS**

JAN JOHANSEN  
DEEPA HINGORANI  
SANJAY ARTE  
ROBERT E JOYCE JR  
ANDREW CARMICHAEL  
VIRAJ NAIDU  
Managing Director

**BANKERS**

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  
E-mail : irg@integratedindia.in

**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

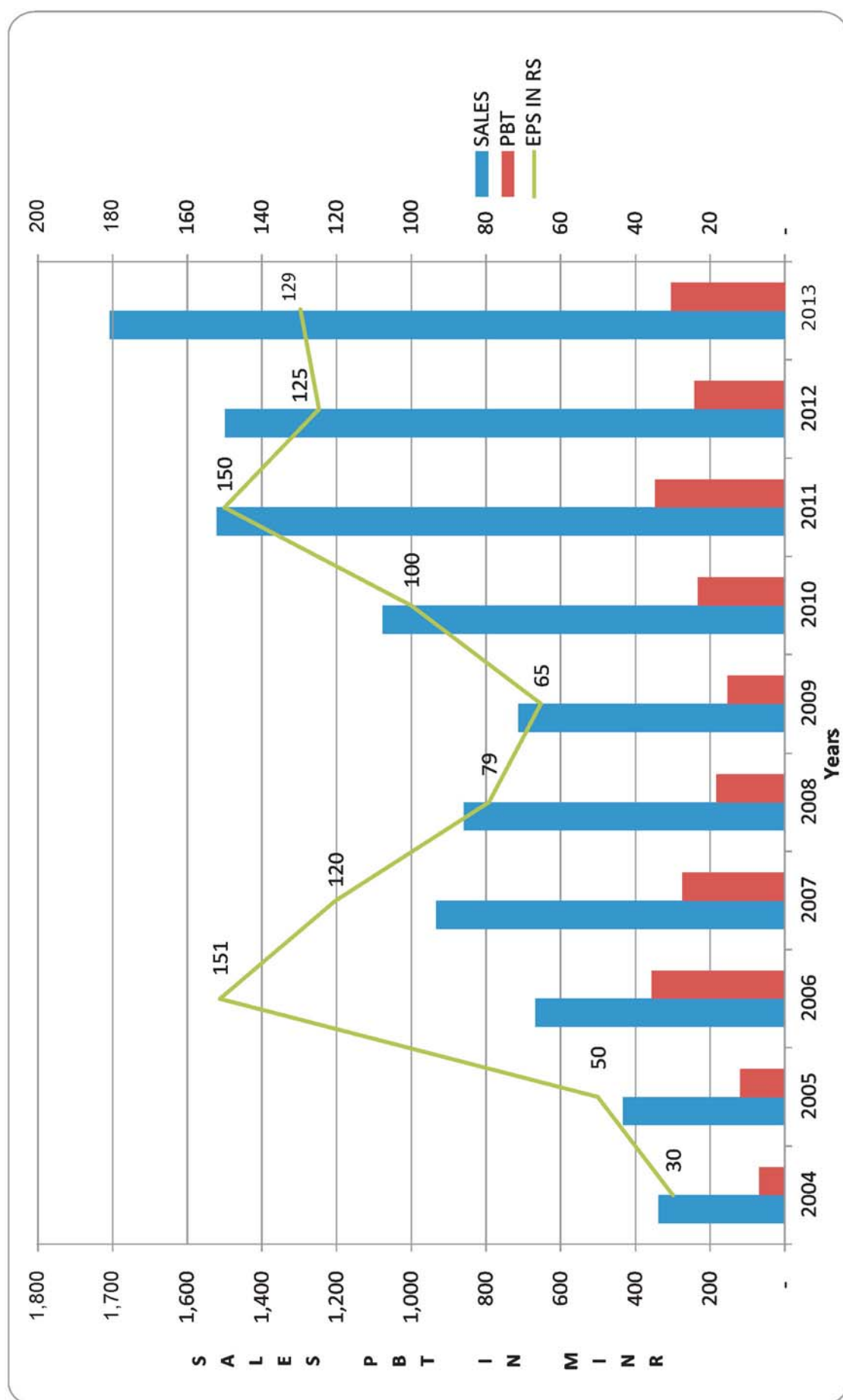
**AUDITORS**

Deloitte Haskins & Sells  
Bangalore

**SOLICITORS**

Chander Kumar & Associates  
Bangalore

# PERFORMANCE AT A GLANCE



Years/ MINR	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Net Sales	1,705	1,506	1,521	1,076	713	859	934	667	433	338
PBT	303	272	347	233	153	183	274	356	120	69
EPS in RS	129	125	150	100	65	79	120	151*	50	30
Dividend in %	25%	25%	2000%	0	0	0	2000%	40%	440%	30%

\* The EPS for 2006 would have been RS ~90 but for extraordinary income (of MINR 146) arising out of sale of property

## NOTICE

NOTICE is hereby given that the Twenty Ninth Annual General meeting of DISA INDIA LIMITED will be held at 11.00 a.m. on Thursday, the 8th day of May 2014 at Hotel 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 2013 and the Statement of Profit and Loss for the year ended on that date, together with the Reports of the Board of Directors and the Auditors thereon.
2. To elect a Director in place of Mr. Robert E Joyce Jr., who retires by rotation and is eligible for reappointment.
3. To elect a Director in place of Mr. Andrew Carmichael, who retires by rotation and is eligible for reappointment
4. To declare Dividend.
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: 26.02.2014

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 29th April, 2014 to 8th May, 2014 (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 24th May, 2014.
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 of Directors

For DISA India Limited

Date: 26.02.2014

Place: Bangalore

Viraj Naidu

Managing Director



### INFORMATION REQUIRED TO BE FURNISHED UNDER LISTING AGREEMENT

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

1. **Name:** Mr. Robert E Joyce Jr.  
**Age:** 52 years

**Qualification:**

BS Aerospace Engineering from University of Michigan with MBA from the Wharton School, University of Pennsylvania in the USA.

**Expertise:**

20+ years of experience in building and growing industrial business -to-business companies through organic and inorganic route.

President & CEO of Norican Group since 2008 and the Wheelabrator Group since 2003

**Group Company Directorships/Positions:**

Norican Holdings ApS	- Director, Management Board
Norican Group ApS	- Director, Management Board
DISA Holding II A/S	- Management Board
DISA Holding A/S	- Management Board
WGH Holding Corp	- Director, Officer
Wheelabrator Group, Inc.	- Director
Castalloy, Inc.	- Director
Wheelabrator Group (Canada), Ltd.	- Officer

**Committee Memberships :** Nil

2. **Name:** Mr. Andrew Carmichael  
**Age:** 51 years

**Qualification:**

Engineering degree from Loughborough University, England

**Expertise:**

23 years work experience in Wheelabrator Group in a variety of senior management roles  
Extensive experience in the surface preparation industry

**Group Company Directorships/Positions :**

DISA Machinery Ltd. (China)	- Director
DISA Industries s.r.o. (Czech Republic)	- Director
Matrasur Composites	- Director General

**Committee Memberships :**

Name of the Company	Committee	Status
DISA India Limited	Audit Committee	Member

For DISA India Ltd

Date: 26.02.2014

Place: Bangalore

Viraj Naidu  
Managing Director

## DIRECTORS' REPORT

The Board of Directors has pleasure in presenting the 29th Annual Report and Audited statement of Accounts for the year ended 31st December, 2013 together with the Auditors' Report.

### FINANCIAL RESULTS

(Rs.in Crores)

Description	2013	2012
Sales & Service	174.4	152.4
Profit before depreciation, tax & financial charges	34.1	30.5
Less: Depreciation	3.8	3.2
Less: Interest	-	0.1
Less: Provision for taxation (net of deferred tax)	10.8	8.4
PROFIT AFTER TAXATION	19.5	18.8
Add: Profit & Loss account Balance b/f	36.7	20.2
PROFIT AVAILABLE FOR APPROPRIATION	56.2	39
APPROPRIATION:		
Amount transferred to General Reserves	2.0	1.9
Proposed Dividend & Tax thereon	0.4	0.4
Balance in Profit & Loss Account	53.8	36.7

### DIVIDEND

The continued recession and overall slowdown did impact the business of your Company leading to shortfall in performance against Budget/Target. However, your Company achieved better results with improved bottom-line as compared to that of the previous year. Considering the foreseeable future road map, your Board of Directors recommend a Dividend of Rs.2.50 per equity shares of Rs.10.00 each (i.e 25%).

### PERFORMANCE OF THE COMPANY

New Products and New Market Segments – aided by Increased Exports - helped your Company to achieve its highest ever sales in Y2013 at Rs.174 Crores. This 14% growth in sales could however get us only 11% increase in EBITA, mainly due to significant mix shift from project sales to standalone sales. Overall the project sales went down marginally, but this was more than offset by the sales in standalone machines spares.

Unlike last year, your Company started Y2014 with a lower Order Backlog of Rs.72 Crores (as against Rs.105 Crores last year). Conversion of some key high value enquiries in the first half of Y2014 will therefore be crucial for the volumes this year.

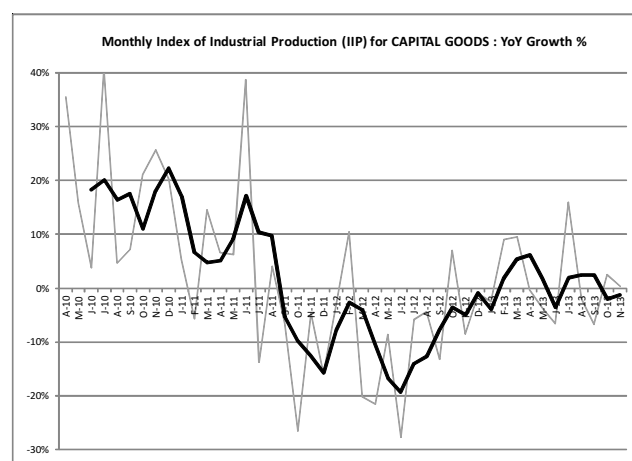
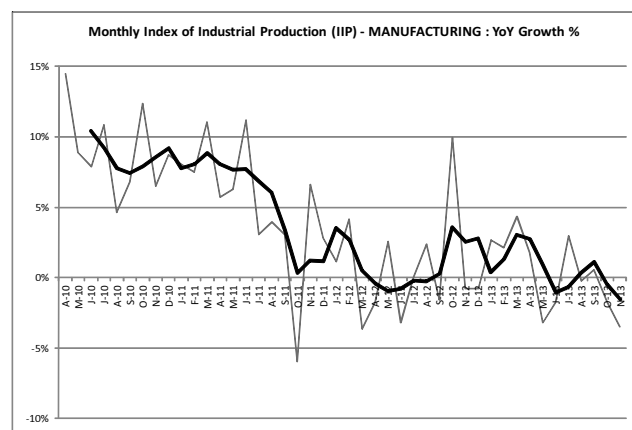
### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The current manufacturing slowdown in India has been one of the longest ever. If the manufacturing growth is sluggish, capacity additions stop and the capital goods industry dips sharply. This is clearly reflected in the adjacent graphs - the YoY Growth in Manufacturing IIP averages just 0.9% for the 29 months period since Jul'11 till Nov'13.

Against this background, your Company has managed to hold and even

grow its sales. This was made possible, primarily because of the continuous thrust on New Product Introductions and aggressive expansion into new Market Segments.

Some of these new product introductions have actually come at the expense of cannibalising direct imports from DISA Denmark to Indian



customers. On the other hand, the growth in Shot Blasting & Filters Sales, is almost entirely due to sales push (and gain in market penetration) into newer market segments, outside the traditional foundry markets.

Even in the current slowdown, your Company has observed clear trends towards increasing automation by Indian Foundries, mainly to address the key challenges on – 1) Manpower availability for foundries, & 2) Increasing Expectations on Consistency of Castings Quality. Such Upgrade Investments into automation, have continued unabated - quite unlike the Greenfield Investments, which grew very fast during boom times, but have slowed down currently.

In such markets, the Company's long term focus on - Making the High End Technology more affordable to Indian Foundries, through increasing localization – has not only remained intact, but has got further reinforced.

The successive IFEX Launches of our "Fully-Made-In-India" New Technology Machines:

- Y2007 Agra : New ARPA with Pneumatic Controls
- Y2008 Chennai : DISA SAM-6 Power-Efficient Mixer, DISA Filters for Fume & Dust Extraction

Y2010 Ahmedabad : DISA SAM-3 Power-Efficient Mixer  
 Y2011 Chandigarh : DISA-030 Vertical High Pressure Moulding Machine  
 Y2012 Bangalore : DISA Match-2024 Horizontal Flaskless High Pressure Moulding Machine  
 Wheelabrator MB-500S Metal Belt Tumbler Machine  
 Y2013 Kolkata : DISA Core-20FP Multi-Parting Cold Box Core Making Machine  
 Wheelabrator DS-1 Manipulator Type Shot Blasting Machine  
 Y2014 Ahmedabad : DISA Match-2024 Horizontal Flaskless High Pressure Moulding Machine - With AMH

Updated DISA Core-20FP Multi-Parting Cold Box Core Making Machine

Such Continuing Innovation & Value Addition by DISA / Wheelabrator in India, remains unmatched in the Industry !

With increasing focus of global competitors in India, your Company has further enhanced its marketing push with frequent Customer Symposiums and ongoing PR.

Your Company also completed another expansion of the Tumkur Plant by 1000 sqm, which is now operational since the beginning of Y2014. With this expansion, the Company has now used up almost all available land areas in Tumkur and Hosakote and any future expansion will therefore have to come from a new site - which will be explored, once the markets come out of the current slowdown phase.

To counter inflationary pressures, Management has initiated a range of Focus Projects on Cost Reduction and Efficiency Improvement.

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 Industrie AG (Switzerland)
9	DISA Industries, Inc. (Illinois, USA)
10	DISA Industries s.r.o. (Czech Republic)
11	DISA Industrienlagen GmbH (Germany)
12	DISA K K (Japan)
13	DISA Limited (Hong Kong)
14	DISA Machinery Limited (China)
15	DISA Trading (Shanghai) Co Limited (China)
16	DISA Technologies Private Limited (India)

17	Surface Preparation (Gibraltar) Ltd
18	WGH Holding Corp. (BVI)
19	WG Global LLC (Delaware, USA)
20	Wheelabrator Group, Inc. (Delaware, USA)
21	Wheelabrator Group (Canada) Ltd, (Canada)
22	Castalloy, Inc. (Delaware, USA)
23	WGH UK Holdings Ltd. (UK)
24	WGH UK Limited (UK)
25	Wheelabrator Technologies (UK) Ltd (UK)
26	Wheelabrator Group SLU (Spain)
27	Wheelabrator Group Holding GmbH (Germany)
28	Wheelabrator Group GmbH (Germany)
29	Wheelabrator OFT GmbH (Germany)
30	Wheelabrator Group NV (Belgium)
31	Wheelabrator Group SAS (France)
32	Matrasur Composites SAS (France)
33	Wheelabrator Group Limited (UK)
34	Wheelabrator Schlick Sp. z o.o. (Poland)
35	WG Plus de Mexico S de RL de CV (Mexico)
36	DISA Management Services ApS (Denmark)
37	WG Plus Servicios S de R, L 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:

- 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 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 updating their skills.

## FOREIGN EXCHANGE EARNINGS AND OUTFLOW

The Company earned Rs.28.10 (Rs.24.0) Crores in foreign exchange and expended Rs.21.5 (Rs.31.0) Crores 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.

There was no complaint lodged by any woman employee under Sexual Harassment of Women at Workplace (Prevention, Prohibition and

Redressal) Act, 2013, with the Company during the period under report.

## DIRECTORS

In terms of the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Robert E Joyce Jr and Mr. Andrew Carmichael, Directors, retire by rotation at the forthcoming Annual General Meeting and are eligible for reappointment.

## AUDITORS

The Auditors, Messrs Deloitte Haskins & Sells, Chartered Accountants, Bangalore, 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 Deloitte Haskins & Sells, Chartered Accountants, Bangalore 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, Business Associates and other Acquaintances.

Your Directors 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: 26.02.2014

Deepa Hingorani  
Director

Viraj Naidu  
Managing Director

## ANNEXURE TO DIRECTORS' REPORT (Year ending 31 Dec 2013)

### 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 45 years	B. Tech (Hons)	22.01.2007 (22)	Managing Director	13,446,726	Tata Autocomp Systems Ltd Interiors & Plastic Division. Chief Operating Officer
1	Mr.S.Mohan 56 Years	B.Sc,ACA,AICWA	23/06/2004 (35)	Chief Financial Officer	8,377,582	Encore Software Limited Chief Financial Officer

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

## REPORT ON CORPORATE GOVERNANCE

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

The Company being part of Norican Group worldwide continues to follow good practices of transparency and disclosure in its reporting. The Company has relentlessly committed itself strongly 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 six Directors including three non-Executive Independent Directors and two Non-Executive Promoter Directors. The Directors have a mix of rich corporate experience and in-depth knowledge of the business. Composition currently is as follows:

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	50%			
	Deepa Hingorani			None	9	1
	Sanjay Arte			None	5	Nil
	Jan Johansen			None	Nil	Nil
Non-Executive & Non-Independent		2	33%			
	Robert E Joyce Jr				10	Nil
	Andrew Carmichael				6	Nil
Executive Director-Non Independent		1	17%		Nil	Nil
	Viraj Naidu			None	Nil	Nil
	<b>Total</b>	<b>6</b>	<b>100%</b>			

#### 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:

**28th Feb, 16th May, 8th Aug & 7th Nov 2013**

**Attendance of each Director at the Board Meetings, Annual General Meeting (AGM) and the number of Companies and Committees where he/she 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 memberships Members/Chairman in other companies in India
Jan Johansen	Director	4	Yes	NIL	NIL
Deepa Hingorani	Director	4	Yes	4	1
Sanjay Arte	Director	3	Yes	5	NIL
Robert E Joyce Jr	Director	4	Yes	NIL	NIL
Andrew Carmichael	Director	4	Yes	NIL	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 disclosures 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.