



# 28th Annual Report

wheelabrator  
shaping industry

**DISA**  
shaping industry

# Wheelabrator in India

"DISA" shot blast is now "Wheelabrator"

18 January 2013

Messrs  
DISA India Limited  
Kushal Garden Arcade, 5<sup>th</sup> Floor  
1A Peenya Industrial Area  
Peenya 2<sup>nd</sup> Phase  
Bangalore, 560 058  
India

Attn: Mr. Viraj Naidu, Managing Director

Dear Sirs:

As you know, Wheelabrator Technologies (UK) Limited and its affiliates in the Wheelabrator Group are the exclusive holders of the world-wide rights to the trademark "Wheelabrator"® and related technology for use in the wheel blast and air blast businesses. These rights have continued in direct line since the invention of the Wheelabrator machines in the 1930s. No other group has a legitimate right to use the Wheelabrator® name or trademark or claim that its wheel or air blast equipment is authentic Wheelabrator® equipment.

In September 2008, the companies of the DISA Group (the world's leading foundry equipment supplier) and the companies of the Wheelabrator Group (the largest provider of wheel and air surface preparation solutions) joined forces under the ownership of Norican Group ApS. As a result of the global merger, the Wheelabrator Group companies are represented in India exclusively by their sister company, DISA India Limited. This representation covers imported equipment and parts as well as equipment and parts produced in India. No other entity in India has the legitimate right to identify its equipment as authentic Wheelabrator® equipment or claim a current relationship with the Wheelabrator Group. A joint venture which existed between the Wheelabrator Group and an Indian company from the 1960s to the 1990s was dissolved some 15 years ago and the former Indian entity has no legal right use the Wheelabrator® name or claim that any of its products are authentic Wheelabrator® products.

As part of the exclusive relationship between DISA India Limited and the Wheelabrator Group, a wide range of the latest Wheelabrator® technology has been localized for production in India. The products produced in India by DISA India Limited include:


- MB-I-500S (Metal Belt Tumbast Machine);
- FL-I-3 (Wire Cleaning Machine);
- HB-I-10/12 and HB-I-12/16 (Y-Track Hanger Shot Blast Machines);
- DS-I-1 (Manipulator Type Shot Blast Machine);
- Blast room solutions;
- Saturn® Wheel for Heavy Duty Applications;
- ROTOJET® 5.3 Wheel for Cleaner Applications; and

Moreover, Wheelabrator Group and DISA India Limited continue to collaborate on bringing additional value-added Wheelabrator® products to the Indian market. DISA India Limited will inform the market as new products are made available to its customers.

Please feel free to share the contents of this letter with your customers and other interested parties.

Yours sincerely,  
Wheelabrator Technologies (UK) Limited

By:   
Name: Ian B. Bird  
Title: Director

By:   
Name: Andrew T. Carmichael  
Title: President / Wheel and Air Technology

wheelabrator  
shaping industry

Wheelabrator groups in Y2009, all Legacy DISA shot blast products and solutions, were rebranded under the Wheelabrator brand.

While this was done in Y2009 worldwide, in India we decided to wait for a while – and to first spread the merger news to all Indian customers. This was done through active PR coverage in industrial magazines and also focused customer symposiums.

This was an important activity, as the Wheelabrator group had a JV in India with another Indian company from the 1960s till the 1990s. However this JV is no longer existing since over 15 years and the erstwhile Indian JV partner does not have any access to the latest Wheelabrator technology. Please see the attached letter from the Wheelabrator Group on this. We now believe that the message of "DISA and Wheelabrator together" is now quite well established in India.

Hence, from Jan'2013, we are now formally rebranding our entire range of DISA shot blast products and solutions – in India – to our global surface preparation brand "Wheelabrator". The current DISA shot blasting solutions in India – namely, BB, SPH, VP, HPH, SPH, HPH, BPH, DTC, DT etc – will all continue to be available, now under our "Wheelabrator" brand. Needless to say, all our moulding solutions – i.e., moulding machines, mixers, sand plant and filters – will continue to be offered under the DISA brand.

Viraj Naidu, Managing Director,  
DISA India Limited

**BOARD OF DIRECTORS**

JAN JOHANSEN  
DEEPA HINGORANI  
SANJAY ARTE  
ROBERT E JOYCE JR (w.e.f 14.04.2012)  
ANDREW CARMICHAEL (w.e.f 14.04.2012)  
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

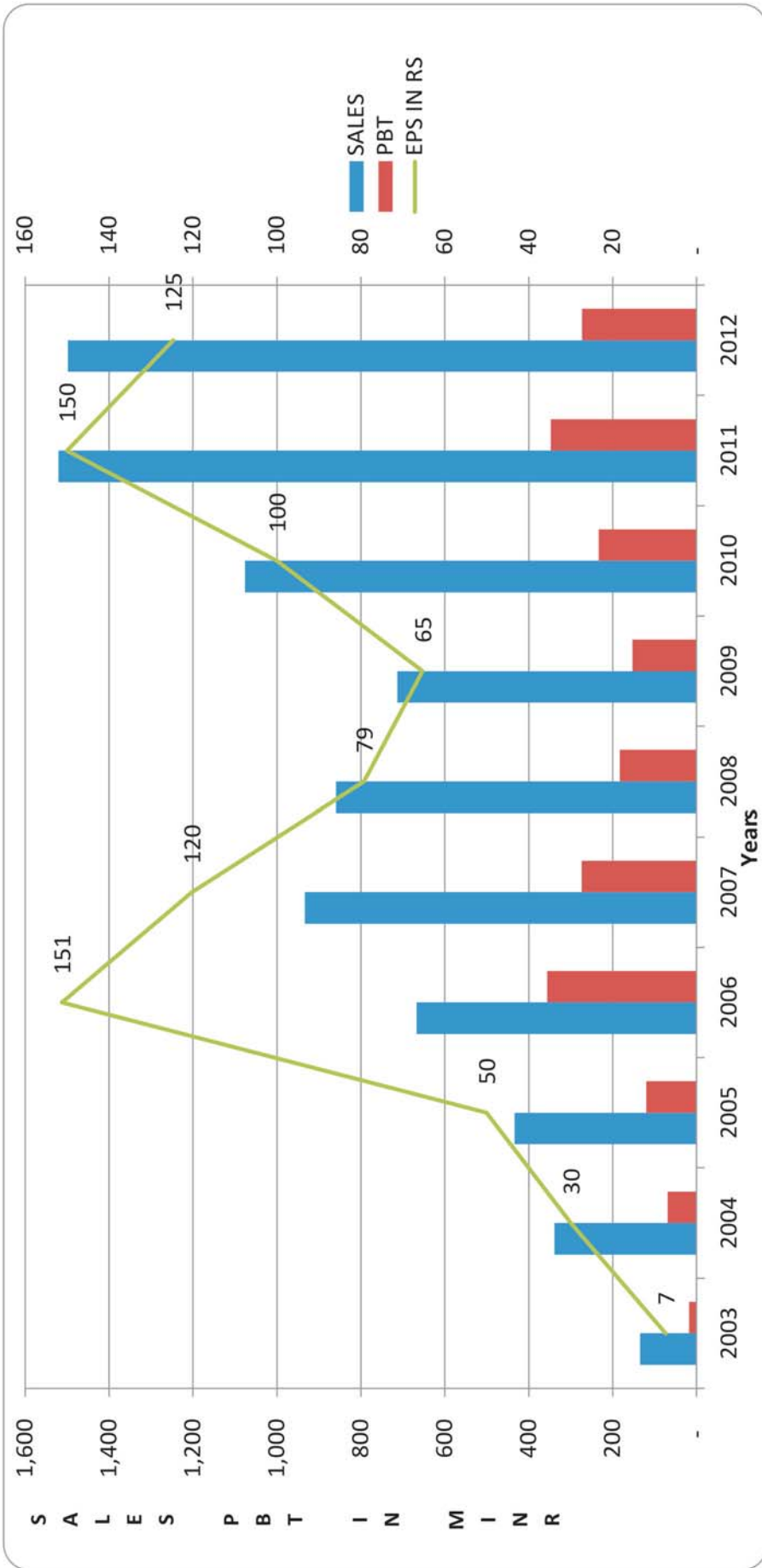
**AUDITORS**

M.K. Dandeker & Co.  
Chennai

**SOLICITORS**

Chander Kumar & Associates  
Bangalore

# PERFORMANCE AT A GLANCE



Years/ MINR	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Net Sales	1,499	1,521	1,076	713	859	934	667	433	338	134
PBT	272	347	233	153	183	274	356	120	69	17
EPS in RS	125	150	100	65	79	120	151	50	30	7
Dividend in %	25%	2000%	0	0	0	2000%	40%	440%	30%	18%

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 Eighth Annual General Meeting of DISA INDIA LIMITED will be held at 11.00 a.m. on Thursday, the 16th day of May 2013 at Hotel Vivanta by Taj, No 2275, Tumkur Road, Yeshwantpur, Bangalore 560 022 to transact the following business:

### ORDINARY BUSINESS:

- To receive, consider and adopt the Audited Balance Sheet as at 31st December 2012 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.
- To elect a Director in place of Ms. Deepa Hingorani, who retires by rotation and is eligible for reappointment.
- To elect a Director in place of Mr. Jan Johansen, who retires by rotation and is eligible for reappointment
- To declare Dividend.
- 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. Messrs M K Dandekar & Co., Chartered Accountants have expressed their intent not seek reappointment as Auditors for the year 2013 and it is proposed to appoint Messrs Deloitte, Haskins & Sells, Chartered Accountants Firm Regn. No. 008072S in place thereof.

### SPECIAL BUSINESS:

- 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 198, 269, 309 and Schedule XIII, other applicable provisions, if any, of the Companies Act, 1956 or any amendment(s) or modification(s) thereof, Mr. Viraj Naidu be and is hereby reappointed as Managing Director of the Company with effect from 6th February, 2013 to 31st March 2016 on such remuneration as recommended by the Remuneration Committee and the Board of Directors and as set out below:

#### 1. BASIC SALARY:

With effect from	Salary per month
01.04.2013	Rs. 230,162/- (Rupees two lakhs thirty thousand one hundred and sixty two only) per month with such changes annually as may be decided upon.

#### 2. PERFORMANCE LINKED BONUS:

Eligible to receive a performance linked bonus every year. The standard terms of key MIP will be applied. The system takes into account Group performance, Company performance in terms of Growth and margin expansion and personal objectives measured against agreed objectives for the year. As constituted currently,

the amount could reach a maximum of 30% of the total pay.

#### 3. HOUSE RENT ALLOWANCE:

Not exceeding 50% of basic salary. House rent allowance will be Rs.115,081/- (Rupees one lakh fifteen thousand eighty one only) per month.

#### 4. CONVEYANCE:

Chauffeur driven car will be provided by the Company for the performance of official duties and personal use. All expenses towards this facility will be borne by the Company.

#### 5. 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.

#### 6. OTHER ALLOWANCE:

A general allowance to cover all household expenses & insurance, using clubs in which the Company has corporate membership. This general allowance will be Rs.161,113/- (Rupees one lakh sixty one thousand one hundred and thirteen only) per month.

#### 7. MEDICAL EXPENSES:

Medical expenses incurred in respect of the 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. This will be limited to Rs.1250/- (Rupees one thousand two hundred and fifty only) per month.

#### Mediclaim Policy

Eligible to receive the mediclaim policy (premium paid by Company) covering self, spouse and dependant unmarried children less than 21 years of age as applicable to the senior management personnel of the Company.

#### 8. LEAVE AND LEAVE TRAVEL ASSISTANCE:

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

#### 9. PROVIDENT FUND:

Contribution of 12% of basic salary by the Appointee with an equal amount of contribution by the Company.

#### 10. SUPERANNUATION FUND:

The Company contributes 15% of the basic salary to the Superannuation Fund.

#### 11. 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.

### 12. REIMBURSEMENT OF BUSINESS EXPENSES:

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

### 13. SITTING FEE :

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.

### 14. PROFIT GROWTH SHARING INCENTIVE SCHEME:

Mr. Viraj Naidu will also be eligible for the Profit Sharing Scheme (Incentive based compensation program to award employees a percentage of the Company's Profit) as applicable to all the Staff members of the Company.

### MINIMUM REMUNERATION

In the event of absence or inadequacy of profits in any Financial Year during the currency of tenure of his appointment, the entire applicable remuneration by way of Salary and perquisites mentioned above shall be paid as the Minimum Remuneration, subject to the provisions under Schedule XIII to the Companies Act, 1956.

FURTHER RESOLVED THAT the Board of Directors be and is hereby authorized to vary the terms and conditions of appointment of Mr. Viraj Naidu as Managing Director subject to the limits prescribed under the Schedule XIII to the Companies Act, 1956."

7. 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, approval be and is hereby accorded for 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 2012".

By Order of the Board of Directors

For DISA India Limited

Date: 28.02.2013  
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 09.05.2013 to 16.05.2013 (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 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 approved at the Annual General Meeting, will be disbursed on or before 31st May, 2013.
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.

### EXPLANATORY STATEMENTS UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956:

#### Item no. 6

Perhaps the shareholders will recapitulate that Mr Viraj Naidu was appointed as Managing Director of the Company at the 26th Annual General Meeting held on 6th May, 2011 for the period from 6th February, 2010 to 5th February, 2013. Based on the recommendations of the Remuneration Committee, the Board of Directors further appointed Mr.

Viraj Naidu as Managing Director with effect from 06.2.2013 to 31.03.2016, subject to the approval of the Shareholders.

Mr. Viraj Naidu is a Mechanical Engineering graduate from the Indian Institute of Technology and has over 22 years of experience in the fields as diverse as maintenance, sales & marketing, program management, project management and general management. He also has significant exposure to multi-national and multi-cultural environments.

It is very obvious that the Company has steadily grown from the time Mr. Viraj Naidu was entrusted with substantial powers of Management of the day to day affairs of the Company about 6 years ago.

Your Board has recognized the manner in which Mr. Viraj Naidu has steered the Company through difficult times and the manner in which he has built up an enviable team.

Considering all the above criteria and the need of the Company, based on the recommendations of the Remuneration Committee, your Board has re-appointed him as Managing Director with effect from 06.2.2013 to 31.03.2016 and recommends that the same be approved by the Members.

This may be deemed as abstract under Section 302 of the Companies Act, 1956 of the terms and conditions of appointment of Mr. Viraj Naidu as Managing Director.

Mr. Viraj Naidu may be deemed to be interested or concerned in the Resolution.

#### **Item no. 7**

It may be recalled that at the 22nd Annual General Meeting held on 18th April 2007, as in the earlier period, the Shareholders had approved the 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 2012. Accordingly approval of the Shareholders is sought for the Special Resolution set out at Item no.7 of the Notice.

It may be noted that the proposed commission is in line with the industry norms of such companies as have the practice of extending the commission benefit for the humongous amount of responsibilities shouldered by the Directors including the deliberations and discussions in various meetings of the Committees/Board thereof. For information, thus far, none of the Nominee Directors of the Holding Company has accepted commission.

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

By Order of the Board  
For DISA India Ltd

Date: 28.02.2013  
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:

1. **Name:** Ms. Deepa Hingorani  
**Age:** 42 years

**Qualification:**  
Masters in Finance & MBA from SIMI

**Expertise:**  
17 years of experience Finance & Business Management

**Other Directorships:**

- 1) Ramboll India Pvt Ltd
- 2) Satin Creditcare Network Ltd
- 3) Starco Lanka Pvt Ltd
- 4) Asia Power Pvt Ltd
- 5) Nilpeter India Pvt Ltd
- 6) Orana India Pvt Ltd
- 7) Rabai Power Ltd
- 8) Rabai Power Holding Ltd
- 9) DZ Card (Africa) Ltd, Tanzania

**Committee Memberships :**

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

2. **Name:** Mr. Jan Johansen  
**Age:** 63 years

**Qualification:**  
Bachelor of Engineering

**Expertise:**  
40 years of Industrial/Business Management

**Other Directorships:**

Group Companies-

- 1) DISA Industries A/S
- 2) DISA Holding A/S
- 3) DISA Holding II A/S

**Committee Memberships :**

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

3. **Name:** Mr. Viraj Naidu  
**Age:** 44 years

**Qualification:**  
Mechanical Engineering graduate from Indian Institute of Technology

**Expertise:**  
22 years of Industrial/Business Management

**Other Directorships:** NIL

**Committee Memberships :**

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

Date: 28.02.2013  
Place: Bangalore

For DISA India Ltd

Viraj Naidu  
Managing Director



## DIRECTORS' REPORT

The Board of Directors have pleasure in presenting the 28th Annual Report and Audited statement of Accounts for the year ended 31st December, 2012 together with the Auditors' Report.

### FINANCIAL RESULTS

(Rs.in '000)

Description	2012	2011
Sales & Service	1,512,936	1,539,853
Profit before depreciation, tax & financial charges	305,070	369,671
Less: Depreciation	32,132	21,935
Less: Interest	442	525
Less: Provision for taxation (net of deferred tax)	84,119	120,553
<b>PROFIT AFTER TAXATION</b>	<b>188,377</b>	<b>226,658</b>
Add: Profit & Loss account Balance b/f	201,469	385,453
<b>PROFIT AVAILABLE FOR APPROPRIATION</b>	<b>389,846</b>	<b>612,111</b>
<b>APPROPRIATION:</b>		
Amount transferred to General Reserves	18,837	59,602
Proposed Dividend & Tax thereon	4,388	351,040
Balance in Profit & Loss Account	366,621	201,469

### DIVIDEND

In an overall low market in Y2012, your Company was still able to retain its top line – mainly due to the successful introduction of some major new products & markets, over the last few years. However, inflation took an impact on the bottom-line. While the high opening backlog for Y2013 gives a good sign of growth again – subject to the Indian Markets recovering in Y2013 - the Company has also initiated focus projects, for reducing costs & increasing efficiencies. Against this background, the Board of Directors, recommend a dividend of Rs.2.50/- per Equity Share of Rs.10.00/- each (i.e. 25%).

### PERFORMANCE OF THE COMPANY

After the sharp recovery of the Indian Industry since the last quarter Y2009, and subsequent acceleration in Y2010 & Y2011, the Company could clearly see the slowdown hitting again from End Y2011. The major customer segment – foundries – ran at a much lower capacity utilization levels throughout Y2012 and this still continues in Q1-2013. The slump across the entire Automotive sector – with severe drop in heavy trucks – is very significant. Capital Goods Industry – like your Company – normally drops sharply in such a market situation, mainly because the fresh capacity expansions slow down very suddenly. However, with the continued focus of the Norican Group (the parent entity of DISA & Wheelabrator Groups worldwide) on New Product Introductions through your local company, your Company could still hold our topline sales in Y2012. Actually, throughout the year the Company had sluggish pick up of ready equipment from the customers, which were pushed out finally in the last quarter. Y2012 Revenues thus ended at Rs. 152 Crores, against Rs.154 Crores of Y2011. Operating Profit declined from

Rs.32 Crores in Y2011 to Rs.27 Crores in Y2012 – mainly due to Inflation in Salaries & Expenses. Any major Material Cost Inflation was however avoided by product mix & control.

Success of the New Products / Markets focus is now evident in the fact that your Company had the Record Highest Order Intake of Rs.192 Crores in Y2012 - the previous highest was Rs.148 Crores in Y2011. Almost 1/3rd of the Order Intake is on account of New Products / Markets introduced in the last 4-5 years. This also led to the Record Highest Opening Order Backlog of Rs.105 Crores for Y2013 - up by nearly 60% on the previous year's opening backlog of Rs.66 Crores.

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

DISA 030 (Vertical Moulding Machine) – launched in Feb 2011 and thereafter Match 2024 (Horizontal Matchplate Moulding Machine) – launched in Feb'2012, now add two popular products for your Company locally (as against the imports earlier). Additionally, the whole range of Shot & Air Blasting products that your Company has been introducing from the Wheelabrator Range of Global Products, also gives new market access, which compensates heavily against the slowdown in your Company's traditional foundry markets.

Continuing this journey, in Jan 2013, at IFEX Kolkata, your Company launched the New DISA 20FP Core Machine and also the Manipulator Type DS-1 Machine, which is the first such technology to be localised by any company in India.

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

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

In January, 2013, the Company rebranded all the Legacy DISA Shot Blast Products & Solutions under the Global W&A Brand "Wheelabrator".

Management continues to focus on scaling up for further growth. In Jan 2013, your Company installed another two significant machines to further increase the machining capacity in the Tumkur Plant.

A further expansion of about 1100 sqm is also triggered in Tumkur Plant which will be operational by Sep/Oct 2013. The Company has also leased additional storage space near its Tumkur Plant and is currently planning on the longer term Capacity requirement for the coming 5-7 years. The own premises at Tumkur and Hosakote Land have very little expansion possibility left now and therefore, the Company is looking for new site as long term planning.

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

In March, 2012, the Company also went live on the New ERP System creating the platform necessary for the continuing scaling.

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)
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 OFT GmbH (Germany)
27	Wheelabrator Group NV (Belgium)
28	Wheelabrator Group SAS (France)
29	Matrasur Composites SAS (France)
30	Wheelabrator Group Limited (UK)
31	Wheelabrator Schlick Sp. z o.o. (Poland)
32	WG Plus de Mexico S de RL de CV (Mexico)
33	DISA Management Services ApS (Denmark)
34	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.203.64 (Rs.160.34) Million in foreign exchange and expended Rs.464.42 (Rs.175.88) Million in foreign exchange during the year under review.

### INDUSTRIAL RELATIONS

During the period, the earlier wage agreement with the worker's union expired and a new agreement for a further period of three years, to be signed is under discussion.

## 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, Ms. Deepa Hingorani and Mr. Jan Johansen, both Independent Directors retire by rotation at the forthcoming Annual General Meeting and are eligible for reappointment.

## AUDITORS

Messrs M K Dandekar & Co., Chartered Accountants, Chennai, Auditors of the Company retire at the end of forthcoming Annual General Meeting and have decided not to seek appointment. Based on the recommendation of the Audit Committee and in line with the provisions

of the Companies Act, 1956, the Board recommends the appointment of Messrs Deloitte Haskins & Sells, Chartered Accountants, Bangalore as Auditors to hold office up to the date of the next Annual General Meeting.

## ACKNOWLEDGEMENT

The Directors place on record their appreciation for valuable contribution made by employees at all levels, active support and encouragement received from the Government of India, the 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: 28.02.2013

Deepa Hingorani

Director

Viraj Naidu

Managing Director

## ANNEXURE TO DIRECTORS' REPORT (Year ending 31 Dec 2012)

### 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 44 years	B. Tech (Hons)	22.01.2007 (22)	Managing Director	8,303,668 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 continues to be 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 six Directors including three non-Executive Independent Directors, two Non-Executive Promoter Directors and one Managing Director. 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	50%			
	Deepa Hingorani			None	9	1
	Sanjay Arte			None	6	Nil
	Jan Johansen			None	6	Nil
Non-Executive & Non-Independent		2	33%			
	Robert E Joyce Jr				11	
	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:

29th Feb, 9th May, 9th Aug, 9th Nov 2012

#### 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	4	1
Sanjay Arte	Director	3	Yes	6	NIL
Robert E Joyce Jr	Director	2	No	NIL	NIL
Andrew Carmichael	Director	3	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 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:

**29th Feb, 9th May, 9th Aug, 9th Nov, 2012**

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

Name of Director	No. of Meetings attended
Deepa Hingorani	4
Sanjay Arte	3
Jan Johansen	4
Andrew Carmichael	3

#### 4. Remuneration Committee

The Company has set up a Remuneration Committee firstly to determine and review the remuneration and bonus of the Executive/Managing 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 twice during the year on the following dates :

**29th Feb 2012, 9th Nov 2012**

Name of Director	No. of Meetings attended
Deepa Hingorani	2
Sanjay Arte	2
Jan Johansen	2

#### 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 seven times during the year on the following dates:

**12th March, 18th April, 25th June, 23rd Aug, 11th Oct, 20th Nov & 7th Dec, 2012**

Name of Director	No. of Meetings attended
Deepa Hingorani	6
Sanjay Arte	5
Viraj Naidu	5

There were (March Qtr-Nil , June Qtr-2, Sep Qtr-2, Dec Qtr-1 ) 5 (Five) complaints received and redressed during the year ended 31st December 2012. There was no pending share transfer as on 31-12-2012.

#### 6. Remuneration paid to Directors

The details of remuneration paid to the Directors during the year 2012 are given below:

a) Managing Director (in Rs.)

Directors	Salary	Performance Bonus & incentive	Perquisites	Sitting Fees	Total
Mr. Viraj Naidu	59,63,819	21,13,549	226,300	-	83,03,668

b) Non-Executive Directors (in Rs.)

Name	Sitting fees	Commission for the year 2011 (paid in 2012)
Jan Johansen	120,000	200,000
Deepa Hingorani	130,000	300,000
Sanjay Arte	-	-
<b>Total</b>	<b>250,000</b>	<b>500,000</b>

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  
5th Floor, Kushal Garden Arcade  
1A, Peenya Industrial Area, 2nd Phase  
Bangalore 560 058

E-Mail: investor.relations@norcangroup.com  
Phone: +91 80 4020 1406  
Fax : +91-80-2839 1661

The Company has fulfilled all the compliance requirements under the listing agreements as regards the Investor Grievance Committee.

## 8. General Body Meetings

Location and time of the last three Annual General Meetings

Year	Date	Venue	Time
2009	30-04-2010	The Atria Hotel, #1, Palace Road Bangalore-560001	1100 Hrs
2010	06-05-2011	The Atria Hotel, #1, Palace Road Bangalore-560001	1130 Hrs
2011	09-05-2012	Vivanta by Taj, Yeshwanthpur Bangalore-560 022	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 every quarter.

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.

Recently in (October 2012) the Company has added a corporate presentation in its website for the benefit of investing community.

## 11. General Information to Shareholders

### a) AGM : Date: Thursday, 16th May 2013

Time: 11:00 Hrs

Venue: Vivanta by Taj , No 2275, Tumkur Road, Yeshwantpur, Bangalore 560022

Financial year : January to December 2012

Date of Book Closure: 9th May 2013 to 16th May 2013 (both days inclusive)

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

### b) Stock Market price data for the year 2012 (Face value Rs. 10/-)

Period	SENSEX		BSE (Rs.)	
	High	Low	High	Low
Jan-12	17,258.97	15,358.02	1,625.00	1,456.00
Feb-12	18,523.78	17,061.55	2,350.00	1,551.00
Mar-12	18,040.69	16,920.61	3,175.00	2,276.00
Apr-12	17,664.10	17,010.16	3,944.45	2,900.00
May-12	17,432.33	15,809.71	3,430.00	2,330.00
Jun-12	17,448.48	15,748.98	2,919.00	2,450.00
Jul-12	17,631.19	16,598.48	2,725.00	2,470.10
Aug-12	17,972.54	17,026.97	2,915.00	2,540.00
Sep-12	18,869.94	17,250.80	3,099.00	2,550.00
Oct-12	19,137.29	18,393.42	3,090.00	2,700.00
Nov-12	19,372.70	18,255.69	2,999.90	2,323.05
Dec-12	19,612.18	19,149.03	3,050.00	2,715.00

**c) Registrar and Transfer Agents (RTA)**

Integrated Enterprises (India) Limited, No.30, Ramana Residency, Ground Floor, IV Cross, Sampige Road, Malleswaram, BANGALORE-560 003, Tel : 23460815/816 is the Company's Registrar and Share Transfer Agents. They have the requisite registration with SEBI.

**d) Share Transfer System**

The Company's Share Transfer Committee meets regularly and expeditiously handles the procedures related to application for transfer of shares. The RTA has the requisite infrastructure to process all activities related to share transfers. The system is further audited by a Practicing Company Secretary and the required certificates/ reports to this effect as also those related to dematerialisation, reconciliation of Shares etc. are issued and filed with the Stock Exchanges where the Company's Shares are enlisted.

The Company's Shares are compulsorily traded in the demat form and the ISIN No. allotted is INE 131CO1011.

**e) Distribution of shareholding as on 31-12-2012**

Face Value Rs.10/-

Range (in Rs.)	No. of Share Holders	% of Total Share Holders	Total Holding In Rs.	% of Total Capital
1 - 5000	3048	98.67	1492970	9.89
5001 - 10000	18	0.58	133880	0.89
10001 - 20000	10	0.32	153340	1.02
20001 - 30000	4	0.13	99330	0.66
30001 - 40000	0	0.00	0	0.00
40001 - 50000	1	0.03	40110	0.27
50001 - 100000	2	0.06	108690	0.72
100001 & above	6	0.19	13073730	86.57
<b>Total</b>	<b>3089</b>	<b>100.00</b>	<b>15102050</b>	<b>100.00</b>

**f) Dematerialization of shares and liquidity**

About 96.02% of the 1,510,205 outstanding Equity Shares have been dematerialized upto 31.12.2012

**MODE OF HOLDINGS AS ON 31.12.2012**

	NO. OF SHARES	% ON CAPITAL
NSDL	1,424,444	94.32
CDSL	25,597	1.69
PHYSICAL	60,164	3.98
<b>TOTAL</b>	<b>1,510,205</b>	<b>100.00</b>

**g) Shareholding pattern as on 31-12-2012**

Category	No of Shares	% Holding
Directors	-	-
Promoter But not Director	1,132,653	75.00
Director/Promoters Relatives	-	-
<b>Sub Total</b>	<b>1,132,653</b>	<b>75.00</b>
Banks & Financial Institutions, Insurance Companies, Mutual Fund	186,561	12.35
Body Corporate	10,784	0.71
NRI	3,167	0.21
FII	-	-
Indian Promoter	-	-
Clearing Member	868	0.06
Trust	40	0.00
General Public	176,132	11.66
<b>Total</b>	<b>1,510,205</b>	<b>100.00</b>

h) Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on Equity. - NIL

i) **Plant Locations : Factories**

1) No. 28-32, Satyamangala Industrial Area  
Tumkur - 572 104  
Tel: 0816 2211290 / 2211291

2) Plot No.50, KIADB Industrial Area  
Hosakote - 562 114  
Tel: 080 27971310 / 27971516

j) **Address for correspondence**

**Registered & Corporate Office :**

DISA INDIA LIMITED  
5th Floor, Kushal Garden Arcade, 1A,  
Peenya Industrial Area, Peenya 2nd Phase,  
Bangalore 560 058  
Phone: 91-80-4020 1400 to 04



**AUDITORS' CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF  
CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT**

To

The Members of  
DISA INDIA LIMITED  
5th Floor, Kushal Garden Arcade  
1A, Peenya Industrial Area  
Peenya 2nd Phase  
Bangalore 560 058

1. We have examined the compliance of the conditions of Corporate Governance by DISA India Limited for the year ended 31st December 2012 as stipulated in Clause 49 of the Listing Agreement of the said company with the Stock Exchange in India.
2. The Compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.
3. In our opinion and to the best of our information and explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above-mentioned Listing Agreement.
4. We state that in respect of investor grievances received during the year ended 31st December 2012, no investor grievance was pending against the company as on 31st December 2012, as per records maintained by the company and presented to the shareholders / Investors Grievances Committee.
5. As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that as per the records maintained by the Company, there was no investor grievance remaining unattended/pending for more than 30 days.
6. We further state that such Compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

For M.K. Dandeker & Co.  
(ICAI Reg No. 000679S)

K.J. Dandeker  
Partner  
Chartered Accountants  
Membership No. 18533

Place : Bangalore  
Date : 28.02.2013

### SECRETARIAL COMPLIANCE CERTIFICATE

Registration No. of the Company: **L85110KA1984PLC006116**

Nominal Capital: **Rs. 5,00,00,000/-**

To:

The Members,  
DISA INDIA LIMITED,  
Bangalore – 560 058.

I have examined the registers, records, books and papers of DISA India Limited (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st December, 2012. In my opinion and to the best of my information and according to examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year.

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made thereunder and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made thereunder (beyond the time prescribed with additional fee).
3. The Company being a Public Limited Company, has the minimum prescribed paid-up capital as per the provisions of Companies Act, 1956 and the provisions of the Act do not prescribe maximum number of members for such a Public Limited Company.
4. The Board of Directors duly met 4 {Four} times from 01.01.2012 to 31.12.2012 on the following dates: 29th February, 2012, 9th May, 2012, 9th August, 2012 and 9th November, 2012 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed including the circular resolutions passed, in the Minutes Book maintained for the purpose.
5. The Company closed its Register of Members from 3rd May, 2012 to 9th May, 2012 (both the days inclusive) and necessary compliance of Section 154 of the Act has been made.
6. The Annual General Meeting for the financial year ended on 31st December, 2011 was held on 9th May, 2012 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No Extra Ordinary General Meeting was held during the financial year 2012.
8. The Company has not advanced any loans to its Directors or persons or firms or companies referred to under Section 295 of the Act.
9. The Company has not entered into any contracts falling within the purview of Section 297 of the Act.
10. The Company was not required to make entries in the register maintained under Section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, members or Central Government.
12. The Company has not issued duplicate share certificates during the financial year.
13. The Company :
  - (i) has transferred/ transmitted securities during the financial year;
  - (ii) has declared dividend during the financial year and deposited amount in a separate Bank Account;
  - (iii) paid/posted warrants for dividends including to those holding shares in electronic form by crediting their accounts, to all the members within a period of 30 (Thirty) days from the date of declaration and that all unclaimed/unpaid dividends has been transferred to unpaid dividend account of the Company;
  - (iv) has transferred the required funds to the Investor Education and Protection Fund during the year;
  - (v) has duly complied with the requirement of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted. There were changes in the composition of the Board during the financial year and requisite forms have been filed with Registrar of Companies.
15. The Company has not appointed Managing Director during the financial year in compliance with the Act.
16. The Company has not appointed any sole-selling agents during the financial year.
17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar and/or such authorities prescribed under the various provisions of the Act during the financial year.
18. The Directors have disclosed their interests in other firms/ companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. The Company has not issued any Shares during the financial year.
20. The Company has not bought back Shares during the financial year.
21. There was no redemption of preference Shares during the financial year.
22. There were no transactions necessitating the Company to keep in abeyance the rights to rights shares and bonus shares/securities pending registration of transfer of shares.
23. The Company has not invited/ accepted any deposits including any unsecured loans falling within the purview of Section 58A during the financial year.
24. The Company's borrowings during the financial year ended 31.12.2012 were in compliance with the Act.
25. The Company has not made any loans or advances or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose.
26. The Company has not altered the provisions of the Memorandum

- with respect to situation of the Company's registered office from one state to another during the year under scrutiny.
27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the Memorandum with respect to the name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the Memorandum with respect to the share capital of the Company during the year under scrutiny.
30. The Company has not altered its Articles of Association during the financial year.
31. There were no prosecutions initiated against or show cause notices received by the Company and no fines or penalties or any other punishment was imposed on the Company during the financial year, for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. The Company has not constituted a Provident Fund referred to, under Section 418 of the Act.
- Place: Bangalore  
 Date: 28.02.2013
- VIJAYAKRISHNA K T

#### ANNEXURE- A

Following were the registers maintained by the Company:

1. Register of Members
2. Register of Directors
3. Register of Directors' Shareholdings
4. Register of Disclosure of Interests.
5. Register of Transfers
6. Register of Charges
7. Register of Contracts
8. Register of Debentures
9. Minutes of the Board, Committee and Shareholders Meetings
10. Register of Allotment.

#### ANNEXURE- B

Forms and Returns as filed by the Company with the Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ended 31st December, 2012:

Sl. No.	Form No./ Return	Filed under Section	For	Date of filing	Whether filed within the Pre-scribed time Yes/No	If delay in filing whether requisite additional fee paid Yes / No.
1.	Form 23AC & 23ACA	220	Annual Accounts Form 23AC and Form 23ACA	30.05.2012	Yes	NA
2.	Form 20B	159	Annual Return Form 20B	21.06.2012	Yes	NA
3.	Form 66	383A	Secretarial Compliance Report Form 66	29.05.2012	Yes	NA
4.	Form 32	303(2)	Appointment of Mr. Robert E Joyce Jr and Mr. Andrew T. Carmichael as Additional Directors	24.04.2012	YES	NA
5.	Form 32	303(2)	Change in designation of Mr. Robert E Joyce Jr and Mr. Andrew T. Carmichael as Directors	01.06.2012	YES	NA
6.	Form 5INV	-	Investor Education and Protection Fund	27.08.2012	NA	NA
7	Form 1INV	-	Investor Education and Protection Fund	26.09.2012	YES	NA

### AUDITORS' REPORT TO THE MEMBERS OF DISA INDIA LTD., BANGALORE

We have audited the attached Balance Sheet of DISA India Limited, Bangalore as at 31st December, 2012, the Statement of Profit and Loss and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that:

- i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii. In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
- iii. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- iv. In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- v. On the basis of written representations received from the directors, as on 31st December, 2012, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st December 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st December, 2012; and
  - b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date.
  - c) in case of the Cash Flow Statement, of the cash flows for the year ended on that date.

for M.K.DANDEKER & CO.  
(ICAI Reg No. 000679S)

K.J.DANDEKER  
Partner  
Chartered Accountant  
Membership No.18533

Place : Bangalore  
Dated : 28.02.2013

**ANNEXURE TO THE AUDITORS' REPORT IN PURSUANCE OF COMPANIES (AUDITORS REPORT) ORDER, 2003**  
(Referred to in our Report of even date)

- |   |   |
|---|---|
| <p>I. The Company has maintained proper records showing full particulars including Quantitative details and situation of fixed assets. The Management at reasonable intervals has physically verified these Fixed Assets and no material discrepancies were noticed on such verification.</p> <p>II. The physical verification of inventory has been conducted at reasonable intervals by the Management. The procedures for physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the company and the nature of its business. The Company is maintaining proper records of inventory and any discrepancies noticed on physical verification are being properly dealt in the books of accounts.</p> <p>III. The Company has neither granted nor taken any loans, secured or unsecured to or from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act 1956.</p> <p>IV. The Company has adequate internal control procedures commensurate with the size of the company and the nature of its business, for the purchase of inventory, fixed assets and also for the sale of goods. There are no major weaknesses in the internal control to be corrected.</p> <p>V. The Company has not entered into any transaction as seen from the register maintained in pursuance of Section 301 of the Companies Act 1956 with the exception of related party transactions with the group companies where the transactions purchases/sales are at reasonable rates as per the information given to us.</p> | <p>VI. The Company has not accepted deposits from the public and the provisions of Section 58A and 58AA of the Companies Act 1956, rules framed there under and other relevant directives issued by the Reserve Bank of India are not applicable to the Company.</p> <p>VII. The Company has appointed a firm of Auditors to carry out the Internal Audit. The Internal Audit is commensurate with its size of the Company and nature of its business.</p> <p>VIII. The Central Government has prescribed the maintenance of cost records under Section 209(h)(d) of the Act in respect of products manufactured by the Company for each of the financial year commencing on or after the 1 April 2011. We have broadly reviewed the books of accounts maintained by the Company and are of the opinion that prima facie, the prescribed records and accounts have been made and maintained.</p> <p>IX. The Company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employee's State Insurance, Income tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess with the appropriate authorities. According to the information and explanation given to us there are no undisputed statutory dues outstanding at the year end, for the period exceeding six months from the date they became payable.</p> <p>According to the information and explanation given to us, the following are the particulars of disputed statutory dues which have not been deposited as at 31st December 2012.</p> |
|---|---|

Name of the Statute	Nature of the Dues	Amount (Rs)	Period to which the amount relates	Forum where dispute is Pending
The Central Sales Tax Act 1956 and KVAT Act 2003	CST	18,31,511	April 2008 to March 2009	Deputy Commissioner of Commercial Taxes (Audit)
The Central Excise Act, 1944	Excise Duty	2,42,338	April 2009 to March 2011	Commissioner of Central Excise (Appeals)
The Finance Act 1994 (Service Tax)	Service Tax	7,604	March 2010 to February 2011	Additional Commissioner of Central Excise
The Finance Act 1994 (Service Tax)	Service Tax	10,05,739	April 2006 to March 2011	Additional Commissioner of Central Excise
Finance Act 1994 (Service Tax)	Education Cess on Service Tax	12,378	April 2011 to March 2012	Assistant Commissioner of Central Excise
The Central Excise Act, 1944	Excise Duty	5,788	July 2009 to March 2011	Assistant Commissioner of Central Excise

- |   |  |
|---|--|
| <p>X. The Company has got accumulated profits at the end of the year and the company has not incurred cash losses in the current year and in the immediately preceding year.</p> <p>XI. The Company has not defaulted in repayment of dues to Financial Institutions or Banks or Debenture holders.</p> | <p>XII. The Company has not granted any loan and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly paragraph 4 (xii) of the Order is not applicable;</p> <p>XIII. In our opinion and according to the information and explanations,</p> |
|---|--|

the company is not a Chit Fund, Nidhi or Mutual Benefit Fund/Societies. Accordingly paragraph 4 (xiii) of the Order is not applicable;

- XIV. According to the information and explanations given to us, the company is not dealing or trading in shares, securities, debentures or other investments. Accordingly paragraph 4(xiv) of the Order is not applicable.
- XV. The Company has not given any guarantee for loans taken by others from Bank or Financial Institution etc.,
- XVI. The Company has not obtained any term loans during the year.
- XVII. The funds raised by the Company on short-term basis have not been used for long term investment and vice versa.
- XVIII. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act 1956 during the year.
- XIX. The Company has not issued any debentures during the year.
- XX. The Company has not raised any money by public issues during the year. Accordingly paragraph 4(xx) of the Order is not applicable.
- XXI. Based on our examination and the information provided to us by the company, no fraud on or by the company has been noticed or reported during the year.

for M.K.DANDEKER & CO.  
(ICAI Reg No. 000679S)

K.J.DANDEKER  
Partner

Chartered Accountant  
Membership No.18533

Place : Bangalore  
Dated : 28.02.2013

**BALANCE SHEET AS AT 31ST DECEMBER, 2012**

Particulars	Note No.	As at 31 December, 2012 Rs. '000	As at 31 December, 2011 Rs. '000
<b>A EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' funds</b>			
(a) Share capital	1	15,102.05	15,102.05
(b) Reserves and surplus	2	600,374.25	416,385.15
<b>2 Non-current liabilities</b>			
(a) Deferred tax liabilities (net)	3	1,908.63	2,926.63
(b) Other long-term liabilities	4	17,716.00	6,900.00
(c) Long-term provisions	5	10,323.24	12,137.46
<b>3 Current liabilities</b>			
(a) Trade payables	6	204,002.14	211,343.56
(b) Other current liabilities	7	362,347.56	250,440.06
(c) Short-term provisions	8	19,676.02	375,223.71
<b>TOTAL</b>		<b>1,231,449.89</b>	<b>1,290,458.63</b>
<b>B ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	9-A	193,885.42	169,612.43
(ii) Intangible assets	9-B	16,626.25	-
(iii) Capital work-in-progress		14,671.85	32,486.05
(b) Long-term loans and advances	10	10,869.61	12,652.73
<b>2 Current assets</b>			
(a) Inventories	11	318,948.51	288,957.14
(b) Trade receivables	12	128,321.03	80,965.63
(c) Cash and bank balances	13	436,804.07	599,153.55
(d) Short-term loans and advances	14	102,186.91	85,519.60
(e) Other current assets	15	9,136.24	21,111.50
<b>TOTAL</b>		<b>1,231,449.89</b>	<b>1,290,458.63</b>
Significant Accounting Policies	23		

The accompanying notes are an integral part of the financial statements

As per our report of even date

For and on behalf of the Board of Directors

For M.K. DANDEKER & CO.,  
Chartered Accountants  
(ICAI Regn. No. 000679S)

K. J. Dandeker  
Partner  
Membership No. 18533

Viraj Naidu  
Managing Director

Deepa Hingorani  
Director

Place : Bangalore  
Date : 28.02.2013

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER, 2012

Particulars	Note No.	For the year ended 31 December, 2012 Rs. '000	For the year ended 31 December, 2011 Rs. '000
1 Revenue from operations (gross)	16	1,666,785.53	1,682,140.06
Less: Excise duty	16	(149,221.72)	(138,468.98)
Revenue from operations (net)		1,517,563.81	1,543,671.08
2 Other income	17	36,113.16	48,887.54
<b>3 Total revenue (1+2)</b>		<b>1,553,676.97</b>	<b>1,592,558.62</b>
<b>4 Expenses</b>			
(a) Cost of materials consumed	18.a	837,425.87	878,949.45
(b) Purchases of stock-in-trade	18.b	26,616.23	19,909.47
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	18.c	(36,394.39)	(42,436.51)
		<b>827,647.71</b>	<b>856,422.41</b>
(d) Employee benefits expense	19	210,613.95	182,973.60
(e) Finance costs	20	441.65	525.24
(f) Depreciation and amortisation expense	9A & 9B	32,132.58	21,934.61
(g) Other expenses	21	210,345.38	183,491.34
<b>Total expenses</b>		<b>1,281,181.28</b>	<b>1,245,347.20</b>
<b>5 Profit before exceptional and extraordinary items and tax (3 - 4)</b>		272,495.69	347,211.42
6 Exceptional items		-	-
<b>7 Profit before extraordinary items and tax (5 + 6)</b>		272,495.69	347,211.42
8 Extraordinary items		-	-
<b>9 Profit before tax (7 + 8)</b>		272,495.69	347,211.42
<b>10 Tax expense:</b>			
(a) Current tax expense for current year		90,501.00	119,773.10
(b) Current tax expense relating to prior years		(5,364.38)	-
Net current tax expense		<b>85,136.62</b>	<b>119,773.10</b>
(c) Deferred tax		(1,018.03)	780.60
		<b>84,118.59</b>	<b>120,553.70</b>
<b>11 Profit for the year (9 +10)</b>		188,377.10	226,657.72
<b>12 Earnings per Equity share (face value of Rs 10 /- each):</b>	22		
(a) Basic		124.74	150.08
(b) Diluted		124.74	150.08
Significant accounting Policies	23		

The accompanying notes are an integral part of the financial statements

As per our report of even date

For and on behalf of the Board of Directors

For M.K. DANDEKER & CO.,  
Chartered Accountants  
(ICAI Regn. No. 000679S)

K. J. Dandeker  
Partner  
Membership No. 18533

Viraj Naidu  
Managing Director

Deepa Hingorani  
Director

Place : Bangalore  
Date : 28.02.2013



**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> DECEMBER 2012**

(Rs.'000s)

		Year ended 31.12.12		Year ended 31.12.11
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>				
Net profit before Tax and extraordinary items		272,496		347,211
Adjustments for :				
Depreciation	32,133		21,935	
Interest paid	442		525	
(Profit) / Loss on sale of assets	(558)		(226)	
Interest received	(27,526)	4,491	(39,738)	(17,504)
<b>Operating Profit before working capital changes</b>		<b>276,987</b>		<b>329,707</b>
Adjustments for :				
(Increase)/ Decrease in trade receivables	(47,355)		51,663	
Increase /(Decrease)in trade advances from customers	59,037		14,760	
(Increase)/ Decrease in other current and non current assets	(14,506)		(4,162)	
Increase /(Decrease)in trade payables	(7,341)		20,920	
Increase/ (Decrease) in other current and non current liabilities	42,411		8,318	
Increase / ( Decrease ) in Provisions	3,733		1,149	
(Increase)/ Decrease in inventories	(29,991)		(107,500)	
Increase / ( Decrease ) in bank overdraft			(35)	
<b>Net changes in Working Capital</b>		<b>5,988</b>		<b>(51,887)</b>
<b>Cash generated from operations</b>		<b>282,975</b>		<b>277,820</b>
Interest on Working capital	(442)		(525)	
Tax paid (net of refunds)	(99,777)		(101,726)	
	(100,219)		(102,251)	
<b>Cash flow before extra-ordinary items</b>		<b>182,756</b>		<b>175,569</b>
Extraordinary items		-		-
Net cash from operating activities		<b>182,756</b>		<b>175,569</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES :</b>				
Purchase of fixed assets	(38,058)		(70,317)	
Sale of fixed assets	704		246	
Interest received	39,501		29,181	
Investment in Bank Deposits (having original Maturity more than 3 months)	(343,575)		(500,879)	
Redemption/Maturity of Bank Deposits (having original Maturity value more than 3 months)	531,122		400,186	
<b>Net cash from investing activities</b>		<b>189,694</b>		<b>(141,583)</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES :</b>				
Redemption of Bonus debentures	(150)		(162)	
Dividends paid	(302,138)		(522)	
Dividend Distribution tax	(48,999)		-	
Net cash used in financing activities		<b>(351,287)</b>		<b>(684)</b>
<b>D NET INCREASE IN CASH AND CASH EQUIVALENTS ( A+B+C)</b>		<b>21,163</b>		<b>33,302</b>
Cash and Cash Equivalents as at 31.12.11		59,096		25,794
Cash and Cash Equivalents as at 31.12.12		80,259		59,096
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>21,163</b>		<b>33,302</b>

Note: 1. Figures in brackets indicate cash outflow.

As per our report of even date

For and on behalf of the Board of Directors

 For M.K. DANDEKER & CO.,  
 Chartered Accountants  
 (ICAI Regn. No. 000679S)

 K. J. Dandeker  
 Partner  
 Membership No. 18533

 Viraj Naidu  
 Managing Director

 Deepa Hingorani  
 Director

 Place : Bangalore  
 Date : 28.02.2013

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	As at 31 December, 2012 Rs.'000	As at 31 December, 2011 Rs.'000
<b>NOTE 1 SHARE CAPITAL</b>		
<b>Authorised:</b>		
5,000,000 Equity Shares of Rs.10 each	50,000.00	50,000.00
<b>Issued, subscribed and paid up:</b>		
1,510,205 Equity Shares of Rs.10 each	15,102.05	15,102.05
<b>Shares held by Holding Company</b>		
818,902 (31 Dec 11 - 818,902) Equity Shares are held by Disa Holding AG, Switzerland (54.22%) , (31 Dec 11 - 54.22%) 313,751 (PY - 305,850) Equity Shares are held by Disa Holding A/s, Denmark (20.78%) (PY - 20.25% ). Disa Holding AG is a fully owned subsidiary of Disa Holding A/s.		
Shareholders other than the Holding company holding more than 5 % of total share capital 85,069 (31 Dec 11 - Nil) Equity Shares are held by IDFC Premier Equity Fund ( 5.63%) (31 Dec 11 - Nil)		
<b>Total</b>	<b>15,102.05</b>	<b>15,102.05</b>

**Rights, preferences and restrictions in respect of equity shares :**

The Company has one class of Shares referred to as Equity Shares with par value of Rs 10/- , each holder of Equity shares has one vote per share.

The Equity Shareholders are entitled to receive dividend proposed by the Board of Directors which is subject to the approval of the shareholders in the ensuing Annual General meeting , except in case of Interim Dividend.

Particulars	As at 31 December, 2012 Rs.'000	As at 31 December, 2011 Rs.'000
<b>NOTE 2 RESERVES AND SURPLUS</b>		
(a) Capital reserve		
Opening balance	1,524.00	1,524.00
Closing balance	1,524.00	1,524.00
(b) Securities premium account		
Opening balance	109,056.32	109,056.32
Closing balance	109,056.32	109,056.32
(c) General reserve		
Opening balance	104,335.28	44,733.59
Add: Transferred from surplus in Statement of Profit and Loss	18,837.71	59,601.70
Closing balance	123,172.99	104,335.29
(d) Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	201,469.54	385,453.52
Add: Profit / (Loss) for the year	188,377.10	226,657.72
Less: Interim dividend		
Dividends proposed to be distributed to equity shareholders (31 Dec 12 @ Rs 2.50 per Share , 31 Dec 11 -Rs200 per share)	(3,775.51)	(302,041.00)
Tax on dividend	(612.48)	(48,999.00)
Transferred to:		
General reserve	(18,837.71)	(59,601.70)
Closing balance	366,620.94	201,469.54
<b>Total</b>	<b>600,374.25</b>	<b>416,385.15</b>

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

Particulars	As at 31 December, 2012 Rs.'000	As at 31 December, 2011 Rs.'000
<b>NOTE 3 DEFERRED TAX LIABILITY</b>		
<b>Deferred tax (liability) / asset</b>		
Tax effect of items constituting deferred tax liability		
On difference between book balance and tax balance of fixed assets	(9,579.86)	(6,387.60)
<u>Tax effect of items constituting deferred tax assets</u>		
Provision for compensated absences, gratuity and other employee benefits	7,671.23	3,460.97
<b>Net deferred tax (liability) / asset</b>	<b>(1,908.63)</b>	<b>(2,926.63)</b>
<b>NOTE 4 OTHER LONG-TERM LIABILITIES</b>		
<b>(a) Others:</b>		
(i) Advances from customers	17,716.00	6,900.00
<b>Total</b>	<b>17,716.00</b>	<b>6,900.00</b>
<b>NOTE 5 LONG-TERM PROVISIONS</b>		
<b>(a) Provision for employee benefits:</b>		
(i) Provision for compensated absences	3,725.43	2,259.96
(ii) Provision for gratuity	6,597.81	3,677.50
(iii) Provision for other employee benefits	-	6,200.00
<b>Total</b>	<b>10,323.24</b>	<b>12,137.46</b>
<b>NOTE 6 TRADE PAYABLES</b>		
Sundry Creditors other than dues to Micro and small scale business enterprises	195,003.83	201,801.52
Dues to Micro and small scale business enterprises	8,998.31	9,542.04
<b>Total</b>	<b>204,002.14</b>	<b>211,343.56</b>
<b>NOTE 7 OTHER CURRENT LIABILITIES</b>		
(a) Unpaid dividends	8,315.63	4,374.77
(b) Unpaid matured debentures and interest accrued thereon	4,653.99	4,803.78
(c) Other payables		
(i) Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, Excise Duty, VAT, Service Tax, etc.)	41,414.62	22,685.29
(ii) Payables on purchase of fixed assets	17,594.33	109.20
(iii) Advances from customers	212,634.72	164,414.15
(iv) Others	77,734.26	54,052.87
<b>Total</b>	<b>362,347.56</b>	<b>250,440.06</b>
<b>NOTE 8 SHORT-TERM PROVISIONS</b>		
<b>(a) Provision - Others:</b>		
(i) Provision for tax (net of advance tax )	-	14,442.55
(ii) Provision for warranty	15,288.03	9,741.16
(iii) Provision for proposed equity dividend	3,775.51	302,041.00
(iv) Provision for tax on proposed dividends	612.48	48,999.00
<b>Total</b>	<b>19,676.02</b>	<b>375,223.71</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

## NOTE 9A FIXED ASSETS

Rs.'000

TANGIBLE ASSETS	GROSS BLOCK					Balance as at 31 Dec. 2012
	Balance as at 1 Jan., 2012	Additions	Disposals	Borrowing cost capitalised	Other adjustments	
(a) Land Freehold	3,145.23					3,145.23
(b) Buildings Own use	129,382.24	10,225.04				139,607.28
(c) Plant and Equipment Owned	190,200.79	30,077.36	(120.53)			220,157.62
(d) Furniture and Fixtures Owned	14,463.62	1,329.28				15,792.90
(e) Vehicles Owned	3,165.78	-				3,165.78
(f) Office equipment Owned	13,913.73	1,772.11	(621.58)			15,064.26
(g) Patterns, Tools, Jigs and Fixtures Owned	23,068.65	3,004.72	(153.31)			25,920.06
(h) Others - Computers Owned	40,822.39	6,449.03	(16,558.43)			30,712.99
<b>Total</b>	<b>418,162.43</b>	<b>52,857.54</b>	<b>(17,453.85)</b>	<b>-</b>	<b>-</b>	<b>453,566.12</b>
<b>Previous year</b>	<b>345,515.08</b>	<b>74,355.08</b>	<b>(1,707.74)</b>	<b>-</b>	<b>-</b>	<b>418,162.43</b>

TANGIBLE ASSETS	ACCUMULATED DEPRECIATION AND IMPAIRMENT			NET BLOCK		
	Balance as at 1 Jan., 2012	Depreciation / amortisation expense for the period	Eliminated on disposal of assets	Balance as at 31 Dec. 2012	Balance as at 31 Dec. 2011	
(a) Land Freehold	-	-	-	-	3,145.23	3,145.23
(b) Buildings Own use	40,235.64	4,594.20		44,829.84	94,777.44	89,146.61
(c) Plant and Equipment Owned	136,384.17	15,483.22	(120.53)	151,746.86	68,410.76	53,816.62
(d) Furniture and Fixtures Owned	11,715.91	1,320.79		13,036.70	2,756.20	2,747.71
(e) Vehicles Owned	955.10	612.30		1,567.40	1,598.38	2,210.69
(f) Office equipment Owned	10,605.50	1,364.83	(621.58)	11,348.75	3,715.51	3,308.23
(g) Patterns Owned	13,889.38	2,340.89	(7.67)	16,222.60	9,697.46	9,179.27
(h) Others -Computers Owned	34,764.31	2,722.67	(16,558.43)	20,928.55	9,784.44	6,058.07
<b>Total</b>	<b>248,550.01</b>	<b>28,438.90</b>	<b>(17,308.21)</b>	<b>259,680.70</b>	<b>193,885.42</b>	<b>169,612.43</b>
<b>Previous year</b>	<b>228,302.95</b>	<b>21,934.61</b>	<b>(1,687.56)</b>	<b>248,550.00</b>	<b>169,612.43</b>	

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**
**NOTE 9B FIXED ASSETS**

Rs. '000

INTANGIBLE ASSETS	GROSS BLOCK				
	Balance as at 1 Jan., 2012	Additions	Borrowing cost capitalised	Other adjustments	Balance as at 31 Dec. 2012
(a) Computer software		20,319.95			20,319.95
<b>Total</b>		<b>20,319.95</b>			<b>20,319.95</b>
<b>Previous year</b>	-	-	-	-	-

INTANGIBLE ASSETS	ACCUMULATED DEPRECIATION AND IMPAIRMENT			NET BLOCK	
	Balance as at 1 Jan., 2012	Depreciation / amortisation expense for the period	Balance as at 31 Dec. 2012	Balance as at 31 Dec. 2012	Balance as at 31 Dec. 2011
(a) Computer software	0	3,693.70	3,693.70	16,626.25	-
<b>Total</b>	-	<b>3,693.70</b>	<b>3,693.70</b>	<b>16,626.25</b>	-
<b>Previous year</b>	-	-	-	-	-

Particulars	As at 31 December, 2012 Rs. '000	As at 31 December, 2011 Rs. '000
<b>NOTE 10 LONG-TERM LOANS AND ADVANCES</b>		
(a) Capital advances		
Unsecured, considered good	788.01	607.94
(b) Security deposits - Rental / Electricity / Gas / Telephone deposits	9,883.54	12,044.79
Unsecured, considered good		
(c) Advance income tax (Net)	198.06	-
<b>Total</b>	<b>10,869.61</b>	<b>12,652.73</b>
<b>NOTE 11 INVENTORIES</b> (Valued at lower of cost and net realisable value)		
(a) Raw materials + Components ( Goods in Transit - Rs 450.36 , 31 Dec 11 - Rs 7,220.11)	188,397.48	194,800.50
(b) Work-in-progress	111,709.29	84,539.46
(c) Stock-in-trade	18,841.74	9,617.18
<b>Total</b>	<b>318,948.51</b>	<b>288,957.14</b>
<b>NOTE 12 TRADE RECEIVABLES</b>		
<b>Trade receivables outstanding for a period exceeding six months from the date they were due for payment</b>		
Secured, considered good	-	-
Unsecured, considered good	11,304.42	12,153.40
Doubtful	2,716.42	2,354.83
	14,020.84	14,508.23
Less: Provision for doubtful trade receivables	(2,716.42)	(2,354.83)
<b>Sub - Total- A</b>	<b>11,304.42</b>	<b>12,153.40</b>
<b>Other Trade receivables</b>		
Secured, considered good	112.36	11,303.98
Unsecured, considered good	116,904.25	57,508.25
Doubtful	2,379.92	1,307.58
	<b>119,396.53</b>	<b>70,119.81</b>
Less: Provision for doubtful trade receivables	(2,379.92)	(1,307.58)
<b>Sub - Total- B</b>	<b>117,016.61</b>	<b>68,812.23</b>
<b>Total -A + B</b>	<b>128,321.03</b>	<b>80,965.63</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	As at 31 December, 2012 Rs. '000	As at 31 December, 2011 Rs. '000
<b>NOTE 13 CASH AND BANK BALANCES</b>		
<b>Cash and Cash Equivalents</b>		
(a) Cash on hand	81.32	99.79
(b) Balances with banks		
(i) In current accounts	67,678.14	13,996.71
(ii) In deposit accounts with original maturity of less than three months	12,500.00	45,000.00
<b>Sub Total - A</b>	<b>80,259.46</b>	<b>59,096.50</b>
<b>Other Bank Balances</b>		
(i) In deposit accounts with original maturity of more than twelve months ( including lien and margin money deposits Rs 75,624.15 ( Dec 31, 2011 - Rs. 72,179.30)	125,624.15	177,179.30
(ii) In deposit accounts with original maturity of more than three months but less than 12 months ( including lien and margin money deposits Rs74,950.83 (Dec 31,2011 - Rs. 45,699.19)	217,950.83	353,699.20
(iii) In earmarked accounts		
- Unpaid dividend accounts	8,315.64	4,374.77
- Unpaid matured deposits	-	-
- Unpaid matured debentures	4,653.99	4,803.78
<b>Sub Total - B</b>	<b>356,544.61</b>	<b>540,057.06</b>
<b>Total A + B</b>	<b>436,804.07</b>	<b>599,153.55</b>
<b>NOTE 14 SHORT-TERM LOANS AND ADVANCES</b>		
(a) Security deposits		
Unsecured, considered good	25.00	25.00
(b) Loans and advances to employees		
Unsecured, considered good	301.94	271.77
(c) Prepaid expenses - Unsecured, considered good	1,665.42	2,137.95
(d) Balances with government authorities		
Unsecured, considered good		
(i) CENVAT credit receivable	3,966.52	2,291.64
(ii) VAT credit receivable	83,250.27	66,558.77
(iii) Service Tax credit receivable	9,673.01	7,704.94
(e) Others		
Unsecured, considered good	3,304.76	6,529.54
<b>Total</b>	<b>102,186.91</b>	<b>85,519.60</b>
<b>NOTE 15 OTHER CURRENT ASSETS</b>		
(a) Accruals		
(i) Interest accrued on deposits	9,136.24	21,111.50
<b>Total</b>	<b>9,136.24</b>	<b>21,111.50</b>

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

Particulars	For the period ended 31 December, 2012 Rs. '000	For the period ended 31 December, 2011 Rs. '000
<b>NOTE 16 REVENUE FROM OPERATIONS</b>		
(a) Sale of products	1,473,913.25	1,508,877.20
(b) Sale of services	24,715.81	11,742.49
Excise Duty	149,221.72	138,468.98
	<b>1,647,850.78</b>	<b>1,659,088.66</b>
(c) Other operating revenues - Commission Income	14,307.43	19,233.26
(d) Other operating revenues - Sale of Scrap	3,882.07	2,950.73
(e) Other operating revenues - Export Incentives	745.25	867.41
Less Excise Duty	(149,221.72)	(138,468.98)
<b>Total</b>	<b>1,517,563.81</b>	<b>1,543,671.08</b>
<b>NOTE 17 OTHER INCOME</b>		
(a) Interest income	27,525.84	39,737.81
(b) Net gain on foreign currency transactions and translation	3,702.35	-
(c) Other non-operating income (net of expenses directly attributable to such income)	4,884.97	9,149.73
<b>Total</b>	<b>36,113.16</b>	<b>48,887.54</b>
<b>NOTE 18A COST OF MATERIALS CONSUMED</b>		
Cost of raw material and components consumed	837,425.87	878,949.45
<b>NOTE 18B PURCHASE OF TRADED GOODS</b>		
Parts of Moulding machine	26,616.23	19,909.47
<b>NOTE 18C CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE</b>		
<u>Inventories at the end of the Period :</u>		
Finished goods	-	-
Work-in-progress	111,709.29	84,539.46
Stock-in-trade	18,841.74	9,617.18
	130,551.03	94,156.64
<u>Inventories at the beginning of the year:</u>		
Finished goods	-	-
Work-in-progress	84,539.46	51,720.13
Stock-in-trade	9,617.18	-
	94,156.64	51,720.13
<b>Net (increase) / decrease</b>	<b>(36,394.39)</b>	<b>(42,436.51)</b>
<b>NOTE 19 EMPLOYEE BENEFITS EXPENSE</b>		
(a) Salaries and wages	179,931.63	158,356.01
(b) Contributions to provident and other funds	13,077.09	11,344.72
(c) Gratuity	5,949.72	2,263.11
(d) Staff welfare expenses	11,655.51	11,009.76
<b>Total</b>	<b>210,613.95</b>	<b>182,973.60</b>
<b>NOTE 20 FINANCE COSTS</b>		
(a) Interest expense on:		
(i) Borrowings	367.36	484.77
(ii) Others	74.29	40.47
<b>Total</b>	<b>441.65</b>	<b>525.24</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	For the year ended 31 December, 2012 Rs.'000	For the year ended 31 December, 2011 Rs.'000
<b>NOTE 21 OTHER EXPENSES</b>		
Power and fuel	7,054.48	7,287.11
Rent	10,889.52	9,080.59
Repairs and maintenance - Buildings	5,917.76	3,231.44
Repairs and maintenance - Machinery	5,745.02	3,396.52
Repairs and maintenance - Others	3,486.65	3,466.00
Insurance	5,058.94	4,321.19
Rates and taxes	3,787.46	3,598.71
Travelling and conveyance	48,351.83	37,188.96
Legal and professional charges	11,190.96	9,203.67
Security Expenses	3,992.60	3,826.75
Telephone , Postage and Courier	4,139.59	4,066.55
Printing and stationery	1,332.09	1,920.64
Freight Outwards	4,569.45	7,995.02
Commission Expenses	10,583.52	4,247.46
Recruitment and Training	2,266.66	3,125.27
Group Management reimbursement fees	14,947.76	18,631.60
Bank charges and guarantee commission	1,933.30	1,789.25
Directors sitting fees and commission	850.00	830.00
Royalty	10,518.32	10,053.95
IT Costs	2,588.02	2,272.54
Group IT costs	29,767.87	20,502.74
Payments to auditors	773.82	732.35
Bad Debts	1,539.93	2,327.40
Advertisement and sales Promotion	10,172.85	8,750.72
Net loss on foreign currency transactions and translation (other than considered as finance cost)	-	1,608.78
Miscellaneous expenses	8,886.97	10,036.13
<b>Total</b>	<b>210,345.38</b>	<b>183,491.34</b>
<b>NOTE 22 EARNINGS PER SHARE</b>		
Profit for the year with Extraordinary income after tax	188,377.10	226,657.72
Profit for the year without Extraordinary income & net of Tax	188,377.10	226,657.72
Number of equity shares ( in Numbers)	1,510,205	1,510,205
Basic & Diluted earnings per share (Rs.) including extraordinary item	124.74	150.08
Basic & Diluted earnings per share (Rs.) excluding extraordinary item	124.74	150.08



**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

Sl. No.	Description	For the year Rs.'000	Previous Year Rs.'000
<b>I</b>	<b>CONTINGENT LIABILITIES:</b>		
	a) i) Guarantees given by Bank	142,319	102,334
	ii) LC issued by Bank	-	13,220
	iii) Corporate Guarantees given	18,290	2,370
	b) Estimated amount of contracts remaining to be executed on capital account and not provided for	4,483	11,648
	c) Claims against company not acknowledged as debt		
	-- Income tax	-	1,910
	-- Service tax	1,026	645
	-- CST	1,832	-
	-- Excise Duty	248	-
<b>II</b>	<b>VALUE OF IMPORTS ON C.I.F. BASIS:</b>		
	Raw material	80,918	38,738
	Components and spare parts	115,969	82,454
	Traded Goods	23,982	18,738
	Capital Goods	23,863	17,032
	<b>Total</b>	<b>244,732</b>	<b>156,962</b>
<b>III</b>	<b>EXPENDITURE IN FOREIGN CURRENCY: [on actual payment]</b>		
	Travel	6,257	3,850
	Raw material, Components and spare parts	135,382	119,451
	Capital Advances / Purchases	9,361	18,170
	Dividend (paid for the year 2011 to 2 Non resident shareholders holding 1,306,136 shares in 2012)	261,227	-
	Commission	4,085	912
	Royalty	8,371	5,000
	Subscription for magazines / Training of staff / Others	54	1,155
	Technical services / Software Purchases	39,683	27,341
	<b>Total</b>	<b>464,420</b>	<b>175,879</b>
<b>IV</b>	<b>EARNINGS IN FOREIGN CURRENCY [on actual receipt]</b>		
	Agency Commission / Others	23,123	17,961
	Exports / Advances	180,519	142,374
	<b>Total</b>	<b>203,642</b>	<b>160,336</b>
<b>V</b>	<b>PROVISIONS AND/OR PAYMENTS IN RESPECT OF AUDITORS' REMUNERATION ( Excl. Service Tax)</b>		
	Statutory Audit Fees	500	500
	Tax Audit Fees & Other Certification	25	25
	Reimbursement of expenses	249	232
	<b>Total</b>	<b>774</b>	<b>757</b>
<b>VI</b>	<b>DETAILS OF ACTUAL PRODUCTION:</b>		
	Goods manufactured (Quantity in nos., unless otherwise stated )	Actual Production Qty.	Value in Rs.'000
	Foundry Moulding } Shot Blasting Machine }	114 (198)	398,194 (477,450)
	Mould handling system, Shot Blasting system, Sand condition- ing plant, Sand Mixers/Slingers Spl. purpose mat. handling eqpt. } Dust Collectors }	* 111 (133)	739,319 (657,860) 166,610 (227,813)
	Spares	*	169,790 (145,754)

\*consist of systems/projects. Hence not quantified.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

VII	RAW MATERIALS & BOUGHT OUT COMPONENTS CONSUMED DURING THE YEAR:	Quantity in kgs	Value in Rs.'000	Percentage
	a) Raw material : Steel (imported)	223,319	35,777	4.27%
	Raw material : Steel (domestic)	45,388	22,718	2.71%
	Total	268,707	58,495	6.99%
		(294,988)	(64,053)	(7.48)%
	b) Intermediates, bought out components, hardware and items used for Projects under execution:			
	i) Imported	-	93,950	11.22%
			(115,586)	(13.50)%
	ii) Indigenous	-	684,981	81.80%
			(699,311)	(79.02)%
	TOTAL		837,426	100%
			(878,949)	100%

Note : As the company also sells as spare parts (for goods manufactured and sold by it) some of its bought out components shown in item (b) includes the cost of such components sold, this being an activity ancillary to its manufacturing activity

		For the year Rs.'000	Previous Year Rs.'000
VIII	<b>MANAGERIAL REMUNERATION:</b>		
	a) Computation of Profit in accordance with Section 309(5) read with Section 349 of the Companies Act, 1956 :		
	Profit before extra-ordinary items & taxation	272,496	347,211
	Less: Profit on sale of fixed assets	558	226
	Add: Directors' Sitting fees and Commission	850	830
	Add: Managerial remuneration	8,303	8,147
	Adjusted net profit as per Section 198	<b>281,090</b>	<b>355,963</b>
	b) Remuneration to Managing Director		
	Salaries+HRA+Performance Bonus	7,427	7,324
	Contribution to PF/Superannuation Fund **	650	597
	Allowances and Monetary value of perquisites ***	226	226
		<b>8,303</b>	<b>8,147</b>
	** Contribution to group gratuity is based on actual payment on overall company basis is excluded		
	*** Perquisites include amounts evaluated as per Income Tax Rules in respect of certain items		
IX	<b>REMUNERATION TO OTHER DIRECTORS</b>		
	Commission @ 1% of net profit	2,811	3,560
	Commission restricted to	600	600
X	Deferred Tax liability (Net) is in respect of Depreciation	(6,015)	(6,969)
	Expenses charged in the financial statements but allowable as deductions in future years under the IT Act, 1961		
	i) Knowhow Fees	66	179
	ii) Software	3,630	403
	iii) Others	410	3,461
	<b>Deferred Tax Liability ( Net )</b>	<b>(1,909)</b>	<b>(2,927)</b>
XI	Disclosure under Micro, Small and Medium Enterprises Development Act, 2006		
	Amount due and remaining unpaid as at 31 st December, 2012		
	- Principal	8,999	9,542
	- Interest thereon	-	-
	Amount of Interest paid on all delayed payments during the year	NIL	NIL
	Note : The above is on the basis of information to the extent provided by the Suppliers to the Company, which has been relied by the auditors		

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**
**XII Disclosure Pursuant to AS-15 (Revised)**
**1. Defined Contribution Plans**

An Amount of Rs. 130.77 lakhs (previous year Rs.113.45 lakhs) is recognised as an expense and included in "Employee benefit expense" (Note 19 in the Profit and Loss Account)

**2. Defined Benefit Plans**

Gratuity - as per Actuarial Valuation

Particulars	For the year Rs.'000	Previous year Rs.'000
<b>Change in benefit obligation:</b>		
Defined benefit obligation at beginning of year	21,094.69	17,787.40
Service cost	2,689.38	2,291.46
Interest cost	1,739.09	1,382.68
(Benefits paid)	(131.40)	(145.95)
Net transfer in / (out)	45.91	(203.37)
Actuarial Loss/(Gain)	3,356.44	(17.53)
<b>Benefit obligation at the end of the year</b>	<b>28,794.11</b>	<b>21,094.69</b>
<b>Changes in Fair value of Plan Assets :</b>		
Fair Value of plan assets at end of prior year	17,417.19	14,507.25
Expected return on plan assets	1,605.37	1,239.32
Employer Contributions	3,024.73	1,748.67
Transfer in / (outs)	45.91	(203.37)
(Benefits paid)	(131.40)	(145.95)
Actuarial Gain / (Loss)	234.46	271.27
Fair value of plan assets at end of the year	<b>22,196.26</b>	<b>17,417.19</b>
<b>Fair value of Plan Assets :</b>		
Fair Value of plan assets at end of prior period	17,417.19	14,507.25
Actual return on plan assets	1,839.83	1,510.59
Employer Contributions	3,024.73	1,748.67
Transfer outs	45.91	(203.37)
(Benefits paid)	(131.40)	(145.95)
<b>Fair value of plan assets at end of the year</b>	<b>22,196.26</b>	<b>17,417.19</b>
Funded Status - ( deficit ) / surplus	(6,597.85)	(3,677.50)
Excess of Actual over estimated return on plan assets	234.46	271.27
<b>Reconciliation of Net Liability :</b>		
Present value of defined benefit obligations	28,794.11	21,094.69
Less : Fair value of plan assets	22,196.26	17,417.19
<b>Funded Status - ( deficit ) / surplus</b>	<b>(6,597.85)</b>	<b>(3,677.50)</b>
<b>Actuarial Loss / (Gain) recognised</b>		
Actuarial loss / (gain) for the period - Obligation	3,356.44	(17.53)
Actuarial (loss) / gain for the period - Plan Assets	(234.46)	(271.27)
Total actuarial loss / (gain) for the period	3,121.98	(288.80)
Actuarial loss / (gain) recognised in the period	3,121.98	(288.80)
<b>Experience Adjustments</b>		
Defined Benefit Obligation	28,794.11	21,094.69
Fair value of Plan assets	22,196.26	17,417.19
<b>Funded Status - ( deficit ) / surplus</b>	<b>(6,597.85)</b>	<b>(3,677.50)</b>
Plan Liabilities	2,750.15	853.56
Plan Assets	234.46	271.27
<b>Actuarial Assumptions :</b>		
Discount rate	8.20%	8.50%
Expected long term rate of return of assets	8.50%	8.50%
Rate of compensation increase for the first five years	12.00%	12.00%
Rate of compensation increase for the subsequent years	10.00%	10.00%

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

## Leave Encashment - as per Actuarial Valuation

Particulars	For the year Rs '000	Previous year Rs '000	
Change in benefit obligation			
<b>Defined benefit obligation at the beginning of the year</b>	9,198.57	7,384.51	
Service cost	-	-	
Interest cost	750.95	568.56	
(Benefits paid)	(1,695.39)	(294.70)	
Transfer in / (outs)	130.56	(70.50)	
Actuarial Loss/(Gain)	4,418.10	1,610.70	
Benefit obligation at the end of the year	<b>12,802.79</b>	<b>9,198.57</b>	
<b>Changes in Fair value of Plan Assets :</b>			
Fair Value of plan assets at the end of the prior year	6,938.61	-	
Expected return on plan assets	588.61	-	
Employer Contributions	1,428.24	6,938.61	
Transfer (outs) / In	130.56	-	
(Benefits paid)	(75.25)	-	
Actuarial Gain / (Loss)	66.56	-	
Fair value of plan assets at the end of the year	<b>9,077.33</b>	<b>6,938.61</b>	
<b>Fair value of Plan Assets :</b>			
Fair Value of plan assets at the end of the prior period	6,938.61	-	
Actual return on plan assets	655.17	-	
Employer Contributions	1,428.24	6,938.61	
Transfer outs	130.56	-	
(Benefits paid)	(75.25)	-	
<b>Fair value of plan assets at the end of the year</b>	<b>9,077.33</b>	<b>6,938.61</b>	
Funded Status - ( deficit ) / surplus	(3,725.46)	(2,259.96)	
Excess of Actual over estimated return on plan assets	66.56	-	
<b>Reconciliation of Net Liability</b>			
Present value of defined benefit obligations	12,802.79	9,198.57	
Less : Fair value of plan assets	9,077.33	6,938.61	
Funded Status - ( deficit ) / surplus	<b>(3,725.46)</b>	<b>(2,259.96)</b>	
<b>Actuarial Loss / (Gain) recognised</b>			
Actuarial loss / (gain) for the period - Obligation	4,418.10	1,610.70	
Actuarial loss / (gain) for the period - Plan Assets	(66.56)	-	
Total actuarial loss / (gain) for the period	4,351.54	1,610.70	
Actuarial loss / (gain) recognised in the period	4,351.54	1,610.70	
<b>Experience Adjustments</b>			
Defined Benefit Obligation	12,802.79	9,198.57	
Fair value of Plan assets	9,077.33	6,938.61	
<b>Funded Status - ( deficit ) / surplus</b>	<b>(3,725.46)</b>	<b>(2,259.96)</b>	
Plan Liabilities	4,255.81	-	
Plan Assets	66.56	-	
<b>Actuarial Assumptions :</b>			
Discount rate	8.20%	8.50%	
Expected long term rate of return of assets	8.50%	8.50%	
Rate of compensation increase for the first five years	12.00%	12.00%	
Rate of compensation increase for the subsequent years	10.00%	10.00%	
<b>XIII Derivative Instruments</b>			
The company uses forward exchange contracts to hedge its foreign currency exposures relating to the underlying transactions and firm commitments. The company does not enter into any derivative instruments for trading or speculative purposes. The forward exchange contracts outstanding as at 31 st December , 2012 are as under :			
<b>Currency exchange</b>	<b>US \$ / EUR</b>	<b>EUR / INR</b>	<b>US \$ / INR</b>
a) Number of ' Buy ' Contracts	-	-	-
	(1)	-	(1)
b) Aggregate currency amount ( Rs '000)	-	-	-
	(13,405.00)	-	(13,236.30)
c) Number of ' Sell ' Contracts	-	3	-
	-	(3)	-
d) Aggregate currency amount ( Rs '000)	-	94,960.25	-
	-	(15,146.14)	-

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**
**Leave Encashment - as per Actuarial Valuation**

Particulars	For the year Rs '000	Previous year Rs '000
<b>XIV PROVISIONS:</b>		
Provisions for Warranties		
Balance at the beginning	9,741.16	6,665.40
Provision made	5,546.87	3,664.00
Amounts utilized	-	588.24
Balance at the end	15,288.03	9,741.16
Future cash outflow in respect of the above is determinable only on occurrence of uncertain future events		
<b>XV</b> Amount of borrowing costs capitalised during the year - Nil (31 Dec 2011- Nil )		
<b>XVI (a)</b> During the year ended 31 December 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company, for preparation and presentation of its Financial Statements. Accordingly, the Company has reclassified / regrouped/ amended the previous year figures in accordance with the requirements applicable in the current year.		
<b>(b)</b> Prior to 1st January 2012, the cost of inventories was determined on weighted average basis. Consequent to the shift to a new ERP platform , the Company has changed the determination of inventory to the first-in first-out method . The impact of, and the adjustments resulting from, such change has no material effect on the financial statements for the current period.		
<b>(c)</b> Figures in brackets indicate previous year's figures.		

Signatures to the Statement of Significant Accounting Policies and Notes to the Financial Statements.

As per our report of even date

For and on behalf of the Board of Directors

For M.K. DANDEKER & CO.,  
Chartered Accountants  
(ICAI Regn. No. 000679S)

K. J. Dandeker  
Partner  
Membership No. 18533

Viraj Naidu  
Managing Director

Deepa Hingorani  
Director

Place : Bangalore  
Date : 28.02.2013

## SEGMENT - WISE REPORTING

Rs. '000

Particulars	Current year Jan 12 to Dec 12	Previous year Jan 11 to Dec 11
<b>Segment Revenue:</b>		
a) Foundry Business	1,338,780	1,304,048
b) Air business	178,784	239,623
Total Revenue from Segments	1,517,564	1,543,671
Less: Inter-Segment Sales	-	-
Net Sales / Income from Operations	1,517,564	1,543,671
<b>Segment Results</b>		
a) Foundry Business	220,850	262,313
b) Air business	35,126	60,342
Total Segment Results	255,976	322,655
Add: unallocable corporate income (net of unallocable Corporate expenditure)	(10,565)	(14,656)
Operating Profit / (Loss)	245,412	307,999
Less: Interest Expense	442	525
Add: Interest Income	27,526	39,738
Total Profit before Tax	272,496	347,212
<b>Less: Provision for Taxation</b>		
Current year	90,501	119,773
Deferred tax	(1,018)	781
Tax provision of previous years reversed	(5,364)	-
Total Profit from Ordinary activities	188,377	226,658
Add: Extraordinary Income	-	-
Less: Extraordinary Expense / loss	-	-
Net Profit	188,377	226,658
<b>Segment Capital Employed:</b>		
Segment Assets: (Business - wise)		
a) Foundry Business	613,016	489,534
b) Air business	81,589	109,783
Segment Liabilities:		
a) Foundry Business	187,347	166,654
b) Air business	33,708	38,738
Segment Capital Employed:		
a) Foundry Business	425,669	322,880
b) Air business	47,881	71,045
Total Capital Employed in Segments	473,550	393,925
Add: unallocable Corporate Assets	536,845	691,142
Less: unallocable Corporate Liabilities	394,919	653,580
Total Capital Employed in the Company	615,476	431,487

Rs. '000

Particulars	Current year Jan 12 to Dec 12	Previous year Jan 11 to Dec 11
<b>Other Information:</b>		
<b>Capital Expenditure:</b>		
a) Foundry Business	56,606	73,005
b) Air business	3,721	19,500
c) Corporate	27,523	14,944
Depreciation / Amortization		
a) Foundry Business	18,969	14,360
b) Air business	3,984	3,071
c) Corporate	9,179	4,503
Non- Cash expenses other than Depreciation:		
a) Foundry Business	-	-
b) Air business	-	-
<b>Reconciliation between Segment Report and Financial Statements</b>		
<b>Reconciliation of Revenue</b>		
Total Segment Revenue:	1,517,564	1,543,671
Total Enterprise Revenue	1,553,677	1,592,559
Difference due to Corporate Revenue	<b>(36,113)</b>	<b>(48,888)</b>
Interest Income	27,526	39,738
Other Income	4,327	8,924
Exchange fluctuation gain & others	3,702	-
Extra ordinary Income	-	-
Profit on Sale of Assets	558	226
	<b>36,113</b>	<b>48,888</b>
<b>Reconciliation of Results</b>		
Total Segment Results	255,976	322,655
Total Enterprise Result (PBT)	272,496	347,212
Difference due to Corporate Revenue & Exp	<b>16,519</b>	<b>24,557</b>
Interest Income	27,526	39,738
Interest Expense	(442)	(525)
Profit on Sale of Assets	558	226
Add : Extraordinary Income	-	-
Corporate Expenditure/income	(11,123)	(14,882)
	<b>16,519</b>	<b>24,557</b>
<b>Reconciliation of Assets</b>		
Segment Assets	694,605	599,317
Corporate Assets	536,845	691,142
Total Assets as per Balance Sheet	<b>1,231,450</b>	<b>1,290,459</b>
<b>Reconciliation of Liabilities</b>		
Segment Liabilities	221,055	205,392
Corporate Liabilities	394,919	653,580
Total Liabilities as per Balance Sheet	615,974	858,972
Total Capital Employed	615,476	431,487

RELATED PARTY DISCLOSURES AS-18

Period 01.1.2012 to 31.12.12

NAME OF THE RELATED PARTY	DISA INDUSTRIES AG		DISA TECHNOLOGIES PVT LTD		DISA INDUSTRIES A/S DENMARK		DISA K.K. JAPAN		DISA (CHANGZHOU) MACH LTD.		WHEELABRATOR SPO		DISA HOLDING A/S		NORICAN GROUP APS.		WHEELABRATOR GROUP GMBH		DISA INDUSTRIENLAGEN GMBH		WHEELABRATOR GROUP INC		Wheelabrator Group(Canada) Ltd		TOTAL			
	CY	PY	CY	PY	CY	PY	CY	PY	CY	PY	CY	PY	CY	PY	CY	PY	CY	PY	CY	PY	CY	PY	CY	PY	CY	PY	CY	PY
1. Nature of Relationship - (where control exists whether or not there are transactions with related party)	<p>Disa Holding AG, Switzerland holds 54.22% and Disa Holdings A/S Denmark holds 20.78% of the paid up equity share capital of the Company.                      Disa Holding AG, Switzerland is a fully owned subsidiary of Disa Holding A/S Denmark.</p>																											
2. Nature & Volume of transactions																												
(a) Technical Know-how fees																												
(b) Royalty	2,156	(2,178)	-	-	6,883	(7,876)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10,518	(10,054)
(c) Service fees	-	-	-	-	2,636	-	-	-	-	-	-	-	-	7,727	(3,101)	-	-	-	-	-	-	-	-	-	-	-	10,363	(3,101)
(i) Group Management Service fees																												
(ii) Group IT Fees																												
(d) Import of Materials	-	-	-	-	444,407	(23,428)	-	-	-	-	-	-	-	-	-	14,948	(18,632)	-	-	-	-	-	-	-	-	-	14,948	(18,632)
(f) Reimbursement of Expenses	-	-	-	-	-	(4,17)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(4,17)
(e) Capital Goods	-	-	-	-	13,526	(9,494)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	13,526	(9,494)
(g) Commission	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(309)
TOTAL	2,156	(2,178)	-	-	67,452	(41,215)	-	-	1,906	(11,388)	17,033	(10,799)	7,727	(3,101)	44,716	(39,135)	1,479	(4,472)	-	-	6,791	(3,153)	-	-	-	149,259	(115,750)	
(h) Service Income	-	-	888	(3,610)	834	(2,628)	-	-	-	-	-	-	-	-	-	-	4,835	-	-	-	-	-	-	-	-	4,850	(6,238)	
(i) Export of Materials	-	-	-	-	105,123	(76,512)	1,784	(849)	5,731	(6,037)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	117,472	(83,398)	
(j) Deputation charge received	50	-	96	-	1,096	-	-	-	152	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,100	-	
(k) Royalty received	-	-	-	-	-	-	-	-	1,179	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,179	-	
(l) Commission	-	(853)	-	-	13,745	(8,380)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	13,745	(9,233)	
TOTAL	50	(853)	984	(3,610)	120,798	(97,520)	1,784	(849)	7,061	(6,037)	4,942	(2,953)	7,852	(3,101)	20,827	(18,167)	4,835	-	-	3,097	-	-	-	-	1,736	-	140,345	(108,869)
3 (a) Amount of debts from related parties as at Balance Sheet date.	-	-	-	-	51,695	(13,356)	-	(489)	1,176	(5,175)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,533	-	
(b) Amount of debts due to related parties as at Balance sheet date.	1,365	(454)	-	-	291,443	(25,278)	-	-	-	-	4,942	(2,953)	7,852	(3,101)	20,827	(18,167)	1,331	-	-	-	-	-	-	-	-	-	(247)	-
(c) Provision for Doubtful debts in respect of such transactions.																												
(d) Amounts written-off or written back in respect of debts due from such related parties.																												

Note: 1) For details of Commission paid to Directors, please refer Notes to Accounts - Serial No. IX & Remuneration to Key Management personnel - Managing Director, please refer Notes to Accounts - Serial No. VIII(b).  
 2) Proposed Dividend not included above

## NOTE 23

### SIGNIFICANT ACCOUNTING POLICIES FINANCIAL YEAR 2012

#### 1. Basis of Presentation:

The financial statements have been prepared and presented under the historical cost convention and in accordance with the provision of Companies Act, 1956 and accounting standards contained in the Companies (Accounting Standards) Rules, 2006.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Revised Schedule VI to the Companies Act, 1956. Based on the nature of activities and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has determined its operating cycle as twelve months for the purpose of current - non current classification of assets and liabilities.

#### 2. Use of Estimates

The preparation of the financial statements are in conformity with the GAAP which requires that the management makes estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of the financial statements, and the reported amounts of revenue and expenses during the reported year. Actual results could differ from those estimates. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

#### 3. Fixed Assets:

Fixed Assets comprising those acquired at the time of setting up of initial operations are at cost to the Company inclusive of direct and appropriate allocated expenses upto the date of commercial production. All subsequent acquisitions are capitalized at actual acquisition cost.

#### 4. Depreciation :

Effective from 1995-96 the company adopted DISA group Depreciation policies and rates as per straight-line method. Consequently the assets acquired during the period 1995-96 to 2001-02 not exceeding CHF 5000, (currently equivalent to about Rs.2,35,000/-) were depreciated fully at the time of acquisition.

Effective from 01.04.2002 the Company has changed its Accounting policy to charge off individual assets costing less than Rs. 10,000 to revenue at the time of acquisition. The depreciation rates adopted for other assets are not less than the rates specified in Schedule XIV of the Companies Act, 1956.

Depreciation rates adopted is 3.34% p.a in respect of Buildings, 15 % p.a in respect of Plant & Machinery, Patterns, tools, jigs and Fixtures, Office Equipment, Furniture & Fittings, 20 % p.a in respect of vehicles and 25 % p.a in respect of Computers and 25 % p.a in respect of Computer software. (Also refer Sl. No. 13 below)

#### 5. Inventories:

Raw materials, Components and Work-in-Progress are valued at

lower of cost and net realizable value. Cost which was generally ascertained on Weighted average basis is now ascertained on FIFO basis. Scrap generated is not valued as it is not of significant value. Scrap is brought into books only when identified and sold.

#### 6. Revenue Recognition:

Revenue is recognized on accrual basis except for interest collected on overdues from customers which is accounted on receipt basis.

#### 7. Foreign Currency Transactions:

Transactions in foreign Currencies are recognized at exchange rate prevailing on the date of the transaction. All monetary Assets and liabilities denominated in foreign currency as at the Balance Sheet date are translated at the year end exchange rates.

The company uses forward exchange contract to hedge its exposure to movements in foreign exchange rates. The premium or discount arising at the inception of such a forward exchange contract are amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognized in the profit and loss statement in the reporting period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such contracts is recognized as income or expense of the period.

#### 8. Impairment of assets

At each Balance sheet date, the Company assesses whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount. If the carrying amount of the asset exceeds its recoverable amount an impairment loss is recognized in the Profit and Loss Account to the extent carrying amount exceeds the recoverable amount.

#### 9. Accounting for Government grants

Government grants received are credited directly to Capital reserves under the Capital approach.

#### 10. Employee Benefits

##### (a) Short Term Employee Benefits

All employee benefits falling due wholly within twelve months of rendering the service are classified as short term employee benefits. The benefits like salaries, wages, bonus etc. are recognised in the period in which the employee renders the related service.

##### (b) Post – Employment Benefits

- i. **Defined Contribution Plans:** The Company's Provident Fund Scheme, Super Annuation Fund and Employees' State Insurance are defined contribution plans. The contribution paid/payable under the schemes is recognised during the period in which the employee renders the related service.



- ii. **Defined Benefit Plans:** The Company has taken a Group Gratuity Policy and Group Leave Encashment Scheme with LIC of India. These constitute the Defined Benefit Plans of the company.

The Present Value of the Obligation under such defined benefit plans is determined based on the actuarial valuation using the Projected Unit Credit Method. The Objective of this method is to spread the cost of each employee's benefits over the period that the employee works for the company. The allocation of cost of benefits to each year of service is achieved indirectly by allocating projected benefits to years of service. The cost allocated to each year of service is then the value of the projected benefit allocated to that year.

The discount rates used for determining the present value of the obligation under defined benefit plans, is based on the market yields on Government securities as at the balance sheet date, having maturity periods approximating to the terms of related obligations.

Actuarial gains and losses are recognised immediately in the Statement of Profit & Loss.

In case of funded plans, the fair value of the plan assets is reduced from the gross obligation under the defined benefit plans to recognise the obligation on the net basis.

#### 11. Provision for Current Tax and Deferred Income Tax

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961.

Deferred Tax resulting from timing difference between book and

taxable profit is accounted for using the tax rates and laws that are enacted or substantially enacted as on the balance sheet date. The deferred tax asset is recognized and carried forward only to the extent there is a reasonable certainty that the asset will be realized in future.

#### 12. Provisions, Contingent Liabilities and Contingent Assets:

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

#### 13. Intangible assets

Software which are not integral part of the hardware are classified as Intangibles and are amortized over its estimated useful life. However standard utility software packages are expensed at the time of purchase.

#### 14. Borrowing costs

Borrowing costs that are attributable to the acquisition and or construction of qualifying assets are capitalized as part of the cost of such assets, in accordance with Accounting Standard – AS 16. A qualifying asset is one that necessarily takes a substantial period of time to be ready for its intended use.

#### 15. Operating Lease:

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments under such leases are charged to Statement of Profit and Loss.



**THIS ATTENDANCE SLIP DULY FILLED IN, TO BE  
HANDED OVER AT THE ENTRANCE OF THE  
MEETING HALL**

Name of the attending Member \_\_\_\_\_ : \_\_\_\_\_  
(in block letters)

Member's Folio No./Client ID No. \_\_\_\_\_ : \_\_\_\_\_

Client ID No. \_\_\_\_\_ : \_\_\_\_\_

DP ID No. \_\_\_\_\_ : \_\_\_\_\_

Name of Proxy \_\_\_\_\_ : \_\_\_\_\_  
(in block letters,  
to be filled in if the  
Proxy attends instead  
of the Member)

No. of Shares held \_\_\_\_\_ : \_\_\_\_\_

I hereby record my presence at the Twenty Eighth Annual  
General Meeting at Vivanta by Taj , No 2275, Tumkur Road, Yeshwantpur,  
Bangalore 560022, at 11.00 a.m on Thursday, the 16<sup>th</sup> May 2013.

Note : The copy of the Annual Report may please be brought to the  
Meeting Hall.

\_\_\_\_\_  
Member's Signature

\_\_\_\_\_  
Proxy's Signature\*

\*To be signed at the time of handing over the slip

I/We \_\_\_\_\_  
being Member(s) of the above named Company hereby  
appoint \_\_\_\_\_ of  
\_\_\_\_\_ or failing him \_\_\_\_\_  
of \_\_\_\_\_ in the District of \_\_\_\_\_  
as my/our Proxy to vote for me/us, on my/our behalf, at the Twenty Eighth  
Annual General Meeting of the Company, to be held on Thursday, the 16<sup>th</sup>  
May, 2013 at 11.00 a.m and at any adjournment(s) thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2013

For Office use only

Affix  
One Rupee  
Revenue  
Stamp

No. of Shares : \_\_\_\_\_

Folio No. : \_\_\_\_\_

Client ID No. : \_\_\_\_\_

DP ID No. : \_\_\_\_\_

Note: The instrument appointing proxy duly completed in all respects should  
be deposited at the Registered Office of the Company at 5th Floor, Kushal  
Garden Arcade, 1A, Peenya Industrial Area, Peenya 2nd Phase, Bangalore -  
560 058 not later than 11.00 a.m on 14<sup>th</sup> May, 2013.



## ELECTRONIC CLEARING SERVICE (E C S) MANDATE FORM

To  
 Integrated Enterprises (India) Limited  
 UNIT : DISA India Limited  
 30, Ramana Residency, Ground Floor  
 4th Cross, Sampige Road  
 Malleswaram, Bangalore 560 003

REGISTERED FOLIO NO:

I hereby give my mandate to credit my Dividend on the shares held by me with respect to aforesaid folio number directly to my bank account through Electronic Clearing Service (ECS). The details of the Bank account are given below.

A Name of the Bank	[Grid for Name of the Bank]																							
B Branch Name Complete Bank Address CITY	[Grid for Branch Name, Address, City]																		PIN CODE					
	[Grid for PIN CODE]																							
C Account Number	[Grid for Account Number]																							
D Type of Account	S B	CA	NRE	NRO	Others	[Grid for Type of Account]																		
E Nine digit MICR Code No	[Grid for MICR Code No]																							

(Please ensure to fill-in correct MICR code Number as appearing on the cheque provided by the bank. Please also verify the same from your Bankers)

(Please attach a Blank "CANCELLED" cheque or a photocopy thereof or a certificate from the bank)

PAN No

I hereby declare that the particulars given above are correct and complete. If the transaction is delayed or credit is not effected at all for reasons(s) of incomplete or incorrect information, I will not hold the Company or the Share Transfer Agents responsible

I/We am/are attaching herewith a Cancelled Cheque / Xerox copy of the cheque, PAN Card, Passport, Voter's ID, Front Page of the Bank Passbook as proof for the above.

Name of the shareholders	Signature of the shareholders

Address of the shareholder

Please note that incomplete Mandate Form will be rejected.

All the Columns should be filled-in.

Permanent Account Number (PAN) is compulsory as per the SEBI Guidelines

Separate Forms should be submitted for each of the Folio. (Take xerox if required)

**ECS DETAILS FOR SHAREHOLDERS HOLDING SHARES IN DEMAT FORM:** Incase of shareholders holding their shares in demat mode, the shareholders are requested to provide the above details to their respective (depository participant) DPs. Please also note details directly intimated to the Company or Registrars will not be considered if the shares are held in DEMAT form.

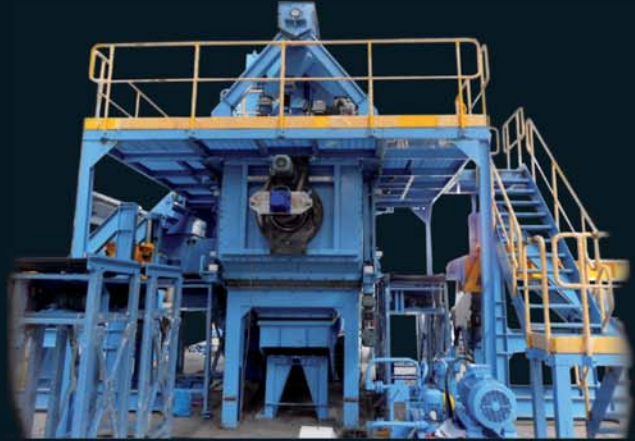


# IFEX 2013, 27-29 January 2013, Kolkata

Unveiled products



DISA CORE 20 FP



DS-1

Exhibition at a glance



# Contacts

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## DISA India

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### Regd. & Corp. Office:

DISA India Limited  
5th floor, Kushal Garden Arcade  
1A Peenya Industrial Area  
Peenya 2nd Phase  
Bangalore 560 058, INDIA  
Tel +91 80 4020 1400 to 1404  
Fax +91 80 2839 1661  
E: bangalore@noricangroup.com

### Regional contacts:

New Delhi  
E: delhi@noricangroup.com

Pune  
E: pune@noricangroup.com

Kolkata  
E: kolkata@noricangroup.com

Rajkot  
E: rajkot@noricangroup.com

### Manufacturing:

Tumkur  
E: tumkur@noricangroup.com

Hosakote  
E: hosakote@noricangroup.com

### DISA representative:

F Care, Coimbatore  
E: elango@fcare.net

### Customer distribution centre (parts and services)

E: cdc.india@noricangroup.com



DISA® is a registered trademark of DISA Holding A/S.  
DISAMATIC® is a registered trademark of DISA Industries A/S.  
Wheelabrator® is the registered trademark of Wheelabrator Technologies (UK) Limited

Noricang Group is the parent company of DISA and Wheelabrator.

[www.disagroup.com](http://www.disagroup.com)  
[www.wheelabratorgroup.com](http://www.wheelabratorgroup.com)

**DISA**  
shaping industry