

BOARD OF DIRECTORS

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

Chairman

Whole-time Director

BANKERS

CANARA BANK
STATE BANK OF INDIA
BANK OF MAHARASHTRA
THE BANK OF NOVA SCOTIA
HDFC BANK LTD.

REGISTRARS

Alpha Systems Pvt. Ltd.
30, Ramana Residency,
Ground Floor,
IV Cross, Sampige Road,
Malleswaram,
Bangalore - 560 003.
Ph: +91 80 23460815/816

REGISTERED OFFICE

5th Floor, Kushal Garden Arcade
1A, Peenya Industrial Area,
Peenya 2nd Phase
Bangalore 560 058
Ph: +91 80 4020 1400 to 04
(w.e.f. 9.3.2009)

Branches Telephone

PUNE : 020 - 26152503 DELHI : 011 - 26411123
KOLKATTA : 033 - 22805570

STOCK EXCHANGES

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

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

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

AUDITORS

M.K. Dandekar & Co.
Chennai

SOLICITORS

Chander Kumar & Associates
Bangalore

WORKS

Foundry Machinery Division:
28-32, Satyamangala Indl. Area,
Tumkur - 572 104.

Clean Air Division:
50, KIADB Industrial Area,
Hosakote - 562 114.

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

NOTICE

NOTICE is hereby given that the Twenty Fourth Annual General Meeting of DISA INDIA LIMITED, will be held at 11.30 hrs on Friday, the 24th April 2009 at The Atria Hotel, # 1, Palace Road, Bangalore – 560 001 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st December 2008 and the Profit and Loss Account for the year ended on that date, together with Reports of the Board of Directors and the Auditors thereon.
2. To elect a Director in place of Mr. Jan Johansen, who retires by rotation and is eligible for reappointment.
3. To elect a Director in place of Mr. Lars Christensen, who retires by rotation and is eligible for reappointment.
4. To appoint Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

By Order of the Board of Directors

For DISA India Limited

Date: 24.02.2009

Viraj Naidu

Place: Bangalore

President & Whole Time Director

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself/herself and such 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 17th April 2009 to 24th April 2009 (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 shares.
4. Members are requested to communicate the changes, if any, in their addresses to the Company's Registrar and Share Transfer Agents, Alpha Systems Pvt. Ltd. 30, Ramana Residency, IV Cross, Sampige Road, Malleswaram, Bangalore-560 003.
5. Under Section 205A of the Companies Act, 1956, the amount of Dividend remaining unpaid or unclaimed for a period of seven years from the date of payment is required to be transferred to the Investor Education and Protection Fund of the Central Government.
6. In view of the above, members who have not encashed the Dividend warrant(s) so far for any of the Dividends declared earlier, are requested to make their claims to the Company immediately. Please note that as per Section 205-C of the Companies Act, 1956, no claim shall lie against the Company or the said Fund, in respect of individual amounts which remain unclaimed or unpaid for a period of seven years from the date of payment, and no payment shall be made in respect of any such claims.
7. Investors are requested to utilize ECS facility to enable transfer of Dividends directly to the bank account of eligible shareholders whenever the Company declares Dividend.
8. The Registered Office will be shifted to 5th Floor, Kushal Garden Arcade, 1A Peenya Industrial Area, Peenya 2nd Phase, Bangalore 560 058 with effect from 9.3.2009.

By Order of the Board

For DISA India Ltd

Date: 24.02.2009

Viraj Naidu

Place: Bangalore

President & Whole Time Director

DIRECTORS' REPORT

The Board of Directors have pleasure in presenting the 24th Annual Report and Audited statement of Accounts for the year ended 31st December 2008 together with the Auditors' Report.

FINANCIAL RESULTS

(Rs.in '000)

Description	2008	2007
Sales & Service	859,288	933,616
Profit before depreciation, tax & financial charges	205,757	293,135
Less: Depreciation	16,970	14,240
Less: Interest	5,595	4,852
Less: Provision for taxation (net of deferred tax)	63,486	92,335
PROFIT AFTER TAXATION	119,706	181,708
Add: Profit & Loss account Balance b/fd	16,094	198,730
PROFIT AVAILABLE FOR APPROPRIATION	135,800	380,438
APPROPRIATION:		
Proposed Dividend & Tax thereon	-	353,552
Transfer to General Reserve	-	18,171
Deferred Tax written back	-	7,379
Balance in Profit & Loss Account	-	16,094

DIVIDEND

In view of the drop in performance and continuing difficult market conditions, there is a clear need to preserve cash resources. Hence your Directors do not recommend Dividend for the year ended 31st December 2008.

PERFORMANCE OF THE COMPANY

The year 2008, was a challenging year for your Company. Fresh order intake slowed considerably and execution of orders on hand suffered as many customers delayed projects, due to poor funding availability in the market. Compared to previous year 2007, Sales in the year 2008 went down 8% and Operating Profit (PBDIT) went down 30%.

The impact of the steep increase in the steel and commodity prices in the first half of the year – though partly offset through a range of margin improvements actions, on bought-outs and value engineering projects – was visible, as the material cost still went up by 0.5% bp.

This was followed by the extreme steep and deep downturn in the second half of the year and the resulting impact could not be offset even after significant cuts in the fixed costs.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The year 2008, was a turbulent one for the World and Indian

economies. The steep increase in Steel and Commodity prices - in the first half of the year - seriously eroded margins of Foundry Industry (which remains the company's major target customer segment). By the time the steel & commodity prices stabilized, the world economy saw the unprecedented collapse of the financial sectors – especially in the last quarter. The Indian economy was not isolated and the money markets choked, with all banks adopting extreme caution in lending.

This external environment had strong impact on the Capital Equipment Industry – like your Company – as the Fresh Order Intake came down sharply. The Total Order Intake in the year 2008, for your Company, was Rs.70 Crores – indicating a significant drop of 33% on the Order Intake of Rs.104 Crores in Y2007.

The decline was across all the Product Offerings – Moulding, Shot Blast & Filters. The Spares / Services business grew by 27%, as the Company continued to focus on this area for increasing penetration and the effect of increased installed base in the recent years.

Both the expansion projects at Tumkur (972sqm) & Hosakote (2025sqm) – started in Q4-2007 – were completed and gave your Company the flexibility to bring back the high cost outsourcing activities, so as to have a better control on margins & quality.

The first order for the New Flex 80 Project was received, and this is expected to be delivered in the year 2009. This product opens up a new size segment for your Company in the High Pressure Moulding Lines using Horizontal Flask System.

In the slowing economy, your Company has taken many initiatives to bring down the fixed costs. Headcount is under strict control and Training and HR initiatives are driving skill enhancements for higher productivity across all functions.

With the lower opening Order Backlog for Y2009, the current focus is mainly on cost control and reducing inventory and receivables.

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:

Sr.no	Name of the Company
1	DISA Holding A/S, Denmark
2	DISA Holding II A/S, Denmark
3	DISA Holding AG, Switzerland
4	DISA Holding Corporation, Oswego
5	DISA Industrianlagen GmbH, Germany

- 6 DISA Industries A/S, Denmark
- 7 DISA Industries AG, Switzerland
- 8 DISA Industries Oswego, USA
- 9 DISA Industries s.r.o., Czech Republic
- 10 DISA Industries UK Limited, UK
- 11 DISA K K, Japan
- 12 DISA Limited, Hong kong
- 13 DISA Machinery Limited, China
- 14 DISA Trading (Shanghai) Co Limited
- 15 DISA Technologies Private Limited, India
- 16 GF DISA England Limited, UK

CORPORATE GOVERNANCE

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

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

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors confirm as follows:

- (a) The Statement of Accounts has been prepared in conformity with appropriate Accounting Standards.
- (b) Accounting policies have been selected and consistently applied so as to give a true and fair view of the financial statements. Change in Accounting Policy and its impact on financial statements are disclosed separately as required under relevant Accounting Standards.
- (c) Internal controls are in place to provide reasonable assurance and reliability of the accounting records and to safeguard the assets of the Company and also to detect fraud and other irregularities, if any.

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

- (d) The Directors are satisfied that the Company has enough resources to carry on business and therefore have 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.51.3** Million in foreign exchange and expended **Rs.300.14** Million in foreign exchange during the year under review.

INDUSTRIAL RELATIONS

Industrial relations have been cordial and constructive, which have helped your Company to achieve production targets.

PERSONNEL

Particulars of employees as required under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of employees) Rules 1975 are given in the Annexure forming part of the Report.

DIRECTORS

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

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

AUDITORS

The Auditors, Messrs. M. K. Dandeker & Co., Chartered Accountants, Chennai, retire at the ensuing Annual General Meeting. The Company has received a certificate under Section 224 -1(B) of the Companies Act, 1956 from Messrs. M. K. Dandeker & Co., Chartered Accountants, Chennai that their appointment would be within the limits specified therein.

Your Directors recommend their appointment.

ACKNOWLEDGEMENT

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

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

For and on behalf of the Board of Directors

Place: Bangalore
Date: 24.02.2009

Kent Arentoft
Chairman

ANNEXURE TO DIRECTORS' REPORT (Year ending 31 Dec 2008)
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	Jagadish A Kulkarni 44 years	B.E. (Mech)	25/02/1991 (22)	Vice President - Sales & Marketing - FSB	2,373,208	Bemco Hydraulics Application Engineer
2	Joydip Ghosh 44 years	M.Tech, MBA	25/4/2007 (21)	Vice President - Filters Business & HK Operations	2,592,591	Timken Engineering & Research Pvt Ltd Program Manager
3	S.Mohan 51 years	B.Sc,ACA, AICWA	23/6/2004 (31)	Chief Financial Officer	3,213,171	Encore Software Limited Chief Financial Officer
4	Viraj Naidu 40 years	B. Tech (Hons)	22/1/2007 (17)	President & Whole Time Director	5,335,906	Tata Autocomp Systems Ltd Interiors & Plastic Division. Chief Operating Officer

- Notes : 1. Gross remuneration as above includes Basic salary, contribution towards Provident Fund, Superannuation, Insurance premium, Bonus, House Rent Allowance & monetary value of perquisites.
2. None of the above employees are related to any of the other Directors of the Company.
3. Conditions of employment are governed by individual terms and conditions of service.

REPORT ON CORPORATE GOVERNANCE

1. Company's Philosophy on Code of Governance

DISA India Limited has been adhering to many aspects of Corporate Governance even before Clause 49 of the Listing Agreement with the Stock Exchange became applicable to the Company. As a part of DISA Group worldwide, the Company follows good practices of transparency and disclosure in its reporting. The Company is firmly committed to Corporate Governance and to meet the expectations of its stakeholders in matters related to trusteeship, integrity, ethical and legal standards.

2. Board of Directors:

(a) Composition & Size of the Board

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

Category	Names of Director	Number of Directors	Composition	Relationship with other Directors	No. of other Directorships	Memberships of other Board Committees
Non-Executive & Independent		2	33.33			
	Deepa Hingorani			None	8	-
	Sanjay Arte			None	9	2
Non-Executive		3	50.00			
	Kent Arentoft			None	14	-
	Jan Johansen			None	14	-
	Lars Christensen			None	14	-
Executive Director		1	16.66			
	Viraj Naidu			None	Nil	-
Total		6	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 :

16th February, 23rd April, 18th July, 29th October 2008

(c) Attendance of each Director at the Board Meeting, Annual General Meeting (AGM) and the number of Companies and Committees where he is Director/Member .

Name of Director	Category of Directorship	No. of Board Meetings attended	Whether Attended last AGM	No. of Directorships in other Companies incorporated in India	No. of Committee membership Members/Chairman in other companies in India
Kent Arentoft	Chairman	2	Yes	Nil	Nil
Jan Johansen	Director	3	Yes	Nil	Nil
Lars Christensen	Director	Nil	No	Nil	Nil
Deepa Hingorani	Director	4	Yes	6	Nil
Sanjay Arte	Director	4	Yes	8	2
Viraj Naidu	Executive 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:

15th February, 23rd April, 18th July and 29th October - 2008

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

Name of Director	No. of Meetings attended
Deepa Hingorani	4
Kent Arentoft	2
Sanjay Arte	4

4. Remuneration Committee

The Company has set up a Remuneration Committee, firstly to determine and review the Remuneration and Bonus of the Executive/Managing Directors and secondly to review policy issues relating to Remuneration and Bonuses of Senior Managers.

Meetings and the attendance during the year

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

23rd April 2008

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

Name of Director	No. of Meetings attended
Kent Arentoft	1
Jan Johansen	1
Deepa Hingorani	1
Sanjay Arte	1

5. Shareholders' Committee

The Board has constituted a Shareholders' Grievance and Investor Relations Committee to approve share transfers, transmissions, transposition of name, issue of split/duplicate certificates, ratify confirmations made to the demat requests received by the Company and review the status report on redressal of shareholders' complaints received by the Company/ share transfer agents.

The Committee comprising of Ms.Deepa Hingorani, Mr.Sanjay Arte and Mr.Viraj Naidu met 7 times during the year on the following dates :

29th February, 2nd April, 20th June, 21st July, 29th September, 17th November, 3rd December 2008

Name of Director	No. of Meetings attended
Deepa Hingorani	0
Sanjay Arte	7
Viraj Naidu	7

There were (March Qtr-1, June Qtr-9, September Qtr-7, December Qtr-1) 18 complaints received and redressed during the year ended 31st December 2008. There was no pending share transfer as on 31-12-2008.

6. Remuneration paid to Directors

The details of remuneration paid to the Directors during the year 2008 are given below:

a) President & Whole Time Director

(in Rs.)

Name	Salary	Performance Bonus	Perquisites	Sitting Fees	Total
Mr. Viraj Naidu	45,261,651	774,255	-	-	53,35,906

c) Non-Executive Directors

(in Rs.)

Name	Sitting fees INR	Commission for the year 2007 (paid in 2008)
Kent Arentoft	40,000	529,000
Jan Johansen	40,000	207,000
Lars Christensen	0	207,000
Deepa Hingorani	90,000	207,000
Sanjay Arte	0	0
Total	170,000	1,150,000

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

7. Name, designation & address of Compliance Officer

Mr S Mohan
Chief Financial Officer
DISA India Limited
5th Floor, Kushal Garden Arcade
1A, Peenya Industrial Area, Peenya 2nd Phase
Bangalore 560 058

E-Mail: investor.relations@disagroup.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 Shareholders' Grievance and Investor Relations Committee.

8. General Body Meetings

Location and time of the last three Annual General Meetings

Year	Date	Venue	Time
2005	02-05-2006	Registered Office of the Company	1130 Hrs
2006	18-04-2007	Chancery Hotel, Lavelle Road, Bangalore-560 001	1100 Hrs
2007	23-04-2008	Chancery Hotel, Lavelle Road, Bangalore-560 001	1130 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.

During the last three years, there were no strictures or penalties imposed by either SEBI or the Stock Exchanges or any statutory authority for non-compliance of any matter related to the capital markets.

10. Means of Communication

The Quarterly & Half Yearly results are published in national and local dailies such as Business Standard (in English) and Sanjevani (in Kannada) and also are displayed on SEBI website, and hence are not individually sent to the shareholders.

11. General Information to Shareholders

a) AGM : Date: 24th April, 2009

Time: 11:30 Hrs

Venue: The Atria Hotel, # 1, Palace Road, Bangalore 560 001

Financial year : January to December 2008

Date of Book Closure: 17.04.2009 to 24.04.2009

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

b) Stock Market price data for the year

Period	SENSEX		BSE	
	High	Low	High	Low
January 2008	21,206.77	15,332.42	2,141.00	1,250.00
February 2008	18,895.34	16,457.74	2,280.00	1,365.00
March 2008	17,227.56	14,677.24	2,195.00	1,810.00
April 2008	17,480.74	15,297.96	2,224.00	1,575.20
May 2008	17,735.70	16,196.02	1,664.00	1,425.00
June 2008	16,632.72	13,405.54	1,600.60	1,282.00
July 2008	15,130.09	12,514.02	1,495.00	1,290.00
August 2008	15,579.78	14,002.43	1,825.00	1,409.00
September 2008	15,107.01	12,153.55	1,799.00	1,500.00
October 2008	13,203.86	7,697.93	1,620.00	1,200.05
November 2008	10,945.41	8,316.39	1,730.00	1,237.00
December 2008	10,188.54	8,467.43	1,779.00	1,464.10

c) Registrar and Transfer Agents (RTA)

Alpha Systems Pvt. Ltd, 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 said 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 31-12-2008

Face Value Rs.10/-

Range (in Rs.)	No. of Share Holders	% of Total Share Holders	Total Holding In Rs.	% of Total Capital
1 - 5000	4308	98.18	22,25,050	14.73
5001 - 10000	37	0.84	2,75,920	1.82
10001 - 20000	19	0.43	2,75,980	1.83
20001 - 30000	4	0.09	96,800	0.64
30001 - 40000	5	0.11	1,80,860	1.20
40001 - 50000	2	0.05	86,960	0.58
50001 - 100000	6	0.14	4,37,750	2.90
100001 & above	7	0.16	1,15,22,730	76.30
Total	4388	100.00	1,51,02,050	100.00

MODE OF HOLDINGS AS ON 31.12.2008

	NO. OF SHARES	% ON CAPITAL
NSDL	2,28,136	15.10
CDSL	84,348	5.59
PHYSICAL	11,97,721	79.31
TOTAL	15,10,205	100.00

f) Shareholding pattern as on 31-12-2008

Category	No of Shares	% Holding
Directors	Nil	Nil
Promoter-But not Director	1121651	74.27
Director/Promoters' Relatives	Nil	Nil
Sub total	1121651	74.27
Banks & Financial Institutions, Insurance Companies	12812	0.85
Body Corporate	20341	1.35
NRI	41639	2.76
Foreign	1040	0.07
Indian Promoter	Nil	Nil
Clearing Member	3273	0.21
General Public	309449	20.49
Total	1510205	100.00

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

i) Address for correspondence

DISA INDIA LIMITED
5th Floor, Kushal Garden Arcade, 1A, Peenya Industrial Area, Peenya 2nd Phase, Bangalore 560 058
E-mail: investor.relations@disagroup.com, Phone: 91-80-4020 1400 to 04, Fax: +91-80-2839 1661

j) Electronic Clearing System

Shareholders of physical shares are requested to avail ECS facility for Dividend payments by forwarding the duly filled ECS mandate provided on page no. 31 of this Annual Report to the Registrars - Alpha Systems Pvt.Ltd, No.30, Ramana Residency Ground Floor, Malleswaram, Sampige Road, Bangalore-560 003, to ensure prompt credit of Dividend to their respective bank accounts as and when Dividend is declared.

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

To

The Members of
DISA INDIA LIMITED
Bangalore - 560 001

1. We have examined the compliance of the conditions of Corporate Governance by DISA India Limited for the year ended 31st December, 2008 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 during the year ended 31st December 2008, no investor grievance was pending against the company, as per records maintained by the company and presented to the Share Transfer & Investors Grievances Committee.
5. 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.

K.J. Dandeker
Partner

Chartered Accountants
Membership No. 18533

Place : Bangalore
Date : 24.02.2009

SECRETARIAL COMPLIANCE CERTIFICATE

Registration No. of the Company:
L85110KA1984PLC006116
Nominal Capital: **Rs. 5,00,00,000/-**

To:

The Members, DISA INDIA LIMITED,
Bangalore – 560 001.

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 the 31st December, 2008. 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 1.1.2008 to 31.12.2008 on the following dates: 16.2.2008, 23.4.2008, 18.7.2008 and 29.10.2008 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 16.4.2008 to 23.4.2008 (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 31.12.2007 was held on 23.4.2008 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.
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 issued duplicate share certificates after complying with the procedures under the Act, during the financial year.
13. The Company has:
 - (i) delivered all the certificates on lodgment thereof for transfers/transmission or any other purpose in accordance with the provisions of the Act.
 - (ii) deposited the amount of dividend declared in a separate Bank Account within five days from the date of declaration of dividend;
 - (iii) paid/posted warrants for dividends 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) transferred the due amounts of funds to the Investor Education and Protection Fund during the year;
 - (v) duly complied with the requirement of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted. There were no appointments of Additional Directors/Alternate Directors/Directors to fill casual vacancies during the financial year.
15. The Company has appointed a Whole time Director during the financial year.
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. However, there were instances of holding the right to dividend based on legal dispute(s) inter se amongst the investors.

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 31.12.2008 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: 24.2.2009

VIJAYAKRISHNAKT

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 2008.

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.	Balance Sheet	220	Annual Accounts	19-05-2008	Yes	No
2.	Annual Return	159	Annual Return	12-06-2008	Yes	No
3.	Secretarial Compliance Report	383A	Secretarial Compliance Report	19-05-2008	Yes	No
4.	Form 25C	269 Schedule XIII	Return of Appointment of MD	21-05-2008	Yes	No
5.	Form 23	192	Resolution for appointment of Whole time Director	21-05-2008	Yes	No

6.	Form1 INV	Rule 3 of the Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001]	Transfer of Unpaid Dividend 2000-01	28-08-2008	Yes	No
7.	Form DIN3	Rule 6	Intimation of Director Identification Number to the Registrar	15-01-2008	Yes	No

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, 2008, the Profit and Loss Account 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, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;

- iv. In our opinion, the Balance Sheet, Profit and Loss Account 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, 2008, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st December 2008 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, 2008; and
 - b) in the case of the Profit and Loss Account, 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.

K.J.DANDEKER
Partner

Place : Bangalore
Dated : 24.02.2009

Chartered Accountant
Membership No.18533

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

- 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.
- 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.
- 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.
- 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.
- 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.
- 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.
- 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.
- VIII. The Company is not required to maintain the cost records as prescribed by the Central Government under clause (d) of sub-section (i) of section 209 of the Companies Act 1956.
- 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.
- 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.
- XI. The Company has not defaulted in repayment of dues to Financial Institutions or Banks or Debenture holders.
- XII. The Company has not given any guarantee for loans taken by others from Bank or Financial Institution etc.
- XIII. The Company has not obtained any term loans during the year.
- XIV. The funds raised by the Company on short-term basis have not been used for long term investment and vice versa.
- XV. 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.
- XVI. The Company has not issued any debentures during the year.
- XVII. 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.
- XVIII. The following clauses were not applicable to the company for the year.
- a) Paragraph 4 (xii) of the order relating to maintenance of documents and records in cases where the company has granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities;
- b) Paragraph 4(xiii) of the order relating to special statute applicable to Chit Fund, Nidhi or Mutual Benefit Fund/ Societies;
- c) Paragraph 4(xiv) of the order relating to companies dealing or trading in shares, securities, debentures or other investments;
- d) Paragraph 4(xx) of the order relating to public issue during the year.

for M.K.DANDEKER & CO.

K.J.DANDEKER
PartnerPlace : Bangalore
Dated : 24.02.2009Chartered Accountant
Membership No.18533

DISA INDIA LIMITED

BALANCE SHEET AS AT 31ST DECEMBER, 2008

Description	Schedule No.	As at 31.12.08 Rs.'000		As at 31.12.07 Rs.'000	
SOURCES OF FUNDS					
1. Shareholders Funds:					
Capital	1	15,102.05		15,102.05	
Reserves & Surplus	2	291,114.01		171,408.18	
			306,216.06		186,510.23
2. Loan Funds:					
Secured & Unsecured Loans	3	39,909.19		36,714.30	
			39,909.19		36,714.30
3. Deferred Income Tax:			3,272.82		4,647.79
			349,398.07		227,872.32
APPLICATION OF FUNDS					
1. Fixed Assets:	4				
Gross Block		330,115.43		281,643.68	
Less: Depreciation		193,713.51		185,001.62	
Net Block			136,401.92	96,642.06	96,642.06
2. Current assets, loans & advances:					
Inventories	5	212,759.69		140,282.35	
Sundry Debtors	6	35,477.44		86,778.41	
Cash & Bank balances	7	206,945.40		506,681.32	
Loans & advances	8	61,767.30		49,891.74	
			516,949.83	783,633.82	
Less: Current liabilities & provisions:					
Current Liabilities	9	303,882.42		290,564.93	
Provisions	10	71.26		361,838.63	
			303,953.68	652,403.56	
Net Current Assets			212,996.15		131,230.26
3. EPS /Notes/Segment Reporting/Related Party disclosures/Accounting Policies	14-18				
TOTAL			349,398.07		227,872.32

Schedules referred to herein form part of the Balance Sheet.

This is the Balance Sheet referred to in our report of even date

For and on behalf of
M.K. DANDEKER & CO.,
Chartered Accountants

For and on behalf of
DISA INDIA LIMITED

K. J. Dandeker
Partner

Viraj Naidu
President & Whole Time Director

Kent Arentoft
Chairman

Place : Bangalore
Date : 24.02.2009

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 2008

Description	Schedule No.	Year ended 31 December 08 Rs.'000		Year ended 31 December 07 Rs.'000	
INCOME:					
1. Sales & Services	11	859,287.54		933,616.25	
2. Other income	11	37,103.24		54,825.13	
			896,390.78		988,441.38
EXPENDITURE:					
1. Manufacturing & other expenses	12	690,634.00		695,305.68	
2. Depreciation	4	16,970.04		14,240.01	
3. Interest	13	5,595.16		4,852.01	
			713,199.20		714,397.70
PROFIT BEFORE TAX			183,191.58		274,043.68
1. Provision for Taxation		62,670.00		91,100.00	
2. Provision for Deferred Tax		(1,374.97)		(1,012.43)	
3. Fringe benefit Tax		2,190.72		2,247.55	
			63,485.75		92,335.12
PROFIT FOR THE PERIOD AFTER TAX			119,705.83		181,708.56
Balance from earlier year b/f			16,094.27		198,730.43
Less :					
Dividend		0.00		302,041.00	
Tax on dividend		0.00		51,511.41	
Transfer to General reserve		0.00		18,170.86	
			0.00		371,723.27
Add:					
Deferred Tax provision written back			0.00		7,378.55
PROFIT TRANSFERRED TO BALANCE SHEET			135,800.10		16,094.27
Basic & Diluted earnings per share (Rs.) including extraordinary item	14		79.26		120.32
Basic & Diluted earnings per share (Rs.) excluding extraordinary item			79.26		120.32
Nominal value per equity share (Rs.)			10.00		10.00

Schedules referred to herein form part of the Profit & Loss Account

This is the Profit & Loss Account referred to in our report of even date

For and on behalf of
M.K. DANDEKER & CO.,
Chartered Accountants

For and on behalf of
DISA INDIA LIMITED

K. J. Dandeker
Partner

Viraj Naidu
President & Whole Time Director

Kent Arentoft
Chairman

Place : Bangalore
Date : 24.02.2009

DISA INDIA LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

Notes on Accounts - Schedule No. 15

Sl. No.	Description	For the year Rs.'000	Previous Year Rs.'000
I	CONTINGENT LIABILITIES:		
	a) i) Guarantees given by Bank	83,290	83,813
	ii) LC issued by Bank	739	3,901
	b) Estimated amount of contracts remaining to be executed on capital account and not provided for	5,600	45,584
	c) Claims against company not acknowledged as debt	NIL	NIL
II	VALUE OF IMPORTS ON C.I.F. BASIS:		
	Raw material	27,909	16,616
	Components and spare parts	26,865	46,093
	Capital Goods	608	-
	Others	761	-
	Total	56,144	62,709
III	EXPENDITURE IN FOREIGN CURRENCY: [on actual payment]		
	Travel	2,142	1,631
	Rawmaterial, Components and spare parts	53,906	54,482
	Capital Purchases	608	-
	Dividend (Paid for the year 2007 to 2 Non resident Shareholders holding 1121651 shares)	224,330	3,983
	Bonus Debentures redemption (11,21,651 Debentures @ Rs 90 per Debentures)	-	100,949
	Interest on Bonus Debentures (11,21,651 Debentures @ 6.5% p.a.)	-	2,789
	Commission	360	1,585
	Royalty	2,093	2,912
	Subscription for magazines/Training of staff/Others	621	623
	Technical services/Software Purchases	16,083	22,098
	Total	300,142	191,051
IV	EARNINGS IN FOREIGN CURRENCY [on actual receipt]		
	Agency Commission/Others	9,994	9,664
	Exports	41,313	103,295
	Total	51,307	112,959
V	PROVISIONS AND/OR PAYMENTS IN RESPECT OF AUDITORS' REMUNERATION (Excl. Service Tax)		
	Statutory Audit Fees	350	200
	Tax Audit Fees & Other Certification	75	35
	Reimbursement of expenses	211	153
	Total	636	388
VI	DETAILS OF LICENCED, INSTALLED CAPACITY AND ACTUAL PRODUCTION:		
	Goods manufactured (Quantity in nos., unless otherwise stated) }	Actual Production Qty.	Value in Rs.'000
	Foundry Moulding	120	298,081
	Shot Blasting Machine	(167)	(276,624)
	Mould handling system, Shot Blasting system, Sand conditioning plant, Sand Mixers/Slingers- Spl. purpose mat. handling eqpt. }	*	245,129
		*	(257,685)
	Ele. Control Panels	76	63,997
		(78)	(59,387)
	Dust Collectors	77	155,360
		(121)	(253,079)
	Spares		74,906
			(61,576)

*consist of systems/projects. Hence not quantified.

Notes on Accounts - Schedule No. 15 (Contd.)

VII	RAW MATERIALS & BOUGHT OUT COMPONENTS CONSUMED DURING THE YEAR:	Quantity in kgs	Value in Rs.'000	Percentage
	Raw material : Steel (imported)	99,097	20,104	4.42%
	Raw material : Steel (domestic)	320,676	33,980	7.47%
a)	Total	419,773 (823,958)	54,084 (85,853)	11.89% (17.25)%
b)	Intermediates, bought out components, hardware and items used for Projects under execution:			
i)	Imported	-	30,355 (44,324)	6.67% (8.91)%
ii)	Indigenous	-	370,386 (367,486)	81.43% (73.84)%
	TOTAL		454,825 (497,663)	100% 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	MANAGERIAL REMUNERATION: Computation of Profit in accordance with Section 309(5) read with Section 349 of the Companies Act, 1956 : Profit before extra-ordinary items & taxation Less: Profit on sale of fixed assets Add: Directors' Sitting fees Add: Managerial remuneration Adjusted net profit as per Section 198	183,192 1,713 170 5,336 186,984	274,044 310 250 4,819 278,803
IX	REMUNERATION TO MANAGING DIRECTOR / WHOLE TIME DIRECTOR Salaries+HRA+Performance Bonus Contribution to PF/Superannuation Fund ** Allowances and Monetary value of perquisites **Contribution to group gratuity is based on actual payment on overall company basis is excluded REMUNERATION TO OTHER DIRECTORS Commission @ 1% of net profit Commission restricted to	4,439 565 332 1,870 1,000	3,845 578 396 2,788 2,000
X	Deferred Tax liability (Net) is in respect of a) Depreciation b) Expenses charged in the financial statements but allowable as deductions in future years under the IT Act, 1961 i) Know how Fees ii) Software iii) Employee retention bonus iv) Others Deferred Tax Liability	(7,223) 807 545 1,428 1,170 (3,273)	(7,646) 1,167 665 782 384 (4,648)
XI	Disclosure under Micro, Small and Medium Enterprises Development Act, 2006 Amount due and remaining unpaid as at 31st December, 2008 Principal Interest thereon Amount of interest paid on all delayed payments during the year 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	12,508 151 -	

DISA INDIA LIMITED

Notes on Accounts - Schedule No. 15 (Contd.)

XII Disclosure Pursuant to AS-15 (Revised)

1. Defined Contribution Plans

An Amount of Rs.87.58 lakhs (previous year Rs. 59.61 lakhs) is recognised as an expense and included in "Manufacturing and Other Expenses" (Schedule 12 (f) in the Profit and Loss Account

2. Defined Benefit Plans

The amounts recognised in Balance Sheet as at 31st December, 2008 are as follows:

Rs. in 000's

Particulars	Leave Encashment	Gratuity
Change in benefit obligation	-	-
Benefit obligation at beginning of year	-	-
Service Cost	-	-
Interest Cost	-	-
Actuarial Loss/(Gain)	-	-
(Benefit paid)	-	-
Benefit obligation at end of year	6,163.48	13,997.53
Analysis of defined benefit obligation		
Plans that are wholly or partly funded	-	13,997.53
Plans that are wholly unfunded	6,163.48	-
Total	6,163.48	13,997.53
Amounts to be recognised in the balance sheet		
Present value of partly funded Obligations	-	13,997.53
Fair value of plan assets	-	10,507.02
Deficit for funded plans	-	3,490.51
Present value of unfunded obligations	6,163.48	3,490.51
Unrecognised past service (cost) benefit	-	-
Net liability (asset)-A	6,163.48	3,490.51
Amount in the balance sheet		
Liabilities	6,163.48	698.10
Assets	-	-
Net liability (asset)-B	6,613.48	698.10
Difference (A-B)	-	2792.41
Weighted average assumptions used to determine benefit obligations at		
Discount rate	5.70%	5.70%
Rate of compensation increase	10.00%	10.00%

- The company has adopted the AS-15 (revised) for the first time.
- The transitional liability for gratuity amounting to Rs. 34.91 lakhs as on 31.12.2008 is more than the liability that was recognised at the above mentioned date.
- As prescribed by para 145 (b) AS-15 (Revised), the company has made an irrevocable choice to recognise that increase in Defined Benefit Liability as an expense on a straight line basis over up to five years from the date of adoption.

XIII Previous year's figures have been re-grouped/reclassified wherever necessary
Figures in brackets indicate previous year's figures.

SCHEDULE 16

SEGMENT - WISE REPORTING

Rs. '000

Particulars	For the year 2008	Previous year 2007
Segment Revenue:		
a) Foundry Business	688,105	667,931
b) Air business	171,183	265,685
Total Revenue from Segments	859,288	933,616
Less: Inter-Segment Sales	-	-
Net Sales	859,288	933,616
Segment Results		
a) Foundry Business	128,384	146,085
b) Air business	42,625	80,926
Total Segment Results	171,008	227,011
Add: unallocable corporate income (net of unallocable Corporate expenditure)	(6,833)	5,209
Operating Profit / (Loss)	164,175	232,220
Less: Interest Expense	5,595	4,852
Add: Interest Income	24,612	46,675
Total Profit before Tax	183,192	274,044
Less: Provision for Taxation		
Current year	62,670	91,100
Deferred tax	(1,375)	(1,012)
FRINGE BENEFIT TAX	2,191	2,248
Total Profit from Ordinary activities	119,706	181,708
Add: Extraordinary Income	-	-
Less: Extraordinary Expense / loss	-	-
Net Profit	119,706	181,708
Segment Capital Employed:		
Segment Assets: (Business - wise)		
a) Foundry Business	263,080	218,524
b) Air business	117,716	88,280
Segment Liabilities:		
a) Foundry Business	96,248	71,638
b) Air business	60,323	52,469
Segment Capital Employed:		
a) Foundry Business	166,832	146,886
b) Air business	57,393	35,811
Total Capital Employed in Segments	224,225	182,697
Add: unallocable Corporate Assets	272,556	573,472
Less: unallocable Corporate Liabilities	190,565	569,659
Total Capital Employed in the Company	306,216	186,510

Other Information:		
Capital Expenditure:		
a) Foundry Business	26,348	21,109
b) Air business	38,913	2,356
c) Corporate	3,817	12,826
Depreciation		
a) Foundry Business	6,948	5,582
b) Air business	4,616	3,814
c) Corporate	5,407	4,844
Non- Cash expenses other than Depreciation:		
a) Foundry Business	-	-
b) Air business	-	-
Reconciliation of Revenue		
Total Segment Revenue:	859,288	933,616
Total Enterprise Revenue	896,391	988,441
Difference due to Corporate Revenue	(37,103)	(54,825)
Interest Income	24,612	46,675
Other income	7,907	3,635
Sale of Scrap	2,871	2,804
Exchange fluctuation & others	-	1,402
Extra ordinary Income	-	-
Profit/(Loss) on Sale of Assets	1,713	310
	37,103	54,825
Reconciliation of Results		
Total Segment Results	171,008	227,011
Total Enterprise Result (PBT)	183,192	274,044
Difference due to Corporate Revenue & Exp	12,184	47,033
Interest Income	24,612	46,675
Interest Expense	(5,595)	(4,852)
Profit on Sale of Assets	1,713	310
Extraordinary income	-	-
Corporate Expenditure/income	(8,547)	4,900
	12,184	47,033
Reconciliation of Assets		
Segment Assets	380,796	306,804
Corporate Assets	272,556	573,472
Total Assets as per Balance Sheet	653,352	880,276
Reconciliation of Liabilities		
Segment Liabilities	156,571	124,107
Corporate Liabilities	190,565	569,659
Total Liabilities as per Balance Sheet	347,136	693,766
Total Capital Employed	306,216	186,510

CASH FLOW STATEMENT FOR THE YEAR 2008

(Rs.'000s)

		Year ended 31.12.08		Year ended 31.12.07
A. CASH FLOW FROM OPERATING ACTIVITIES :				
Net profit before Tax and extraordinary items		183,192		274,044
Adjustments for :				
Depreciation	16,970		14,240	
Miscellaneous expenses (not written off) / written off	0		3,281	
Interest paid	5,595		4,852	
Profit on sale of assets	(1,713)		(310)	
Interest received	(24,612)	(3,760)	(46,675)	(24,612)
Operating Profit before working capital changes		179,432		249,432
Adjustments for :				
Increase in Bank Overdraft	7,888		10,551	
Increase in trade advances from customers	(34,385)		42,012	
Decrease in Sales Tax Deferment	(4,693)		(5,238)	
Increase in trade payables	49,942		45,126	
Decrease in trade and other receivables	40,402		(51,931)	
Increase in inventories	(72,477)		(58,959)	
Net changes in Working Capital		(13,323)		(18,439)
Cash generated from operations		166,109		230,993
Interest on Working capital	(5,342)		(1,782)	
Tax paid	(85,300)		(88,515)	
FBT Paid	(2,210)		(2,192)	
		(92,853)		(92,489)
Cash flow before extra-ordinary items		73,256		138,504
Extraordinary items		-		-
Net cash from operating activities		73,256		138,504
B CASH FLOW FROM INVESTING ACTIVITIES :				
Purchase of fixed assets	(57,042)		(36,291)	
Sale of fixed assets	2,025		715	
Interest received	37,816		54,227	
Net cash from investing activities		(17,201)		18,651
C CASH FLOW FROM FINANCING ACTIVITIES :				
Redemption of Bonus debentures	(6,112)		(124,285)	
Interest on Bonus Debentures	(348)		(4,537)	
Dividends paid including Dividend Tax	(349,332)		(7,057)	
Net cash used in financing activities		(355,792)		(135,879)
D NET INCREASE IN CASH AND CASH EQUIVALENTS		(299,736)		21,276
Cash and Cash Equivalents as at 31.12.07		506,681		485,405
Cash and Cash Equivalents as at 31.12.08		206,945		506,681
NET INCREASE IN CASH AND CASH EQUIVALENTS		(299,736)		21,276

- Note: 1. The cash balance includes bank deposits of short-term nature expected to be used for working capital requirement / investment in capital assets in the next year.
2. Figures in brackets indicate cash outflow.
3. Above Cash Flow Statement has been prepared in accordance with Accounting Standard (AS)-3 issued under the Accounting Standards Rules, 2006

This is the Cash Flow Statement referred to in our report of even date

For and on behalf of
M.K. DANDEKER & CO.,
Chartered Accountants

K. J. Dandeker
Partner

Place : Bangalore
Date : 24.02.2009

For and on behalf of
DISA INDIA LIMITED

Viraj Naidu
President & Whole Time Director

Kent Arentoft
Chairman

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I Registration Details

Registration No. State code

Balance Sheet Date
Date Month Year

II Capital Raised during the year (Amount in Rs.Thousands)

Public Issue

Rights Issue

Bonus Issue

Private Placement

III Position of Mobilisation and Deployment of Funds (Amount in Rs.Thousands)

Total Liabilities

Total Assets

Source of Funds :

Paid-up Capital

Reserves & Surplus

Secured Loans

Unsecured Loans

Application of Funds :

Net Fixed Assets

Investments

Net Current Assets

Misc.Expenditure

Accumulated Losses

IV Performance of Company (Amount in Rs.Thousands)

Turnover Total Expenditure

+/- Profit/Loss before Tax +/- Profit/Loss after Tax

(Please tick appropriate box+ for Profit - for Loss)

Earning per share in Rs. Dividend %

V. Generic Names of Three Principal Products/ Services of Company (as per monetary terms)

Item Code No. (ITC Code)

Production Description

Item Code No. (ITC Code)

Production Description

Item Code No. (ITC Code)

Production Description