

From the CEO's desk....



Dear Fellow Shareholders,

I am pleased to inform you that we have ended the fiscal year 2013-14 with slight growth in operating revenue and significant improvement in profitability. I am happy to bring to you glimpses of the year and the future outlook.

The automotive industry has seen growth globally and the momentum is expected to continue in the coming years as well. Most of the chief economists at US car conferences are forecasting that there will be no slowdown in the auto sector through 2018. The focus on car safety, alternate fuel technologies, fuel efficiency initiatives, and diagnostics fueled significant increase in Research & development spend and the trend is expected to continue.

In the developing markets, including India there is significant spend under various government spending schemes for betterment of public transportation services. This is largely in the areas of Connected Vehicle, Telematics, Cloud based solutions, Big Data analytics and remote Vehicle Diagnostics.

The whole concept of "Internet of Things" is becoming rampant across the globe where Machine to Machine (M2M) communication will call for embedded as well as IT solutions. M2M communications space and other emerging markets require connectivity anytime and anywhere.

Our portfolio of connected devices is configured to report data on a user defined basis seamlessly to new

or legacy software solutions. Our customers select our products based on performance, optimized feature sets, configurability, reliability and, in particular, overall value.

Our core competitive advantage is our global presence, our automotive knowledge, and our passion to adapt, innovate and deliver cost effective products and services to quickly meet the needs of our customers.

Summary of financial results:

- Total revenue of 1390 lacs as compared to 1346 lacs
- Profit before tax of 266 lacs vs. 208 lacs in FY 2012-13, an increase of 28%
- Danlaw Technologies Inc. our US WOS:
 - o Total revenues of \$1.574 million
 - o Income from Operations has increased from \$246 thousand to \$337 thousand USD

In conclusion, I would like to thank our extraordinary base of employees, shareholders, partners and customers. We made good progress in fiscal 2014 and we are working to take DTIL to new heights. We continue to focus on financial discipline and operational execution while strategically positioning the Company to benefit over the longer term from emerging market trends. I believe that the building blocks are in place for the Company to achieve next level of growth and profitability. I am optimistic that exciting opportunities in front of us will yield better results for you, our shareholders.

I thank the Board of Directors for their continued guidance.

Sincerely,

Raju S. Dandu
Chairman & Managing Director

BOARD OF DIRECTORS

Raju S Dandu
Chairman & Managing Director

K N Praveen Kumar
Director

M A Ashok Kumar
Director

N S Sappata
Director

T Ravi Kumar
Director

MANAGEMENT TEAM

B V Ramana
Chief Operating Officer

G Govardhan Rao
Executive Vice President

Y V Subramanyam
Vice President- ISS Division

E U S Prabhakar
Vice President- ESD

A V R K Varma
Chief Financial Officer

REGISTERED OFFICE

Plot No.43, Sagar Society,
Road No.2, Banjara Hills,
Hyderabad 500 034.
info@danlawinc.com

USA SUBSIDIARY

Danlaw Technologies Inc.
41311, Vincent Cour,
Novi,
MI 48375, USA.

AUDITORS

M/s. Ramana Reddy & Associates
Chartered Accountants,
Unit No.406, 4th Floor,
Ashoka Capitol, Opp: KBR Park,
Road No.2, Banjara Hills,
Hyderabad - 500034

BANKERS

The Dhanalakshmi Bank Ltd,
Banjara Hills Branch, Hyderabad.

HDFC Bank Ltd. ,
Banjara Hills Branch,
Hyderabad.

**DEPOSITORY REGISTRARS & SHARE
TRANSFER AGENTS**

Karvy Computershare Pvt. Ltd.
Plot No. 17-24, Vittalrao Nagar,
Madhapur,
Hyderabad - 500081
Phone: 040 - 23420815-28
Fax No: 040 - 23420814
E-mail: einward.ris.@karvy.com

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DIRECTORS' REPORT

To,
The Members,

Your Directors take pleasure in presenting the 21st Annual Report and the Audited Statement of Accounts for the year ended 31st March 2014.

FINANCIAL PERFORMANCE

Key aspects of your Company's financial performance for the year 2013-14 are tabulated below:

Rs. in Lakhs

Particulars	2013-14			2012-13		
	DTIL	WOS	Cons.	DTIL	WOS	Cons.
Net sales/Income from operations	833.55	434.44	1267.99	869.99	363.04	1233.03
Other Income	122.23	-	122.23	113.37	-	113.37
Total Income	955.78	434.44	1390.22	983.36	363.04	1346.40
Cost of materials	178.92	4.72	183.64	162.29	-	162.29
Employee's Cost	504.42	194.81	699.23	444.74	209.05	653.79
Finance cost	0.35	-	0.35	0.06	-	0.06
Depreciation	22.60	0.30	22.90	17.55	0.53	18.08
Other Expenses	188.60	29.11	217.71	173.26	19.50	192.76
Total Expenses	894.89	228.94	1123.83	797.90	229.08	1026.98
Profit / (Loss) before tax	60.89	205.50	266.39	185.46	133.96	319.42
Exceptional Items	-	-	-	-	111.07	111.07
Profit before extraordinary items and tax	60.89	205.50	266.39	185.46	22.89	208.35
Current Tax	1.53	8.67	10.20	-	4.98	4.98
Deferred Taxes	19.01	68.23	87.24	59.76	6.61	66.37
Profit / (Loss) after tax	40.35	128.60	168.95	125.70	11.30	137.00
Paid up equity share capital	372.03	295.66	372.03	372.03	295.66	372.03
Reserves and Surplus (excl. revaluation reserve)	1871.03	(14.60)	1856.43	1830.68	(153.80)	1676.88
Earnings per share	1.08		4.54	3.38		3.68

Revenue from operations has increased by about 3% to Rs.1,267.98 lacs. The net Profit before exceptional items and Tax for the fiscal year is Rs.266.39 lacs as compared to a Profit of Rs208.35 lacs in the previous year. Profit after exceptional items and tax for the fiscal year is Rs.168.95 lacs as compared to a Profit of Rs.137.00 lacs in the previous year.

In spite of the wage pressures in the market, your management continued to control the costs without compromising the future delivery capacity. This has resulted in Net Profit (before tax) of about Rs.266.39 lacs as compared to Rs.208.35 lacs in the previous financial year.

The other income of approximately Rs.122 lacs includes about Rs.21 lacs of exchange gain and about Rs.100 lacs of interest income. The management continues to put efforts to collect all the receivables from our customers.

CORPORATE GOVERNANCE

The Corporate governance practices are described separately in page no.7 of this Annual Report. We have obtained a certificate from the Practicing Company Secretary as to the compliance of the provisions of the relevant clauses of the Listing Agreement. This certificate is given in page no.11.

EMPLOYEE PARTICULARS

No employee of the Company falls within the limits prescribed under the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

FIXED DEPOSITS

The Company has not accepted or invited any deposits and consequently no deposit has matured / become due for repayment as on 31st March 2014.

WHOLLY OWNED SUBSIDIARY

The Company has a wholly owned subsidiary in USA, Danlaw Technologies Inc. The financial statements of the said Company have been attached herewith for complying with the provisions of Section 212 of the Companies Act, 1956.

Effective April 15, 2014, the company sold its educational billing services division. The sales agreement for USD 90,000 provides for a down payment of USD 50,000 and the balance of USD 40,000 is payable on July 1, 2014 provided the company completes certain transition obligations to the purchaser. The agreement also provides for contingent consideration of USD 25,000 based on the retention of certain customers.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A management discussion and analysis report, pursuant to clause 49 of the listing agreement forms part of this report and is annexed hereto.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 217 (2AA) of the Companies Act, 1956, the Board of Directors of the Company confirms that:

- a) In the preparation of annual accounts for the year ended 31st March 2014, the applicable accounting standards have been followed along with proper explanation relating to any material departures.
- b) Such accounting policies as mentioned in schedule of the notes to the financial statements have been selected and applied consistently and judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company for the financial year ended 31st March 2014 and of the profit and loss of the Company for the year ended on that date.
- c) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) The annual accounts for the financial year 2013-2014 have been prepared on a going concern basis.

DIRECTORS

Mr. M.A. Ashok Kumar retires by rotation at the ensuing general meeting and is proposed to be re-appointed. In compliance with the provisions of Section 149 of the Companies Act, 2013 and the rules, circulars thereof, Mr. N.S. Sappata, Mr. K.N. Praveen Kumar and Mr. T. Ravi Kumar who are appointed as independent directors prior to 1st April 2014 are proposed to be re-appointed as independent directors for a term of five consecutive years at the ensuing general meeting.

AUDITORS

M/s. Ramana Reddy & Associates Chartered Accountants, Statutory Auditors of the Company, retire at the conclusion of the ensuing annual general meeting. They have expressed their willingness to accept re-appointment.

M/s. Ramana Reddy & Associates Chartered Accountants have confirmed that their appointment, if made, shall be in accordance with the provisions of Section 139 of the Companies Act, 2013 and the rules thereunder for a term from the conclusion of this AGM to 24th AGM of the company subject to ratification of the appointment by members at every AGM held after this AGM.

CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO AS REQUIRED U/s.217 (1)(e) OF THE COMPANIES ACT, 1956

a) Conservation of Energy:

The Company is engaged in the business of Software and Information Technology. The activity of the Company does not require huge energy/power. The Company is monitoring the consumption of energy and is identifying measures for saving energy. During the year the Company has taken adequate measures to use energy efficiently and reduce avoidable energy consumption.

b) Research & Development and Technology Absorption:

(I) R & D: Your Company has a team of people working on R & D. This year no revenue expenditure was deferred.

(ii) Technology Absorption: Your Company continues to use state of the art technology for improving the productivity and quality of its products and services. To create adequate infrastructure, your Company continues to invest in the latest hardware and software.

c) Foreign Exchange Earnings and Outgo:

The particulars of foreign exchange earnings and outgo are given below:

Particulars	2013-2014 INR	2012-2013 INR
Earnings	5,89,97,632	5,92,26,900
Outgo	72,06,439	80,24,398

APPRECIATION & ACKNOWLEDGMENTS

Your Directors take this opportunity to place on record their sincere thanks to the suppliers, customers, bankers, auditors, registrar and transfer agents and all others associated with the Company for their support and co-operation extended to the Company from time to time.

Your Directors express gratitude to the shareholders of the Company for the confidence reposed in the management. Your directors are also pleased to record their appreciation of the dedicated and sincere services of the employees of the Company.

By Order of the Board
for Danlaw Technologies India Ltd.

Hyderabad
July 21, 2014

Raju S Dandu
Chairman & Managing Director
DIN: 00073484

REPORT ON CORPORATE GOVERNANCE

1. The Philosophy and the Policy

The company's philosophy on corporate governance is based on the principles of ethical and responsible decision-making, integrity in financial reporting and recognizing the legitimate interest of the stakeholders. This is achieved through adoption of competitive corporate strategies, prudent business plans and strategic monitoring and mitigation of risks.

Corporate Governance has been a continuous journey at Danlaw always taking into account the welfare of its stakeholders in all its business decisions. Its business culture and practices are founded upon a common set of values that govern its relationships with customers, employees, shareholders, suppliers and the communities in which the company operates. The company follows sound and healthy business practices in all facets of its operations and conducts its business in a transparent manner.

2. The Board and its Meetings

The Board consists of five directors of whom four are Independent Non-Executive directors. Four meetings were held during the Financial Year 2013-2014 on 11th May 2013, 13th July 2013, 9th November 2013 and 3rd February 2014.

The particulars of directors, their attendance and other directorships, memberships /chairmanships of committees for the financial year 2013-2014 are given below:

Name	Category	Attendance At		Particulars of other Indian Directorships, Committee Memberships/ Chairmanships		
		Board	Last AGM	Directorship	Committee Membership	Committee Chairmanship
Raju S Dandu	Promoter Executive	3	Yes	1	Nil	Nil
M A Ashok Kumar	Independent Non-executive	3	Yes	1	Nil	Nil
Naga Satyanarayana Sappata	Independent Non-executive	3	Yes	Nil	Nil	Nil
K N Praveen Kumar	Independent Non-executive	2	Yes	Nil	Nil	Nil
T Ravikumar	Independent Non-executive	4	Yes	Nil	Nil	Nil

3. The Committees of the Board

a) Audit Committee

As on date the Audit Committee consists of four directors as its members, out of whom three are independent non-executive directors and one is promoter managing director. Its members as on date are : Mr. T Ravi Kumar, Mr. Naga Satyanarayana Sappata, Mr. K N Praveen Kumar and Mr. Raju S Dandu.

The Committee met four times during the financial year 2013-2014, on 11th May 2013, 13th July 2013, 9th November 2013 and 3rd February 2014.

The terms of reference to the Audit Committee are in line with the powers, duties and responsibilities stipulated in the 'Audit Committee Charter' drafted as per Clause 49 of the Listing Agreement and adopted by the Board.

b) Nomination and Remuneration Committee

The company has a Nomination and Remuneration Committee comprising the Non-executive Directors Mr. M A Ashok Kumar [Chairman], Mr. Naga Satyanarayana Sappata. The terms of reference are review of the compensation policy for the Executive Directors. Accordingly, they are authorised to negotiate, finalise and approve the terms of appointment for Managing Director/ Whole-time Directors on behalf of the company.

Details of remuneration to directors

Non-Executive directors are not paid any remuneration, except sitting fee@Rs.5,000/- per meeting attended by them.

The Managing Director is paid monthly remuneration by way of salary as approved by the committee, board and the members. The following is the remuneration paid to the directors during the financial year 2013 - 2014:

Name	Salary	Contribution To PF	Perks	Sitting Fee	TOTAL
Raju S Dandu	10,80,000	1,29,600	3,487	-	12,13,087
M A Ashok Kumar	-	-	-	15,000	15,000
Naga Satyanarayana Sappata	-	-	-	30,000	30,000
K N Praveen Kumar	-	-	-	20,000	20,000
T Ravi Kumar	-	-	-	40,000	40,000

c) Share Transfer and Investors' Grievance Committee

Mr. M A Ashok Kumar and Mr. Raju S Dandu are members of the committee. While Mr. M A Ashok Kumar is the Chairman, Mr. A V R K Varma is the Compliance Officer and is responsible for the share transfers / demat and remat requests.

M/s. Karvy Computershare Pvt. Ltd., the Registrars and Share Transfer Agents, maintains the share accounting package and upgrades the data on weekly basis, as per the information received from NSDL / CDSL. No investor complaints were received during the entire financial year.

4. General Body Meetings

Year	Meeting	Date, Venue & Time	Special Resolutions passed at the meetings
2010-2011	AGM	30 th September, 2011 Regd. Office 10.00 a.m.	1) Re-appointment of Mr. Raju S Dandu as Managing Director
2011-2012	AGM	14 th August, 2012 Regd. Office 10.00 a.m.	1) Appointment of Mr. Ravi Kumar as Director
2012-2013	AGM	30 th September, 2013 Regd. Office, 10.00 a.m.	1) Re-appointment of Mr. Naga Satyanarayana as Director

5. Disclosures

The details of transactions with related parties are given in 19.2.16 of the 'Notes on Accounts' at page no. 33 forming part of the accounts. There were no potentially conflicting transactions with the related parties. There were no 'charges of non-compliance' against the company.

6. Means of Communication

The periodical financial results are being released in the prescribed format within the prescribed time period from time to time. They were also sent to the Stock Exchanges promptly. These results were published in Business Standard and Praja Sakthi and were also posted on the website of the company, www.danlawtechnologies.com.

Official news releases, if any, shall also be promptly informed to the stock exchange alongwith posting of the same on the company's website. The company has not made any presentations to any institutional investors or analysts during the year under review.

GENERAL SHAREHOLDER INFORMATION

(A) GENERAL INFORMATION

General information about the Company, viz., Contacts, Names of Directors, Compliance Officer, Management Team, Addresses of Registered Office, Subsidiary, Statutory Auditors, Bankers and Depository Registrars & Share Transfer Agents are provided at Page 2.

(B) OTHER INFORMATION

Annual General Meeting

Day	:	Tuesday
Date	:	30 th September, 2014
Time	:	10.00 AM
Venue	:	Registered Office, at Plot No. 43, Sagar Society, Road No. 2, Banjara Hills, Hyderabad 500 034.
Date of Book Closure	:	26 th To 30 th September, 2014 (both days inclusive)
Financial Year	:	1 st April 2013 to 31 st March 2014
Listing Details	:	Bombay Stock Exchange Limited
Stock Code	:	532329
ISIN for NSDL & CDSL	:	INE310B01013

(C) Market Price Data & Comparison with BSE Sensex

Month	Danlaw		Sensex	
	High	Low	High	Low
April 2013	9.88	7.40	19622.68	18144.22
May	13.90	8.42	20443.62	19451.26
June	8.07	6.72	19860.19	18467.16
July	10.30	8.01	20351.06	19126.82
August	8.48	6.18	19569.20	17448.71
September	7.45	5.91	20739.69	18166.17
October	7.85	6.47	21205.44	19264.72
November	8.90	6.25	21321.53	20137.67
December	7.14	5.86	21483.74	20568.70
January 2014	10.28	5.96	21409.66	20343.78
February	9.35	7.90	21140.51	19963.12
March	8.70	7.30	22467.21	20920.98

Source: www.bseindia.com

(D) Distribution of Shareholding as on March 31, 2014

Category	Shareholders	%	Share Amount INR	%
1-5000	1236	75.87	16,96,850	4.56
5001-10000	155	9.52	13,31,470	3.58
10001 - 20000	93	5.71	14,33,590	3.85
20001-30000	41	2.52	10,57,900	2.84
30001-40000 .	17	1.04	6,16,960	1.66
40001 - 50000	19	1.17	9,13,410	2.46
50001 - 100000	26	1.60	18,65,880	5.02
100001 & Above	42	2.57	2,82,86,940	76.03
Total	1629	100.00	3,72,03,000	100.00

(E) Categories of Shareholders as on March 31, 2014

Category	Shares	%
Promoters & Promoter Group	18,50,805	49.75
Banks / FIs / MFs / Governments	43,000	1.16
Bodies Corporate	2,40,457	6.46
NRIs / OCBs	2,968	0.08
Indian Public	15,83,070	42.55
Total	37,20,300	100.00

(F) Shares & Dematerialization

As per SEBI Regulations, the shares of the Company are brought under compulsory dematerialized form. The shares can be traded in dematerialized form only. The Company has entered into agreements with NSDL and CDSL, whereby shareholders have the option to dematerialize their shares with either of the Depositories. The Depository Registrars & Share Transfer Agents, M/s. Karvy Computer share Private Limited, process the physical share transfers and demat / remat requests, with intimation to the Company. More than 95% of shares are dematerialized and there are no outstanding ADRs / GDRs or other instruments pending conversion into equity shares.

**FORM
(SEE RULE 3]**

COMPLIANCE CERTIFICATE

Registration No: L72200TG1992PLC015099
Company Name: Danlaw Technologies India Limited
Authorised Capital: Rs.5,00,00,000
Paid Up Capital : Rs. 3,72,03,000

To
The Members of:
DANLAW TECHNOLOGIES INDIA LIMITED

I have examined the registers, records, books and papers of M/S. Danlaw Technologies India Limited (the Company) as required to be maintained under the Companies Act, 1956 (the Act) and the rules made there under and also the provisions contained In the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2014 (Financial year). In my opinion and to the best of my information and according to the 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 there under 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 there under.
3. The Company being a public limited company, comments are not required.
4. The Board of Directors duly met 4 times respectively on 11.05.2013, 13.07.2013, 09.11.2013 and 03.02.2014 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company closed its Register of Members from 26th September 2013 to 30th September 2013 and necessary compliance of Section 154 of the Act has been made.
6. The Annual General Meeting for the financial year ended on 31st March, 2013 was held on 30th September 2013 after giving due notice to the members of the Company and the resolutions passed there at were recorded In the 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 loan to Its directors and/or persons or firm or companies referred In Section 295 of the Companies Act, 1956.
9. The Company has complied with the provisions of Section 297 of the Act in respect of contracts mentioned in that section.
10. The company has made necessary entries In the register maintained under section 301(1) and 301(3) of the Act, 1956 in separate registers maintained for that purpose.

11. The company was not required to obtain any approvals under section 314 of the Act.
12. The Company has not issued any duplicate share certificates during the financial year.
13. The Company:
 - (i). has not allotted any shares and has not received any shares for transfer, transmission or any other purpose.
 - (ii). not deposited any amount in a separate Bank Account as no dividend was declared during the financial year.
 - (iii). Was not required to pay/post warrants or transfer amount to any separate account as no dividend was declared.
 - (iv). Was not required to transfer any amounts, in unpaid dividend account, of application money due for refund, of matured deposits, of matured debentures and the Interest accrued thereon which have remained unclaimed or unpaid for a period of seven years to Investor Education and Protection Fund.
 - (v) has duly complied with the requirements of section 217 of the Act.
14. The Board of Directors of the Company is duly constituted, appointment of directors and additional directors were properly made and there was no appointment of alternate directors and directors to fill casual vacancy during the financial year.
15. The re-appointment of Managing Director has been made in compliance with the provisions of Section 269 read with Schedule XIII of 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 of companies and/ or such authorities prescribed under various provisions of the Act during the financial year.
18. The directors have disclosed their Interest 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, debentures or other securities during the financial year.
20. The Company has not bought back any shares during the financial year.
21. The Company has not issued any preference shares/ debentures.
22. The Company was not required to keep in abeyance rights to dividend, rights shares and bonus shares pending registration of transfer of shares does not arise as no dividend was declared and no rights/bonus shares were issued.
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 amount borrowed by the company from directors, members, public, financial Institutions, banks and others during the financial year ending 31st March 2014 is within the borrowing limits of the Company provided under section 293(1)(d) of the Act.
25. The Company has made investments in other bodies corporate in compliance with the provisions of the Act and made necessary entries in the register kept for the purpose and has not made loans, given guarantees or provided securities to other bodies corporate.

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 name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the Memorandum with respect to 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 was/were no prosecution 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 any separate provident fund pursuant to Section 418 of the Act and accordingly, was not required to deposit any contributions towards provident fund.

Place: Hyderabad
Date: 28.05.2014

S. M. Mohiddin
Practicing Company Secretary
C.P.No: 7813
ACS No: 19395

Annexure A

Registers as maintained by the Company:

Statutory Registers :

1. Register of Members u/s 150 of the Act.
2. Register of Directors u/s 303 of the Act.
3. Register of Directors' Shareholding u/s 307 of the Act.
4. Minutes of General meetings u/s 193 of the Act.
5. Minutes of board meetings u/s 193 of the Act.
6. Books of Accounts u/s 209 of the Act.
7. Register of Contracts u/s 301 of the Act.
8. Register of Charges u/s 143 of the Act.
9. Register of loans and investments made, guarantees given or securities provided u/s 372A

Place: Hyderabad
Date: 28.05.2014

S. M. Mohiddin
Practicing Company Secretary
C.P.No: 7813
ACS No: 19395

ANNEXURE "B"

Forms and Returns filed by the Company with the Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ending 31st March 2014.

Sr. no.	Form No/ Return	Filed under Section	For	Date of filing	Whether filed with in prescribed time yes / no	If delay in filing, whether requisite additional fee paid yes / no
1.	23AC & ACA XBRL	220	For the Financial Year 2012-13	22.10.2013	Yes	N.A.
2.	66	383A	For the Financial Year 2012-13	22.10.2013	Yes	N.A.
3.	20B	159	For the Financial Year 2012-13	26.11.2013	Yes	N.A.

Place : Hyderabad
Date : 28.05.2014

S. M. Mohiddin
Practicing Company Secretary
C.P.No: 7813
ACS No: 19395

DECLARATION OF COMPLIANCE OF CODE OF CONDUCT

I hereby declare that the Company has obtained confirmation from all the Board Members and senior personnel of the Company for the compliance of the Code of conduct of the Company for the year.

Place: Hyderabad
Date : 28.05.2014

Raju S Dandu
Chairman & Managing Director
DIN: 00073484

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Overview

The financial statements have been prepared in compliance with Generally Accepted Accounting Principles (GAAP) in India. The financial statements for Danlaw Technologies Inc. (our US subsidiary) have been prepared in compliance with US GAAP. Our Management accepts full responsibility for the integrity of these financial statements.

Industry Overview

National Association of Software and Services Companies (NASSCOM) forecast Information Technology (IT) exports from India will grow to US\$97 - \$99 billion in fiscal year 2015, a growth of 13-15% over fiscal year 2014. Domestic revenues are estimated to grow to Rs.1,250 - Rs.1,280 billion in the fiscal year 2015, which is growth of 9%-12% compares to fiscal year 2014.

The higher forecast for exports comes amid a recovery in macroeconomic conditions in North America, which is the largest market for Indian software services exporters. Demand from Europe, where companies have increased outsourcing to save costs and amid a tough economic environment, is also expected to boost the fortunes of Indian IT firms.

Opportunities and Threats

Opportunities

The synergy between information technology and telecommunications has spawned a whole new generation of solutions in different sectors, enabling businesses to enhance efficiencies, dramatically cut costs and speed up deliveries. One such technological spin-off is the provision of real time information about movement of the vehicles, which is of crucial importance in the logistics and transportation industries. Once the vehicle tracking systems (VTS) is installed within vehicles, Indian logistics and fleet operators can stay updated by the minute. VTS are finding many takers in India, including truck operators, car rental companies, school bus operators and even individual users.

The Andhra Pradesh Road Transport Corporation has drawn up plans to use VTS in its day-to-day functioning. The Union Urban Development Ministry too plans to regulate, coordinate and control traffic by deploying such systems.

Demand for vehicle tracking systems in India is expected to soar over the coming years with growing awareness, especially in corporate sector, about the need to monitor the movement of vehicles carrying both, personnel and material.

Our company has the technology and expertise in this vertical and strive hard to capture the market.

Our approach is to provide solutions and services that lead to differentiated business value. We achieve this by building skills/expertise internally. Wherever necessary, we also utilize external talent expertise in relevant industry domain as well as in specific technologies.

Threats, Risks and Concerns

While significant percentage of revenues is derived in US Dollars and most of our costs are in Indian rupees. The exchange rate between USD and Rupee has fluctuated significantly in recent years and may continue to fluctuate in the future. Currency fluctuations can adversely affect our gross margins.

The global economic uncertainties may lead to economic slowdown and hence our clients may defer their technology spending significantly. This may negatively affect our revenues and profitability.

These risks are broadly industry wide risks. We have taken steps to address these unforeseen events and minimize the impact on our company.

Performance and Outlook

The Engineering division continues to develop several hardware and software solutions to address the domestic VTS opportunities. The products are being tested at several existing and potential customers.

While we continue to serve our existing automotive OEMs and Tier-1s with embedded software and testing services, we also place heavy emphasis on emerging technologies and opportunities. Our continued relationship with Danlaw Inc. enables us to stay in the forefront of the “connected vehicle” space.

Business Outlook

We continue to expand our customer base and invest in the advanced technologies. These along with our continued commitment to customer satisfaction enables us to grow our revenues.

Internal Control System and its Adequacy

Your Company has a policy of maintaining effective internal control system and also focuses on strict implementation of these policies and procedures so as to safe guard the assets and interests of the Company.

Your Company has an Audit Committee comprising of two-thirds of Independent Directors of the Company. The findings of internal audit are periodically placed before the Audit Committee and the Board of Directors of the Company. The Audit Committee also reviews periodically the performance of statutory and internal auditors, and adequacy of the internal control systems.

In order to ensure that the financial transactions comply with current legislative requirements and accounting standards, your Company has developed a Financial Accounting Procedure Manual (FAM). The FAM contains procedures, which cover the effective and efficient financial administration of the Company.

Financial Performance

During the year under review the Paid up Share Capital of the Company as on date is Rs. 3,72,03,000/- comprising of 37,20,300 Equity Share of Rs. 10/each. Your company hasn't gone for any issue of share during the fiscal year 2013-14.

The net sales for current year are Rs.1267.98 Lakhs as compared to Rs.1233.03 Lakhs in the last fiscal year and this represents a year over year growth of 2.83%. The net profit before extraordinary items and tax is Rs.266.39 Lakhs as compared to Rs.208.35 Lakhs in the previous FY. Deferred tax liability for the current year is Rs.87.25 lakhs as against deferred tax asset of Rs.66.37 lakhs for the previous year.

Material Development In Human Resources

We are employee centric and believe that our employees are the heart of the organization. The management's responsibility is to care and support our employees. We continue to provide them with opportunities for career enhancement and growth. We continually strive to provide our employees with competitive compensation and benefit packages.

We are committed to provide the necessary training opportunities to enable them to adapt to the latest technological advancements. Additionally, we are taking steps to ensure the resources we have are utilized optimally.

As on date the Company has a total strength of 96 Employees.

Cautionary Statement

Statements in the Management Discussion and Analysis describing the Companies objectives, projections, estimated and expectations may be forward-looking statement. Actual results may vary materially from those expressed or implied.

CERTIFICATION BY CEO & CFO OF THE COMPANY

We, Raju S Dandu, Managing Director and A V R K Varma, Chief Financial Officer of Danlaw Technologies India Limited, to the best of our knowledge and belief certify that:

1. We have reviewed the Balance Sheet, Profit and Loss Account, its schedules & notes to the accounts and cash flow statement for the year ended 31st March 2014 and that to the best of our knowledge and belief:
 - a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - b) these statements together present a true and fair view of the Company's and are in compliance with existing accounting standards, applicable laws and regulations.
2. We also certify, that based on our knowledge and the information provided to us, there are no transactions entered into by the Company during the year which are fraudulent, illegal or violate the Company's code of conduct.
3. We accept the responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps taken or propose to take to rectify these deficiencies.
4. We have indicated to the Auditors and the Audit Committee:
 - a) significant changes in internal control during the year;
 - b) significant changes in accounting policies during the year and the same have been disclosed in notes to the financial statements; and
 - c) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system.

PLACE : HYDERABAD
DATE : May 28, 2014

(RAJUSDANDU)
Chairman & Managing Director
DIN: 00073484

(AVRK VARMA)
Chief Financial Officer

INDEPENDENT AUDITOR'S REPORT

To,
**The Members of M/s. Danlaw Technologies India Limited,
Report on the Financial Statements**

We have audited the accompanying financial statements of M/s. Danlaw Technologies India Limited, ("the Company"), which comprise the Balance Sheet as at 31st March, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act 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 March, 2014;
 - (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date, and
 - (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
 - (a) 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.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss and the Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act read with General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013; and
 - (e) On the basis of the written representations received from the directors as on 31st March, 2014 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2014 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

for RAMANA REDDY & ASSOCIATES
CHARTERED ACCOUNTANTS
FRN: 003246S

PLACE : HYDERABAD.
DATE : May 28,2014

(CA.RAMANA REDDY A.V.)
PARTNER
Membership No.024329

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph (1) of our report of even date)

1. (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
(b) The fixed assets of the company have been physically verified by the management during the year as per a programme of verification, which in our opinion is reasonable having regard to the size of the company and the nature of its fixed assets. No material discrepancies were noticed on such verification.
(c) In our opinion and according to the information and explanations given to us, during the year, the company has not disposed off any substantial part of its fixed assets so as to affect its going concern.
2. (a) The stock of goods of the company has been physically verified by the management during the year, in our opinion, the frequency of verification is reasonable.
(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of stock followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
(c) On the basis of our examination of records of stock, in our opinion, the company has maintained proper records of stock. The discrepancies noticed on physical verification between the physical stocks and the book records were not material.
3. (a) The company has not granted any loans secured or unsecured to companies, firms or other parties listed in the register maintained u/s.301 of the Act.
(b) The company has not taken any interest free loans from companies, firms or other parties listed in the register maintained u/s.301 of the Act.
4. In our opinion and according to the information and explanations given to us, there is adequate internal control system with the size of the company and the nature of its business, for the purchase of plant and machinery, equipment and other and with regard to services rendered. Further, on the basis of our examination and information and according to the explanations given to us, we have neither come across nor have we been informed of any instance of major weaknesses in the aforesaid internal control system.
5. (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements that need to be entered into the Register maintained under section 301 of Act, have been so entered.
(b) In our opinion, and according to the information and explanations given to us, the company has made contracts or arrangements that need to be entered in the register maintained under section 301 of the Act, and exceeding the value of five lakh rupees in respect of each party during the year. However, the terms and conditions are not prejudicial to the interest of the company.
6. In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from the public to which the provisions of sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under are applicable.
7. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
8. The maintenance of cost records has not been prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956.
9. (a) The company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund investor education protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues as applicable to it.

- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, service tax, sales tax, customs duty, excise duty and cess were in arrears, as at 31st March, 2014 for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, there are no dues of sales tax, income tax, customs duty, wealth tax, service tax, excise duty and cess which have not been deposited on account of any dispute.
10. The company has accumulated losses of Rs.835.54 Lakhs as on 31.03.2014 and it has not incurred any cash losses for the financial year ended on that date and also in the immediately preceding financial year.
11. The company has not defaulted in repayment of dues to any financial institution, bank or debenture holders.
12. The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the company is not a chit fund or a nidhi mutual benefit fund/ society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to this company.
14. In our opinion, the company has maintained proper records of transactions and contracts relating to dealing or trading in shares, securities, debentures, and other investments during the year and timely entries have been made therein. Further, such securities have been held by the company in its own name or are in the process of transfer in its name except to the extent of exemption granted u/s.49 of the Act.
15. The company has not given guarantees for loans taken by others from banks or financial institutions.
16. In our opinion and according to the information and explanations given to us and on an overall examination, we report that the company has not availed any term loan during the year under report.
17. Accordingly to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment.
18. According to the information and explanations given to us, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act, 1956.
19. According to the information and explanations given to us, during the period covered by our audit report, the company has not issued any debentures.
20. The company has not raised any money by public issue, during the year.
21. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

for RAMANA REDDY & ASSOCIATES
CHARTERED ACCOUNTANTS
FRN: 003246S

PLACE: HYDERABAD.
DATE: May 28, 2014

(CA.RAMANA REDDY A.V.)
PARTNER
Membership No.024329

Balance Sheet as at

in Rs.

Particulars	Note No.	31-03-2014	31-03-2013
I. EQUITY AND LIABILITIES			
Shareholder's funds			
(1) (a) Share Capital	1	3,72,03,000	3,72,03,000
(b) Reserves and Surplus	2	18,71,03,409	18,30,68,495
(2) Non-current liabilities			
(a) Long-term borrowings	3	-	77,005
(b) Long-term provisions	4	-	3,24,784
(3) Current liabilities			
(a) Trade payables	5	5,47,791	4,41,681
(b) Other current liabilities	6	31,37,374	23,38,387
TOTAL		22,79,91,574	22,34,53,352
II. ASSETS			
(1) Non-current assets			
(a) FIXED ASSETS			
(i) Tangible assets	7	1,20,31,285	1,11,37,145
(ii) Intangible assets		16,50,794	-
(b) Non-current investments	8	2,95,66,245	2,95,66,245
(c) Deferred tax assets (Net)	9	3,73,90,871	3,94,44,837
(d) Long-term loans and advances	10	16,48,705	17,39,205
(2) Current assets			
(a) Inventories	11	54,47,771	51,28,186
(b) Trade receivables	12	87,05,466	2,34,24,305
(c) Cash and cash equivalents	13	12,54,72,093	10,71,36,601
(d) Short-term loans and advances	14	60,78,344	58,76,828
TOTAL		22,79,91,574	22,34,53,352

See accompanying notes to the financial statements 19

The notes referred to above and additional information thereon form an integral part of the Balance Sheet

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

for and on behalf of the Board

For **M/s. RAMANA REDDY & ASSOCIATES**
Chartered Accountants
FRN: 003246S

RAJU S DANDU
Chairman &
Managing Director
DIN: 00073484

M.A. ASHOK KUMAR
Director
DIN: 00045549

(CA.RAMANA REDDY A.V)
Partner
Membership No: 024329
Hyderabad
May 28, 2014

Profit and Loss Statement for the year ended

in Rs.

Particulars	Note No.	31-03-2014	31-03-2013
INCOME			
I. Revenue from operations	15	8,33,54,661	8,69,99,399
II. Other income	16	1,22,23,786	1,13,36,868
III. Total Revenue		9,55,78,447	9,83,36,267
IV. EXPENSES			
Cost of materials consumed		87,45,243	31,43,037
Purchases of Stock-in-Trade		97,63,684	1,00,62,522
Changes in inventories of finished goods work-in-progress and Stock-in-Trade		(6,16,640)	30,23,604
Employee benefits expense		5,04,42,312	4,44,73,878
Finance costs	17	35,127	6,076
Depreciation and amortization expense		22,59,737	17,55,299
Other expenses	18	1,88,60,104	1,73,26,060
Total expenses		8,94,89,567	7,97,90,476
V. Profit / (Loss) before exceptional and extraordinary items and tax		60,88,880	1,85,45,791
VI. Exceptional Items		-	-
VII. Profit / (Loss) before and extraordinary items and tax		60,88,880	1,85,45,791
VIII. Extraordinary Items		-	-
IX. Profit / (Loss) before tax		60,88,880	1,85,45,791
X. Tax expense:			
(1) Current tax		1,53,447	-
(2) Deferred tax		19,00,519	59,75,643
XI. Profit / (Loss) for the period from continuing operations		40,34,914	1,25,70,148
XII. Profit / (Loss) from discontinuing operations		-	-
XIII. Tax expense of discontinuing operations		-	-
XIV. Profit / (Loss) from discontinuing operations (after tax)		-	-
XV. Profit / (Loss) for the period		40,34,914	1,25,70,148
XVI. Earnings per equity share:			
(1) Basic		1.08	3.38
(2) Diluted		1.08	3.38

See accompanying notes to the financial statements 19

The notes referred to above and additional information thereon form an integral part of the Profit and Loss Statement

This is the Profit and Loss Statement referred to in our report of even date

for and on behalf of the Board

For M/s. **RAMANA REDDY & ASSOCIATES**
Chartered Accountants
FRN: 003246S

RAJU S DANDU
Chairman &
Managing Director
DIN:00073484

M.A. ASHOK KUMAR
Director
DIN: 00045549

(CA.RAMANA REDDY A.V)
Partner
Membership No: 024329
Hyderabad
May 28, 2014

Notes to the Balance Sheet as at

in Rs.

	31-03-2014	31-03-2013	
1. SHARE CAPITAL			
AUTHORISED			
50,00,000 Equity Shares of Rs.10/- each	5,00,00,000	5,00,00,000	
ISSUED, SUBSCRIBED AND PAID UP			
37,20,300 Equity Shares of Rs.10/- each Fully Paid	3,72,03,000	3,72,03,000	
	3,72,03,000	3,72,03,000	
RECONCILIATION OF SHARES OUTSTANDING AT THE BEGINNING AND AT END OF REPORTING PERIOD			
	No of Shares	Value	Value
At the beginning of the period	37,20,300	3,72,03,000	3,72,03,000
Issued during the year	-	-	-
Outstanding at the end of period	37,20,300	3,72,03,000	3,72,03,000
The Company has only one class of equity shares having a par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share.			
DETAILS OF SHAREHOLDERS HOLDING MORE THAN 5% SHARES IN THE COMPANY			
	%	No of shares	No of shares
Danlaw Systems India Ltd	39.29	14,61,592	13,16,392
2. RESERVES AND SURPLUS			
Capital Reserve		48,50,000	48,50,000
Securities Premium Reserve		26,58,07,400	26,58,07,400
Profit and Loss Account (opening balance)		(8,75,88,905)	(10,01,59,053)
Add: current year Profit / (Loss)		40,34,914	1,25,70,148
		18,71,03,409	18,30,68,495
3. LONG-TERM BORROWINGS			
Car Loan- HDFC BANK (Secured by hypothecation)		-	77,005
		-	77,005
4. LONG-TERM PROVISIONS			
Accrued gratuity		-	3,24,784
		-	3,24,784
5. TRADE PAYABLES			
Sundry Creditors		5,47,791	4,41,681
Outstanding dues of micro and small enterprises		-	-
		5,47,791	4,41,681

Notes to the Balance Sheet as at

in Rs.

	31-03-2014	31-03-2013
6. OTHER CURRENT LIABILITIES		
Current maturities of long-term borrowings	59,199	1,46,821
Advances from customers	13,54,723	2,23,047
Other liabilities	17,23,452	19,68,519
	31,37,374	23,38,387

7. FIXED ASSETS

in Rs.

Assets	Gross Block				Depreciation				Net Block	
	Cost as at 31-03-2013	Additions during the year	Deductions during the year	Cost as at 31-03-2014	Total upto 31-03-2013	For the year	Deductions during the year	As at 31-03-2014	As at 31-03-2014	As at 31-03-2013
Additions to Leasehold premises	14,84,850	-	-	14,84,850	3,08,654	24,203	-	3,32,857	11,51,993	11,76,196
Computers	3,27,30,513	1,15,390	10,01,275	3,18,44,628	3,06,58,351	5,92,209	10,01,275	3,02,49,285	15,95,343	20,72,162
Office Equipment	16,05,123	-	-	16,05,123	9,03,603	94,615	-	9,98,218	6,06,905	7,01,520
Electrical Equipment	13,30,323	5,35,370	-	18,65,693	6,64,490	51,875	-	7,16,365	11,49,328	6,65,833
Lab Equipment	32,98,350	-	-	32,98,350	8,54,389	1,56,672	-	10,11,061	22,87,289	24,43,961
D G Set	2,94,616	-	-	2,94,616	1,92,177	13,994	-	2,06,171	88,445	1,02,439
Elevator	3,25,123	-	-	3,25,123	2,02,048	15,443	-	2,17,491	1,07,632	1,23,075
Air-conditioners	16,36,508	-	-	16,36,508	9,87,190	77,734	-	10,64,924	5,71,584	6,49,318
Furniture & Fixtures	62,31,392	16,632	-	62,48,024	50,42,807	3,95,402	-	54,38,209	8,09,815	11,88,585
Office Interiors	19,17,818	-	-	19,17,818	11,15,981	91,096	-	12,07,077	7,10,741	8,01,837
Vehicles	32,95,726	21,33,607	-	54,29,333	20,83,507	3,93,616	-	24,77,123	29,52,210	12,12,219
Computer Software	0	20,03,672	-	20,03,672	-	3,52,878	-	3,52,878	16,50,794	-
Grand Total	5,41,50,342	48,04,671	10,21,275	5,79,53,738	4,30,13,197	22,59,737	10,01,275	4,42,71,659	1,36,82,079	1,11,37,145
Previous Year	5,33,58,404	7,91,938	-	5,41,50,342	4,12,57,898	17,55,299	-	4,30,13,197	1,11,37,145	1,21,00,506

8. NON-CURRENT INVESTMENTS

Investment in Danlaw Technologies Inc
(Wholly owned subsidiary)

2,95,66,245

2,95,66,245

2,95,66,245

2,95,66,245

9. DEFERRED TAX ASSET (NET)

Fixed Assets

(6,99,404)

11,42,633

Others

3,80,90,275

3,83,02,204

3,73,90,871

3,94,44,837

10. LONG-TERM LOANS AND ADVANCES

Unsecured, considered good:

Rent deposits

11,75,000

12,70,000

Deposits with Government Agencies

4,73,705

4,69,205

16,48,705

17,39,205

11. INVENTORIES

(Valued at cost basis)

Raw materials

5,75,820

8,72,875

Stock-in-trade

48,71,951

42,55,311

54,47,771

51,28,186

12. TRADE RECEIVABLES		
Unsecured considered good		
Outstanding for a period exceeding six months	14,10,533	22,24,476
Others	72,94,933	2,11,99,829
	87,05,466	2,34,24,305
13. CASH AND CASH EQUIVALENTS		
Cash on hand	12,819	19,316
Balances with banks		
- in current accounts	38,71,188	54,52,990
- in EEFC accounts	-	7,02,401
- in deposit accounts with more than 12 months maturity	12,15,88,086	10,09,61,894
- in deposit accounts with less than 12 months maturity	-	-
	12,54,72,093	10,71,36,601
14. SHORT-TERM LOANS AND ADVANCES		
Unsecured, considered good		
Advances recoverable in cash or in kind or for value to be received		
Earnest Money Deposit	45,204	1,45,564
Advances for expenses	12,000	3,15,238
Advances for purchases	2,76,064	6,96,860
Prepaid Expenses	2,52,770	1,88,778
Interest Receivable	10,38,533	12,77,628
Tax Deduction at Source	20,59,899	17,82,383
MAT Credit	8,43,222	6,89,775
Service tax -input credit	14,06,271	5,37,903
Addl Duty of Customs	1,44,381	2,42,699
	60,78,344	58,76,828
Notes to the Profit and Loss Statement		
15. REVENUE FROM OPERATIONS		
Sale of products	3,37,60,371	2,76,16,097
Sale of services	4,95,94,290	5,93,83,302
	8,33,54,661	8,69,99,399
16. OTHER INCOME		
Profit on sale of fixed assets	1,13,250	-
Interest Income	99,34,918	88,46,982
Interest on IT Refund	67,934	1,10,033
Exchange Gain (net)	21,07,684	23,36,899
Miscellaneous Income	-	42,954
	1,22,23,786	1,13,36,868
17. FINANCE COSTS		
Interest on short terms borrowings from banks	8,557	6,076
Interest on TDS	26,570	-
	35,127	6,076

in Rs.

18. OTHER EXPENSES

Advertisement	82,855	50,431
AGM Expenses	18,000	16,500
Auditors Remuneration	1,45,200	1,33,900
Bank charges and commission	94,088	66,076
Books & Periodicals	14,940	14,211
Business Development Expenses	3,24,509	87,326
Bad debts written off	5,51,566	6,53,641
Depository Registrar Fee	53,828	53,773
Directors sitting fee	1,05,000	1,70,000
Freight outward	2,38,508	1,91,510
Insurance Charges	81,677	1,04,842
Internet Service Charges	1,93,379	1,74,190
Professional Charges	84,218	2,01,768
Listing Fee	15,000	15,000
Managerial Remuneration	12,13,087	12,12,405
Membership Fee	14,438	14,887
Miscellaneous Expenses	486	447
Office Maintenance	16,42,586	12,78,266
Postage	31,127	29,531
Power and Fuel	19,40,832	17,19,520
Printing and Stationery	2,30,611	2,24,072
Registration, Licence & Filing Fee	3,18,148	3,09,166
Rent	60,53,510	58,66,112
Rates & Taxes	3,89,461	2,96,359
Sales commission	49,000	-
Sub-contract works	4,04,559	8,35,884
Telephone expense	4,36,813	3,94,812
Travel and Conveyance	41,32,678	32,11,431
	1,88,60,104	1,73,26,050

19. Additional Information

19.1 Disclosure of Accounting Policies

19.1.1 Basis for preparation of financial statements

The financial statements have been prepared under the historical convention and as a going concern as per the Generally Accepted Accounting Principles and the Provisions of the Companies Act, 1956. All income and expenditure having a material bearing on the financial statements are recognized on accrual basis.

19.1.2 Revenue recognition

Revenue from software services is recognized on software developed and billed to clients as per terms of specific contracts. In the case of fixed-price contracts, revenue is recognized based on the work completed. Revenue from sale of products is recognised when significant risks and rewards of ownership of goods have passed to the buyer and is disclosed net of Sales Tax, discounts and returns, as applicable.

19.1.3 Expenditure

Expenses are accounted on accrual basis.

19.1.4 Fixed assets

Fixed assets are stated at the cost of acquisition, less accumulated depreciation. Cost comprises of purchases and attributable cost.

19.1.5 Inventory

Inventory is valued at cost and work-in-progress is valued at cost or realizable value whichever is less.

19.1.6 Depreciation

Depreciation on fixed assets is provided on pro-rata basis on straight-line method at the rates specified in Schedule XIV of the Companies Act 1956.

19.1.7 Foreign currency transactions

In the case of sales/services made to clients outside India, income is accounted on the basis of the exchange rate as on the date of the transaction. Adjustments are made for any variations in the sale proceeds on conversion into India currency upon actual receipt.

In the case of expenditure in foreign currency, the expenses are accounted on the basis of exchange rate as on the date of the transaction. In case expenses are met out of EEFC accounts, the same is accounted for the rate at which the EEFC funds are maintained in the books of account.

19.1.8 Investments

Long-term investments are stated at cost. The short-term investments are valued and carried at cost or fair value whichever is lower. Provision will be made for decline, other than temporary, in the value of investments.

19.1.9 Segment reporting

The company's sales are basically related to providing software services delivered to customers situated at USA. Hence the primary and secondary segment reporting is based on the software development services to USA only.

19.1.10 Cash Flow Statement

Cash flow statement is prepared to report the cash flows during the period classified by operating, investing and financing activities.

19.1.11 Accounting for Taxes

Current income tax expense is determined in accordance with the provisions of the Income Tax Act, 1961. Minimum alternative tax (MAT) in accordance with tax laws is recognised as an asset which will be adjusted against future income tax liability.

Deferred tax expense or benefit is recognised on timing differences being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or

more subsequent period. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

19.1.12 Earnings per share (EPS)

EPS is calculated in accordance with Accounting Standard 20 (AS20) by dividing the net profit or loss for the period attributable to equity shareholders with the weighted average number of equity shares outstanding.

19.1.13 Retirement Benefits

Gratuity: Liability towards gratuity is provided on the basis of actuarial valuation made by an independent actuary and is funded through Gratuity Trust in the LIC group gratuity scheme with insurance cover.

Provident Fund : Contributions paid to prescribed authority are charged to revenue every year.

19.2. Notes to Accounts

Year ended March, 31		2014	2013
19.2.1	Employee Benefit Expense		
	Salaries & wages	4,53,78,849	4,01,48,381
	Contribution to Provident Fund	19,98,916	19,69,753
	Contribution to ESI	66,133	63,307
	Gratuity	10,21,431	4,44,968
	Group gratuity insurance	35,657	43,126
	Group medical insurance	3,35,330	3,46,906
	Overseas medical insurance	15,984	13,000
	Reimbursement of medical expense	2,66,714	1,54,316
	Perquisites	-	80,000
	Staff Recruitment and Training	88,893	95,354
	Staff welfare expense	12,34,405	11,14,767
		5,04,42,312	4,44,73,878
19.2.2	Exchange Gain:		
	Net gain on foreign currency transaction and transalation	21,07,684	23,36,899
19.2.3	Payments to auditor		
	Statutory audit fees	1,21,000	1,10,000
	Taxation matters	10,000	-
	Certification fees	12,000	21,500
	Out of pocket expenses	2,200	2,400
		1,45,200	1,33,900
19.2.4	Purchases/Sales/Consumption under broad heads		
	a) Automotive/industrial hardware		
	Purchase of electronic components for hardware	55,41,220	18,77,641
	Consumption	58,16,538	16,14,967
	Sales of electronic hardware (exports)	1,36,90,251	39,49,719
	b) Electronic Hardware		
	Purchase of electronic components for hardware	26,60,828	10,03,052

Consumption	26,82,564	8,02,098
Sales of electronic hardware (Domestic)	68,01,575	45,38,453
c) Traded goods		
Purchases		
1) Access control and Time & Attendance systems	56,85,406	61,31,421
2) CCTV systems	35,91,048	24,23,822
3) Fire Alarm systems	3,89,388	11,66,768
4) Intruder detection Systems	18,042	27,406
5) Public address Systems	79,800	2,42,328
6) Tracking Systems	-	70,777
	97,63,684	1,00,62,522
Cost of goods sold		
1) Access control and Time & Attendance systems	50,20,648	61,12,591
2) CCTV systems	35,12,447	36,23,360
3) Fire Alarm systems	4,73,108	27,43,313
4) Intruder detection Systems	49,416	25,098
5) Public address Systems	91,425	5,11,952
	91,47,044	1,30,16,314
Sales		
1) Access control and Time & Attendance systems	70,14,569	90,34,670
2) CCTV systems	52,12,802	52,89,028
3) Fire Alarm systems	7,40,274	39,18,605
4) Intruder detection Systems	81,685	78,122
5) Public address Systems	2,19,215	8,07,500
	1,32,68,545	1,91,27,925
c) Services		
1) Export sales of software services (automotive domain)	4,53,07,381	5,52,77,181
2) Domestic software services (Information Technology)	80,100	4,20,900
3) Placement services (Man power supply)	-	2,72,194
4) Annual maintenance services	34,11,333	21,79,069
5) Service calls	97,260	1,10,217
6) Installation services	6,98,216	11,23,741
	4,95,94,290	5,93,83,302
19.2.5 Consumption of stores and spare parts	2,46,141	7,25,972
Power and fuel	19,40,832	17,19,520
Rent	60,53,510	58,66,112
Repairs to machinery	4,21,410	2,13,335
Insurance	81,677	1,04,842
Rates and taxes	3,89,461	2,96,359
Miscellaneous expenses	486	447

19.2.6	Value of imports on C.I.F basis (Forex Outflow)		
	Raw materials	38,92,921	20,35,101
	Components and spare parts	1,06,102	1,54,115
	Traded goods	30,58,057	51,65,768
	Capital goods	-	5,43,791
		70,57,080	78,98,775
19.2.7	Expenditure in foreign currency		
	Travel	22,050	1,25,623
	Business Development	1,27,308	-
19.2.8	a) Total value of imported raw materials, components consumed	42,35,808	13,76,586
	b) Total value of indigenous raw materials, components consumed	42,63,294	17,66,451
	Total consumption	87,45,243	31,43,037
	Percentage to the total consumption		
	Imports	48.44%	43.80%
	Indigenous	48.75%	56.20%
19.2.9	Earnings in foreign exchange (Forex Inflow)		
	Exports	5,89,97,632	5,92,26,900
19.2.10	Taxes on Income as per Accounting Standard 22 a) In accordance with the Accounting Standard (AS)22 relating to "Accounting for Taxes on Income" issued by the Institute of Chartered accountants of India, an amount of Rs.20,53,966/- has been recognized as Deferred Tax Liability accrued during the year. Thus net Deferred Tax Liability of Rs.20,53,966/- charged in the Profit & Loss Account.		
	b) Major components of deferred tax assets on accounting of timing differences are -		
	Fixed Assets	(18,42,037)	(27,82,764)
	Others	(2,11,929)	(31,92,879)
	Total	(20,53,966)	(59,75,643)
19.2.11	Managerial Remuneration		
	The following managerial remuneration was paid to the Managing Director as per board of director's decision and approved by shareholders.		
	Salary	10,80,000	10,80,000
	Contribution to PF	1,29,600	1,29,600
	Medical	3,487	2,805
	Total	12,13,087	12,12,405
19.2.12	Contingent Liabilities:		
	Bank Guarantees	15,65,011	9,54,503
19.2.13	Earnings per share:		
	Profit / (Loss) for the period	40,34,914	1,25,70,148
	Number of equity shares outstanding at the beginning of the period fully paid (Rs.10 per share)	37,20,300	37,20,300
	Number of equity shares outstanding at the end of the period fully paid (Rs.10 per share)	37,20,300	37,20,300
	Weighted average number of equity shares outstanding	37,20,300	37,20,300
	EPS	1.08	3.38

19.2.14 Disclosure under Macro, Small and Medium Enterprises Development Act, 2006 There are no Micro, Small Scale Business Enterprises to whom the Company owes dues, which are outstanding for more than 45 days as at March 31, 2014. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

19.2.15 The Company has overdraft facility with HDFC Bank Ltd to the extent of Rs.2.70 crores against the security of Company's term deposits of Rs.3.00 crores with them.

19.2.16 Related Party Transaction

	Related Party	Transactions for the year ended March 31		Balance as at March 31	
		2014	2013	2014	2013
	Sales & Services Danlaw Technologies Inc	5,18,31,940	5,92,26,900	2,37,879	1,76,10,430
	Remuneration Raju S Dandu	12,13,087	12,12,405	-	-
	Lease Rentals D Lakshmi	25,76,550	24,53,850	2,25,141	4,23,658
	DSN Raju	25,76,550	24,53,850	2,25,141	4,23,658
	Lakshmi Dandu	6,45,000	6,00,000	48,375	45,000
	Investments Danlaw Technologies Inc	-	-	2,95,66,245	2,95,66,245
19.2.17	Notes on accounts The previous year's figures have been regrouped, reclassified / restated, wherever necessary, to conform to the current year's classification.				

Signatures to Notes 1 to 19

for and on behalf of the Board

For M/s. RAMANA REDDY & ASSOCIATES
Chartered Accountants
FRN: 003246S

RAJU S DANDU
Chairman &
Managing Director
DIN:00073484

M.A. ASHOK KUMAR
Director
DIN: 00045549

(CA.RAMANA REDDY A.V)
Partner
Membership No:024329

Hyderabad
May 28, 2014

Statement of cash flows for the year ended March 31

in Rs.

	31-03-2014	31-03-2013
Cash flows from operations		
Profit from operations	60,88,880	1,85,45,791
Depreciation and depletion	12,58,462	17,55,299
Decrease (increase) in trade receivables	1,47,18,839	92,07,293
Decrease (increase) in loans and advances	(1,11,016)	19,29,199
Decrease (increase) in inventory	(3,19,585)	22,72,098
Increase (decrease) in current liabilities	9,05,097	(60,67,410)
Increase (decrease) in provisions	(3,24,784)	(52,13,533)
Net cash from operations	2,22,15,893	2,24,28,737
Cash flows from financing		
Secured loans	(77,005)	(1,46,821)
Net cash from financing	(77,005)	(1,46,821)
Cash flows from investing		
Purchase of Fixed Assets	(38,03,396)	(7,91,938)
Net cash from investing	(38,03,396)	(7,91,938)
Total increase (decrease) in cash and equivalents during the year	1,83,35,492	2,14,89,978
Cash and equivalents at the beginning of the year	10,71,36,601	8,56,46,623
Cash and equivalents at the end of the year	12,54,72,093	10,71,36,601

These are the Cash Flow Statements referred to in our report of even date

for and on behalf of the Board

For M/s. RAMANA REDDY & ASSOCIATES
Chartered Accountants
FRN: 003246S

RAJU S DANDU
Chairman &
Managing Director
DIN:00073484

M.A. ASHOK KUMAR
Director
DIN:00045549

(CA.RAMANA REDDY A.V)
Partner
Membership No: 024329

Hyderabad
May 28, 2014

Statement Pursuant To Section 212 Of The Companies Act, 1956 Relating To The Company's Interest In Subsidiary Company

Name of the Subsidiary : Danlaw Technologies Inc
 Financial year of the Subsidiary : April 2013 to March 2014
 Extent of holding Company's interest : 100%

DANLAW TECHNOLOGIES INC.

DIRECTORS' REPORT

Your directors take pleasure in presenting the financial results of the company for the year 2013-2014.

No.	Particulars	In USD		Rs. in lakhs	
		2013-14	2012-13	2013-14	2012-13
1	Revenue	1,574,275	1,773,371	951.70	965.60
2	Cost of Sales	1,199,801	1,498,018	723.56	815.71
3	Gross Profit	374,474	275,353	228.14	149.89
4	General and Administrative Expenses	22,934	29,274	13.97	15.93
5	Income from Operation	351,450	246,079	214.17	133.96
6	Impairment of Goodwill	-	205,000	-	111.07
7	Income before Taxes	351,450	41,079	214.17	22.89
8	MI State Corporate Income Tax	14,200	9,200	8.66	4.98
9	Net Income	337,340	31,879	205.51	17.91
10	Paid up equity share capital	640,000	640,000	295.66	295.66

Operating Profit has increased by 43% in dollar terms and 60% in Rupee terms. Effective April 15, 2014, the Company sold its education billing services division. The Sales agreement for \$90,000 provides for a down payment of \$50,000 and balance of \$40,000 is payable on July 1, 2014, provided the Company completes certain transition obligations to the purchaser. The agreement also provides for contingent consideration of \$25,000 based on the retention of certain customers.

Raju S Dandu

President

**CERTIFIED PUBLIC ACCOUNTANT CERTIFICATE
ON WHOLLY OWNED SUBSIDIARY**

GRANT, MILLMAN & JOHNSON, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
AND BUSINESS CONSULTANTS
39475 W. THIRTEEN MILE ROAD, SUITE 200
NOVI, MICHIGAN 48334-2266

Independent Accountants' Review Report

To the Board of Directors
Danlaw Technologies, Inc.
Novi, Michigan

We have reviewed the accompanying balance sheets of Danlaw Technologies, Inc (a wholly owned subsidiary of Danlaw Technologies India, Ltd.) as of March 31, 2014 and 2013, and the related statements of operations, stockholder's equity and cash flows for the years then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the reviews in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

GRANT, MILLMAN & JOHNSON, P.C.

April 28, 2014

DANLAW TECHNOLOGIES, INC.
BALANCE SHEETS
March 31, 2014 and 2013

ASSETS

	2014	2013
Current Assets:		
Cash	\$ 100,008	\$ 32,042
Accounts Receivable	26,128	25,756
Accounts Receivable - Affiliate	287,838	379,934
Payroll Advances	-	900
Inventory	11,875	4,750
Prepaid expenses	200	-
Total Current Assets	426,049	443,382
Property and Equipment:		
Computer Equipment	11,549	11,549
Office Furniture and Equipment	8,830	8,830
	20,379	20,379
Less: Accumulated Depreciation	(19,574)	(19,067)
Total Property and Equipment	805	1,312
TOTAL ASSETS	\$ 426,854	\$ 444,694

LIABILITIES AND STOCK HOLDER'S EQUITY

Current Liabilities:		
Accounts Payable - Affiliate	\$ 8,454	\$ 11,517
Accounts Payable - Other	297	1,050
Accounts Payable - Parent	4,038	3,28,921
Accrued Payroll and Payroll Taxes	5,200	6,266
Accrued State Taxes	6,767	6,965
Deposits	-	11,017
Total Current Liabilities	24,756	365,736
Stockholder's Equity:		
Common Stock - \$10 Par Value; 34,000 Shares Authorized, Issued and Outstanding	340,000	340,000
Additional Paid-in Capital	300,000	300,000
Accumulated Deficit	(237,902)	(561,042)
Total Stockholder's Equity	402,098	78,958
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	\$ 426,854	\$ 444,694

See accompanying notes and independent accountants' review report.

DANLAW TECHNOLOGIES, INC.
STATEMENTS OF OPERATIONS
For the Years Ended March 31, 2014 and 2013

	2014	2013
Revenue:		
Automotive Electronics	\$ 1,201,939	\$ 1,343,306
Placement Services	219,660	276,660
Security Products	11,017	-
ESAP sp Sales	141,659	153,405
Total Revenue	1,574,275	1,773,371
Cost of Sales:		
Subcontract Work - Parent	755,741	1,031,101
Subcontract Work - Affiliate	10,000	7,500
Cost of Products - Parent	100,870	75,275
Other	9,618	13
Engineering Salaries	153,232	178,632
Billing Salaries	123,600	143,315
Payroll Taxes	23,226	27,064
Employee Benefits	23,514	35,118
Total Cost of Sales	1,199,801	1,498,018
Gross Profit	374,474	275,353
General and Administrative Expenses:		
Business Development	1,568	339
Travel & Lodging	190	82
Payroll Preparation	1,578	2,698
Telephone	4,743	5,149
Professional Services	4,775	3,925
Server Hosting	4,200	4,200
Insurance	514	500
Repairs & Maintenance	-	224
Office Supplies and Expenses	9,377	3,167
Bank Charges	324	385
Depreciation	507	963
Other	9,358	7,642
Total General and Administrative Expenses	37,134	29,274
Income from Operations	337,340	246,079
Goodwill Impairment	-	205,000
Income Before Taxes	337,340	41,079
State Income Tax	14,200	9,200
NET INCOME	\$ 323,140	\$ 31,879

See accompanying notes and independent accountants' review report.

DANLAW TECHNOLOGIES, INC.
STATEMENTS OF STOCKHOLDER'S EQUITY
For the Years Ended March 31, 2014 and 2013

	Accumulated Deficit	Additional Paid-in Capital	Common Stock	Total
Balance March 31, 2012	\$ (592,921)	\$ 300,000	\$ 340,000	\$ 47,079
Net Income	31,879	-	-	31,879
Balance March 31, 2013	(561,042)	300,000	340,000	78,958
Net Income	323,140	-	-	323,140
Balance March 31, 2014	\$ (237,902)	\$ 300,000	\$ 340,000	\$ 402,098

STATEMENTS OF CASH FLOWS
For the Years Ended March 31, 2014 and 2013

	2014	2013
Cash Flows From Operating Activities:		
Net Income	\$ 323,140	\$ 31,879
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation	507	963
Goodwill Impairment	-	205,000
Changes in Operating Assets and Liabilities:		
Accounts Receivable	91,724	(70,150)
Payroll Advances	900	(900)
Inventory	(7,125)	1,425
Prepaid expenses	(200)	-
Accounts Payable	(328,699)	(163,219)
Accrued Payroll and Payroll Taxes	(1,066)	380
Accrued State Income Tax	(198)	4,465
Deposits	(11,017)	11,017
Net Cash Provided by Operating Activities	<u>67,966</u>	<u>20,860</u>
Cash at Beginning of Year	<u>32,042</u>	<u>11,182</u>
Cash at End of Year	<u>\$ 100,008</u>	<u>\$ 32,042</u>

See accompanying notes and independent accountants' review report.

DANLAW TECHNOLOGIES, INC.
Notes To Financial Statements
March 31, 2014 and 2013

NOTE1- Summary of Accounting Policies :

Business Activity

The Company is in the business of providing engineering and software development consulting services. Danlaw Technologies, Inc. (DTI) is a wholly owned subsidiary of Danlaw Technologies India, Ltd., a foreign corporation organized in India. DTI was incorporated in September 2001 to market engineering and information technology services to customers in the United States of America.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Revenue Recognition Policy

The Company's policy is to recognize revenue as services are provided. Revenue is calculated based on the hours of service provided at contractual rates and adjusted for expected realization upon final invoicing.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Cash includes amounts in corporate bank accounts, which may exceed the Federal Deposit Insurance Corporation insurance limit.

Accounts Receivable and Concentration of Credit Risk

At March 31, 2014 and 2013, the Company's accounts receivable were due mainly from affiliates and concentrated in the automotive supplier and manufacturer market. Trade accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to trade accounts receivable.

Inventory

Inventory is stated at lower of cost or market. Inventory consists primarily of finished goods.

DANLAW TECHNOLOGIES, INC.
Notes To Financial Statements (continued)
March 31, 2014 and 2013

NOTE 1- Summary of Accounting Policies (Continued):

Depreciation

The company depreciates its property and equipment using declining balance and straight-line methods over estimated useful lives ranging from three to seven years for financial reporting purposes.

Income Taxes

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of deferred taxes related primarily to differences between the bases of certain assets and liabilities for financial tax reporting. Deferred taxes represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled.

Federal income taxes are reflected in the financial statements in accordance with FASB ASC 740. The Company has adopted the provisions of FASB ASC Section 740 regarding uncertain tax positions. As a result, the Company recognizes tax benefits of tax positions that have a greater than fifty percent likelihood of being sustained upon examination by taxing authorities. The Company's policy is to recognize interest and penalties related to income tax issues as components of interest income or expense.

Goodwill

Goodwill is recognized for the excess of the purchase price of businesses acquired over the fair value of net assets acquired. Goodwill is reviewed annually for impairment of stated value. During 2013, the Company recognized an impairment loss of \$205,000 for goodwill due to declining revenue and losses incurred by the billing services division.

Subsequent Events

Management has evaluated events and transactions through April 28, 2014, the date the financial statements were available to be issued.

NOTE 2- Income Taxes:

There is no provision for current Federal income taxes included in the 2014 or 2013 statement of operations due to the net operating losses available to offset taxable income. The provision for state income tax is based on taxes assessed at statutory rates.

Management has reviewed the Company's tax positions and concluded that there are no significant uncertain tax positions that are required to be recognized in the financial statements. The Company does not have any unrecognized tax benefits which would impact the effective income tax rate. The total amount of interest and penalties relating to income taxes was not material.

DANLAW TECHNOLOGIES, INC.
Notes To Financial Statements (continued)
March 31, 2014 and 2013

NOTE 2 - Income Taxes (Continued):

The Company files income tax returns with various federal and state tax jurisdictions. Tax returns filed with the internal revenue service for the years 2011 - 2013 are subject to examination. Tax returns filed with the various states for the years 2010-2013 are subject to examination.

The deferred tax asset at March 31 is as follows :

	2014	2013
Deferred income tax		
Benefit of net operating loss carry over	\$ 45,000	\$ 151,000
Goodwill	30,000	35,000
Valuation allowance	(75,000)	(186,000)
Total Deferred Income Tax	\$ -	\$ -

For income tax purposes at March 31, 2014, the Company has net operating loss carryovers which expire as follows:

Fiscal Years Ended March 31	
2028	\$ 3,000
2029	\$ 129,000

NOTE 3 - Related Party Transactions:

The Company is related by common ownership to Danlaw Technologies India Ltd. and by common management to Danlaw Inc. The following schedule summarizes transactions and outstanding balances with the related entities:

Transactions For The Years Ended March 31:

	2014	2013
<u>Sales</u>		
Danlaw Inc.	\$ 1,311,778	\$ 1,539,221
<u>Purchases</u>		
Danlaw Technologies India, Ltd.	\$ 863,739	\$ 1,104,951
Danlaw, Inc.	\$ 10,000	\$ 7,500
<u>Administration Fees</u>		
Danlaw, Inc.	\$ 6,200	\$ 6,200

DANLAW TECHNOLOGIES, INC.
Notes To Financial Statements (continued)
March 31, 2014 and 2013

NOTE 3- Related Party Transactions (Continued):

	2014	2013
<u>Accounts Receivable</u>		
Danlaw Inc.	\$ 287,838	\$ 379,934
 <u>Accounts Payables</u>		
Danlaw Technologies India, Ltd.	\$ 4,038	\$ 328,921
Danlaw Inc.	\$ 8,454	\$ 11,517

NOTE 4- Retirement Plan

The Company maintains a 401(k) Profit Sharing Plan available to all employees meeting certain age and service requirements. The plan allows employees to contribute up to 15% of their salary to the plan, subject to Internal Revenue Code limitations. The Company may elect to match a portion of the employees' contributions to the plan and may contribute additional amounts at its discretion. There were no employer contributions for the years ended March 31, 2014 and 2013.

NOTE 5 - Subsequent Events

Effective April 15, 2014, the Company sold the education billing services division. The sales agreement for \$90,000 provides for a down payment of \$50,000 and the balance of \$40,000 is payable on July 1, 2014, provided the Company completes certain transition obligations to the purchasers. The agreement also provides for contingent consideration of \$25,000 based on retention of certain customers.

INDEPENDENT AUDITOR'S REPORT

To
The Board of Directors of M/s. Danlaw Technologies India Limited
Hyderabad.

We have audited the accompanying consolidated financial statements of **M/s. Danlaw Technologies India Limited**, ("the Company") and its subsidiary, Danlaw Technologies, Inc., which comprise the consolidated balance sheet as at 31st March, 2014, the consolidated statement of profit and loss and the consolidated cash flow statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

We did not audit the financial statements of the subsidiary, Danlaw Technologies, Inc., which have been reviewed by M/s Grant, Millman & Johnson, P.C., Michigan State, USA. The report of the Certified Public Accountant has been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of the subsidiary, is based solely on the report of the CPA. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements 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 March, 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date, and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

for RAMANA REDDY & ASSOCIATES
CHARTERED ACCOUNTANTS
FRN: 003246S

Place: Hyderabad
Date: May 28, 2014

(CA. RAMANA REDDY A.V.)
PARTNER
MEMBERSHIP No. 024329

Consolidated Balance Sheet as at

in Rs.

Particulars	Note No.	31-03-2014	31-03-2013
1. EQUITY AND LIABILITIES			
Shareholders Funds			
(1) (a) Share Capital	1	3,72,03,000	3,72,03,000
(b) Reserves and Surplus	2	18,56,43,007	16,76,88,102
(2) Non-current liabilities			
(a) Long-term borrowings	3	-	77,005
(b) Long-term provisions	4	-	3,24,784
(3) Current liabilities			
(a) Trade payables	5	10,45,816	11,01,615
(b) Other current liabilities	6	34,61,202	32,76,622
(c) Short-term provisions	7	3,98,644	3,72,906
TOTAL		22,77,51,669	21,00,44,034
II. ASSETS			
(1) Non-current assets			
(a) FIXED ASSETS			
(i) Tangible assets	8	1,20,78,708	1,12,07,390
(ii) Intangible assets	8	16,50,794	-
(b) Deferred tax assets (Net)	9	4,18,09,121	4,94,03,277
(c) Long-term loans and advances	10	16,48,705	17,39,205
(2) Current assets			
(a) Inventories	11	61,47,327	53,82,501
(b) Trade receivables	12	2,69,63,324	2,75,34,517
(c) Cash and cash equivalents	13	13,13,63,564	10,88,52,130
(d) Short-term loans and advances	14	60,90,126	59,25,014
TOTAL		22,77,51,669	21,00,44,034

See accompanying notes to the financial statements 19

The schedules referred to above and the notes thereon form an integral part of the Balance Sheet

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

for and on behalf of the Board

For M/s. **RAMANA REDDY & ASSOCIATES**
Chartered Accountants
FRN: 003246S

RAJU S DANDU
Chairman &
Managing Director
DIN: 00073484

M.A. ASHOK KUMAR
Director
DIN: 00045549

(CA. RAMANA REDDY A.V.)
Partner
Membership No: 024329
Hyderabad
May 28, 2014

Consolidated Profit and Loss Statement for the period ended

in Rs.

Particulars	Note No.	31-03-2014	31-03-2013
III. INCOME			
I. Revenue from operations	15	12,67,98,204	12,33,03,395
II. Other income	16	1,22,23,786	1,13,36,868
III. Total Revenue		13,90,21,990	13,46,40,263
IV. EXPENSES			
Cost of materials consumed		87,45,243	31,43,037
Purchases of Stock-in-Trade		1,02,35,506	1,00,62,522
Changes in inventories of finished goods work-in-progress and Stock-in-Trade		(6,16,640)	30,23,604
Employee benefits expense		6,99,23,073	6,53,78,983
Finance costs	17	35,127	6,076
Depreciation and amortization expense		22,89,753	18,08,059
Other expenses	18	2,17,70,752	1,92,75,281
Total expenses		11,23,82,814	10,26,97,562
V. Profit before exceptional and extraordinary items and tax		2,66,39,176	3,19,42,701
VI. Exceptional Items		-	1,11,06,900
VII. Profit before extraordinary items and tax		2,66,39,176	2,08,35,801
VIII. Extraordinary Items		-	-
IX. Profit before tax		2,66,39,176	2,08,35,801
X. Tax expense:			
(1) Current tax		10,19,685	4,98,489
(2) Deferred tax		87,24,727	66,36,891
XI. Profit for the period from continuing operations		1,68,94,764	1,37,00,421
XII. Profit / (loss) from discontinuing operations		-	-
XIII. Tax expense of discontinuing operations		-	-
XIV. Profit / (loss) from discontinuing operations after tax		-	-
XV. Profit for the period		1,68,94,764	1,37,00,421
XVI. Earnings per equity share:			
(1) Basic		4.54	3.68
(2) Diluted		4.54	3.68
See accompanying notes to the financial statements	19		

The schedules referred to above and the notes thereon form an integral part of the Profit & Loss Statement
This is the Profit & Loss Statement referred to in our report of even date for and on behalf of the Board

For M/s. **RAMANA REDDY & ASSOCIATES**
Chartered Accountants
FRN: 003246S

RAJU S DANDU
Chairman &
Managing Director
DIN 00073484

M.A. ASHOK KUMAR
Director
DIN:00045549

(CA. RAMANA REDDY A.V.)
Partner
Membership No: 024329
Hyderabad
May 28, 2014

Notes to the Consolidated Balance Sheet as at

	in Rs.	
	31-03-2014	31-03-2013
1. SHARE CAPITAL		
AUTHORISED		
50,00,000 Equity Shares of Rs.10/- each	5,00,00,000	5,00,00,000
ISSUED, SUBSCRIBED AND PAID UP		
37,20,300 Equity Shares of Rs.10/- each Fully Paid	3,72,03,000	3,72,03,000
	3,72,03,000	3,72,03,000
2. RESERVES AND SURPLUS		
Capital Reserve	48,50,000	48,50,000
Securities Premium Reserve	26,58,07,400	26,58,07,400
Exchange Conversion Reserve	20,08,278	9,48,137
Profit and Loss Account (opening balance)	(10,39,17,435)	(11,76,17,856)
Add: current year Profit / Loss	1,68,94,764	1,37,00,421
	18,56,43,007	16,76,88,102
3. LONG-TERM BORROWINGS		
Car loan- HDFC Bank (Secured by hypothecation)	-	77,005
	-	77,005
4. LONG-TERM PROVISIONS		
Accrued Gratuity	-	3,24,784
	-	3,24,784
5. TRADE PAYABLES		
Sundry Creditors	10,45,816	11,01,615
Outstanding dues of micro and small enterprises	-	-
	10,45,816	11,01,615
6. OTHER CURRENT LIABILITIES		
Current maturities of long-term borrowings	59,199	1,46,821
Advances from customers	13,54,723	8,12,897
Other liabilities	20,47,280	23,16,904
	34,61,202	32,76,622
7. SHORT-TERM PROVISIONS		
Accrued State Taxes	3,98,644	3,72,906
	3,98,644	3,72,906

Notes to the Consolidated Balance Sheet as at (Continued)

8. Notes to the Consolidated Balance Sheet as at

in Rs.

Assets	Gross Block				Depreciation			Net Block		
	Cost as at 31-03-2013	Additions during the year	Deductions during the year	Cost as at 31-03-2014	Total upto 31-03-2013	For the year	Deductions during the year	As at 31-03-2014	As at 31-03-2014	As at 31-03-2013
Additions to Leasehold premises	14,84,850	-	-	14,84,850	3,08,654	24,203	-	3,32,857	11,51,993	11,76,196
Computers	3,27,30,513	1,15,390	10,01,275	3,18,44,628	3,06,58,351	5,92,209	10,01,275	3,02,49,285	15,95,343	20,72,162
Office Equipment	16,05,123	-	-	16,05,123	9,03,603	94,615	-	9,98,218	6,06,905	7,01,520
Electrical Equipment	13,30,323	5,35,370	-	18,65,693	6,64,490	51,875	-	7,16,365	11,49,328	6,65,833
Lab Equipment	32,98,350	-	-	32,98,350	8,54,389	1,56,672	-	10,11,061	22,87,289	24,43,961
D G Set	2,94,616	-	-	2,94,616	1,92,177	13,994	-	2,06,171	88,445	1,02,439
Elevator	3,25,123	-	-	3,25,123	2,02,048	15,443	-	2,17,491	1,07,632	1,23,075
Air-conditioners	16,36,508	-	-	16,36,508	9,87,190	77,734	-	10,64,924	5,71,584	6,49,318
Furniture & Fixtures	62,31,392	16,632	-	62,48,024	50,42,807	3,95,402	-	54,38,209	8,09,815	11,88,585
Office Interiors	19,17,818	-	-	19,17,818	11,15,981	91,096	-	12,07,077	7,10,741	8,01,837
Vehicles	32,95,726	21,33,607	-	54,29,333	20,83,507	3,93,616	-	24,77,123	29,52,210	12,12,219
Computer Software	0	20,03,672	-	20,03,672	-	3,52,878	-	3,52,878	16,50,794	-
WOS Equipment	10,91,092	1,09,435	-	12,00,527	10,20,847	30,016	1,02,241	11,53,104	47,423	70,245
Grand Total	5,52,41,434	49,14,106	1001275	5,91,54,265	4,40,34,044	22,89,753	11,03,516	4,54,24,763	1,37,29,502	1,12,07,390
Previous Year	5,46,31,415	7,91,938	1,81,919	5,52,41,434	4,24,16,795	18,08,059	1,90,810	4,40,34,044	1,12,07,390	1,22,14,620

9. DEFERRED TAX ASSET (NET)

Fixed Assets	(6,99,404)	11,42,633
Others	4,25,08,525	4,82,60,644
	4,18,09,121	4,94,03,277

10. LONG-TERM LOANS AND ADVANCES

Secured, considered Good:		
Rent deposits	11,75,000	12,70,000
with Government Agencies	4,73,705	4,69,205
	16,48,705	17,39,205

Notes to the Consolidated Balance Sheet as at

in Rs.

	31-03-2014	31-03-2013
11. INVENTORIES		
(Valued at cost basis)		
Raw materials	5,75,820	8,72,875
Finished goods	6,99,556	2,54,315
Stock-in-trade	48,71,951	42,55,311
	61,47,327	53,82,501
12. TRADE RECEIVABLES		
Unsecured considered Good		
Outstanding for a period exceeding six months	14,10,533	22,24,476
Others	2,55,52,791	2,53,10,041
	2,69,63,324	2,75,34,517
13. CASH AND CASH EQUIVALENTS		
Cash on hand	12,819	19,316
Balances with banks		
- in current accounts	97,62,659	71,68,519
- in EEFC accounts	-	7,02,401
- in deposit accounts with more than 12 months maturity	12,15,88,086	10,09,61,894
- in deposit accounts with less than 12 months maturity	-	-
	13,13,63,564	10,88,52,130
14. SHORT-TERM LOANS AND ADVANCES		
Unsecured, considered Good		
Advances recoverable in cash or in kind or for value to be received		
Earnest Money Deposit	45,204	1,45,564
Advances for expenses	12,000	3,63,424
Advances for purchases	2,76,064	6,96,860
Prepaid Expenses	2,64,552	1,88,778
Interest Receivable	10,38,533	12,77,628
Tax Deduction at Source	20,59,899	17,82,383
MAT Credit	8,43,222	6,89,775
Service tax -input credit	14,06,271	5,37,903
Addl Duty of Customs	1,44,381	2,42,699
	60,90,126	59,25,014

Notes to the Consolidated Profit and Loss Statement

15. REVENUE FROM OPERATIONS		
Sale of products	3,50,04,213	2,80,58,102
Sale of services	9,17,93,991	9,52,45,293
	12,67,98,204	12,33,03,395

in Rs.

	31-03-2014	31-03-2013
16. OTHER INCOME		
Profit on sale of fixed assets	1,13,250	-
Interest Income	99,34,918	88,46,982
Interest on IT Refund	67,934	1,10,033
Exchange Gain (net)	21,07,684	23,36,899
Miscellaneous Income	-	42,954
	1,22,23,786	1,13,36,868
17. FINANCE CONSTS		
Interest on short terms borrowings from banks	8,557	6,076
Interest on TDS	26,570	-
	35,127	6,076
18. OTHER EXPENSES		
Advertisement	82,855	50,431
AGM Expenses	18,000	16,500
Auditors Remuneration	4,40,380	3,46,557
Bank charges and commission	1,13,885	87,017
Books & Periodicals	14,940	14,211
Business Development Expenses	4,14,909	1,05,778
Bad debts written off	5,51,566	6,53,641
Depository Registrar Fee	53,828	53,773
Directors sitting fee	1,05,000	1,70,000
Freight outward	3,04,152	1,92,220
Insurance Charges	1,13,545	1,31,932
Internet Service Charges	4,46,913	4,02,786
Professional Charges	1,79,156	3,48,609
Listing Fee	15,000	15,000
Managerial Remuneration	12,13,087	12,12,405
Membership Fee	14,438	14,887
Miscellaneous Expenses	486	447
Office Maintenance	26,02,952	18,00,302
Postage	2,19,696	1,07,226
Power and Fuel	19,40,832	17,19,520
Printing and Stationery	2,30,611	2,24,072
Registration, Licence & Filing Fee	3,20,103	3,09,708
Rent	60,53,510	58,66,112
Rates & Taxes	3,89,461	2,96,359
Sales commission	49,000	-
Sub-contract works	10,16,135	12,44,722
Telephone expense	7,23,019	6,75,114
Travel and Conveyance	41,43,293	32,15,952
	2,17,70,752	1,92,75,281

19. Additional Information for the consolidated financial statements

19.1 Significant Accounting Policies and Notes On Accounts:

19.1.2 Scope of Business units

Danlaw Technologies India Limited is a company engaged in providing technology services in the area of engineering services, internet, developing software products, software services and security solutions for the clients. The Company has also entered into the business of biometric products providing security solutions to the clients. The Company has a single subsidiary at USA in the name of 'Danlaw Technologies Inc' for promoting the services provided by the Danlaw Technologies India Limited to USA clients. The subsidiary is wholly owned by the company by virtue of its total holding of equity of the subsidiary. The Danlaw Technologies Inc (DTI) is basically engaged in providing Engineering software development and consultancy services to USA clients. The wholly owned subsidiary of the company together with the parent shall hereinafter be referred as Danlaw for the purposes of consolidated accounts. The accounting year of the parent company and the US subsidiary is the same i.e. from April 1st to March 31st every year.

19.1.3 Basis for consolidation of financial statements

The consolidation of financial statements of Danlaw has been made as per the Generally Accepted Accounting Principles and the Provisions of the Accounting Standard 21 issued by the Institute of Chartered Accountants of India. The consolidation of accounts of Danlaw took place based on the audited financial statements of the parent by the statutory auditors of the company and reviewed financial statements of the subsidiary by the Certified Public Accounts of Michigan State. While consolidation inter company balances and transactions are eliminated in full. The consolidation is based on the concepts of accrual, going concern and conservatism. All income and expenditure having a material bearing on the financial statements are recognized on the accrual basis.

19.1.4 Revenue recognition

Revenue from software developments services of Danlaw is recognized based on software developed and billed to clients considering the men and material used for the specific project. In the case of fixed-price contracts, revenue is recognized based on the percentage of work completed.

19.1.5 Expenditure

All expenses of Danlaw are accounted on the accrual basis.

19.1.6 Fixed assets

Fixed assets are stated at the cost of acquisition, less accumulated depreciation. Cost comprises of purchases and attributable cost. Depreciation on fixed assets is provided based on the Companies Act 1956 for the Indian assets and for the assets of Subsidiary on declining/straight line methods over estimated lives of assets.

19.1.7 Foreign currency transactions

In the case of sales made to clients outside India for the parent, income is accounted on the basis of the exchange rate as on the date of transaction. Adjustments are made for any variations in the sale proceeds on conversion into Indian currency upon actual receipt. In the case of expenditure in foreign currency, the expenses are accounted on the basis of exchange rate as on the date of the transaction. In case expenses are met out of EEFC accounts, the same is accounted for at the rate prevailing on the date of receipt of funds in EEFC account at the rate at which the EEFC funds are maintained.

The transactions of the subsidiary are in US dollars and Euro. There is no foreign currency transaction per se. But on account of consolidation all the outstanding entries of the subsidiary as on March 31, 2014 have been converted into Indian rupees and consolidation was affected.

19.1.8 Foreign currency translations

The accompanying financial statements of WOS are reported in U.S.dollars. The functional currency of the parent company in India is the Indian rupee ("Rs."). Hence translation of U.S.dollars to Rs is performed for balance sheet accounts using the exchange rate prevailing as at the balance sheet date, and for revenue and expense accounts using a quarterly average exchange rate for the respective quarters. The gains or losses resulting from such translation are reported as "Exchange conversion reserve", a separate component of reserves and surplus head in the consolidated accounts. The method of translating expenses of overseas operations depends upon the timing of the funds used. The balance sheet items of the WOS have been converted at the rate of Rs.58.91 per dollar. For conversion of the income statement, the statement figures have been segregated based on the quarter to which the transaction pertains and translated at the average quarterly exchange rate of Rs.55.87, Rs.61.80, Rs.62.00 & Rs.61.79 per US dollar for the respective quarters.

19.1.9 Investments

Long-term investments are stated at cost. The short-term investments of the parent company are valued and carried at cost or fair value whichever is lower. Provision will be made for decline, other than temporary, in the Value of investments. There is no income earning investments in the subsidiary.

19.1.10 Related party transactions

The company entered into related party transactions during the year with Danlaw Inc., USA. The CMD of the company is also CEO of the Danlaw Inc. The Danlaw Technologies Inc had sales of Rs.9,51,69,565/- during the year ended March 31, 2014 of which the sales made to the Danlaw Inc are Rs.7,98,93,279/-. During the year ended March 31, 2014 Danlaw Technologies Inc has purchased services of Rs.9,85,840/- from Danlaw Inc.

Signatures to Notes 1 to 19

for and on behalf of the Board

For M/s. **RAMANA REDDY & ASSOCIATES**
Chartered Accountants
FRN: 003246S

RAJU S DANDU
Chairman &
Managing Director
DIN: 00073484

M.A. ASHOK KUMAR
Director
DIN: 00045549

(CA. RAMANA REDDY A.V.)
Partner
Membership No: 024329

Hyderabad
May 28, 2014

Consolidated Statement of cash flows for the year ended March 31

in Rs.

	31-03-2014	31-03-2013
Cash flows from operations		
Profit from operations	2,57,72,938	2,03,37,312
Depreciation and depletion	11,86,237	16,17,249
Goodwill Impairment	-	1,02,82,800
Decrease (increase) in trade receivables	5,71,193	(27,81,489)
Decrease (increase) in loans and advances	(74,612)	18,81,013
Decrease (increase) in inventory	(7,64,826)	23,27,521
Increase (decrease) in current liabilities	1,28,781	(53,81,452)
Increase (decrease) in provisions	(3,18,441)	(48,81,496)
Net cash from operations	2,65,01,270	2,34,01,458
Cash flows from financing		
Secured loans	(77,005)	(1,46,821)
Net cash from financing	(77,005)	(1,46,821)
Cash flows from investing		
Purchase of Fixed Assets	(39,12,831)	(6,10,019)
Net cash from investing	(39,12,831)	(6,10,019)
Total increase (decrease) in cash and equivalents during the year	2,25,11,434	2,26,44,618
Cash and equivalents at the beginning of the year	10,88,52,130	8,62,07,512
Cash and equivalents at the end of the year	13,13,63,564	10,88,52,130

These are the Cash Flow Statements referred
to in our report of even date

for and on behalf of the Board

For M/s. **RAMANA REDDY & ASSOCIATES**
Chartered Accountants
FRN: 003246S

RAJU S DANDU
Chairman &
Managing Director
DIN: 00073484

M.A. ASHOK KUMAR
Director
DIN: 00045549

(CA. RAMANA REDDY A.V.)
Partner
Membership No: 024329
Hyderabad
May 28, 2014

**Covering Letter to be filed with the stock
exchanges as per Clause 31 of Equity
Listing Agreement**

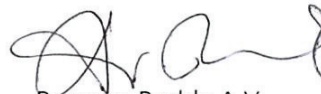
FORM A

1. Name of the Company:	DANLAW TECHNOLOGIES INDIA LIMITED
2. Annual financial statements for the year ended	31 st March 2014
3. Type of Audit observation	Un-qualified
4. Frequency of observation	Not Applicable


Raju S Dandu
Managing Director


A V R K Varma
GM-Fiance


T Ravi Kumar
Audit Committee Chairman


Ramana Reddy A.V
Auditor of the company

