

From the CEO's desk....



Dear Shareholders,

I am happy to share my thoughts on your company performance for Financial Year 2010-2011 along with general business outlook and future direction of your company.

According to World Bank reports the global GDP increased by 3.9% in 2010. The emerging economies have done much better than the developed nations. The global technology spending according to NASSCOM grew by 4% and more importantly the global outsourcing experienced a growth of 10%.

For much of the 20th century, globalization applied to supply chains and manufacturing processes. Today, "the industrial globalization" has given way to "knowledge globalization", enabling the enterprises to access the best talent anywhere in the world. At a time when emerging economies like Brazil, Russia, India, and China are becoming important commercial centers, progressive businesses are assessing whether their business models can support both the global exchange of ideas and emerging markets for their products and services.

India is emerging as a major hub for engineering solutions along with R&D. Within services, embedded solutions (both software and hardware) contribute to 45% of revenues. According to NASSCOM, the Indian Engineering R&D service exports grew from US\$ 5.2 Billion in 2007 to an estimated US\$ 9.0 Billion by 2011. Booz & Co. estimates that Global Engineering R&D will grow to US\$ 1.4 Trillion by 2020.

Danlaw has been providing high quality value added embedded solutions for domestic and global clients since its inception more than a decade ago. We are well positioned to take advantage of the growth in the

outsourcing of engineering R&D solutions.

Summary of financial results:

- Total revenue of 856 lacs as compared to 694 lacs, a year over year growth of 23%
- PBIDT of 46.46 lacs vs 4.84 lacs
- Profit Before Tax of 7.67 lacs as compared to a loss of 35.55 lacs during FY 2009-10.
- Danlaw Technologies Inc. our USWOS:

Automotive Electronics sales of US\$ 658 thousand an increase of 9%

I would like to place on record the contribution made by all of our associates and congratulating them for creating value for our customers which in turn helped your company grow stronger. I thank the Board of Directors for their guidance.

I also thank you, the shareholders of the company for the trust you placed in us. All of us greatly appreciate the support you gave us to deliver the results.

Best regards,
Raju S. Dandu
Chairman & Managing Director

BOARD OF DIRECTORS

Raju S Dandu
Chairman & Managing Director

Prakash S Kenjale
Director

M A Ashok Kumar
Director

N S Sappata
Director

K N Praveen Kumar
Director

MANAGEMENT TEAM

B V Ramana
Chief Operating Officer

Prakash B Kulkarni
Executive Vice President – IT

G Govardhan Rao
Vice President

Kishan Chowbene
Vice President – Marketing & Sales

E U S Prabhakar
General Manager – ESD

A V R K Varma
General Manager – Finance

REGISTERED OFFICE

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

USA SUBSIDIARY

Danlaw Technologies Inc.
23700, Research Drive,
Farmington Hills,
MI 48335-2624, USA.

AUDITORS

M/s. Ramana Reddy & Associates
Chartered Accountants,
10-5-6/B, “My Home Plaza”
Off: 103, II Floor, Masab Tank,
Hyderabad 500 028.

BANKERS

The Dhanalakshmi Bank Ltd,
Banjara Hills Branch, Hyderabad.

HDFC Bank Ltd. , Banjara Hills Branch,
Hyderabad.

**DEPOSITORY REGISTRARS & SHARE
TRANSFER AGENTS**

Sathguru Management Consultants (P) Ltd.
Plot No. 15, Hindi Nagar,
Punjagutta, Hyderabad 500 082.
Phones: 040-23356507, 23350586
E-mail: sta@sathguru.com

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NOTICE

Notice is hereby given that the Eighteenth Annual General Meeting of the Company will be held on Friday, the 30th day of September 2011 at 10 a.m. at the Registered Office of the Company at Plot 43, Sagar Society, Road 2, Banjara Hills, Hyderabad – 500034, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2011 and the Profit & Loss Account for the year ended as on that date, along with the Auditors' Report and the Directors' Report thereon.
2. To appoint a director in place of Mr. M.A. Ashok Kumar, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint Statutory Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

SPECIAL BUSINESS

4. Re-appointment of Mr. Raju S Dandu as Managing Director
To consider and, if thought fit, to pass, with or without modifications, the following resolution as an Special Resolution:

“RESOLVED THAT pursuant to Sections 198, 269, 309, 310, 311, 314 and Schedule XIII of the Companies Act, 1956, as amended from time to time and other applicable provisions, if any, of the Companies Act, 1956, and further subject to the approval of the members of the Company at next general meeting and also subject to the approval of the Central Government, Mr. Raju S Dandu be and is hereby appointed as the Chairman and Managing Director at a remuneration of gross pay of Rs.1,00,000/- (Rupee one lakh only) per month plus all other benefits, perquisites and other allowances as permitted by the Companies Act, 1956, within the rules of the Company as applicable from time to time.

The Chairman and Managing Director shall also be eligible for the following perquisites:

Category I: Included in the remuneration

- a) Housing: The expenditure incurred by the Company on hiring furnished accommodation.
- b) House Maintenance: The expenditure incurred by the Company on gas, electricity, water and furnishings.
- c) Medical Reimbursement: Expenses incurred for self and family subject to a ceiling of one-month salary per annum.
- d) Club fee subject to a maximum of two clubs.
- e) Premium on Medical / Personal Accident Insurance Policy, which does not exceed Rs.5,000/- per month
- f) The Company will reimburse the wages of one servant at residence
- g) Children's education allowance up to a maximum of Rs.5,000/- per month per child.

Category II: Not included in the remuneration

- a) Contribution to Provident Fund and Annuity Fund are as per the rules of the Company and to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- b) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.
- c) Encashment of Leave at the end of his tenure.
- d) Leave: As per the rules of the Company.
- e) Leave Travel Concession for self and family incurred in accordance with the service rules of the Company.
- f) Provision of car with driver for use on Company's business.
- g) Telephone at residence.
- h) Cellular phone for self.

RESOLVED FURTHER

That the Chairman and Managing Director shall be paid a commission up to a maximum of 2% on Net Profits as computed u/s 349 and 350, the actual amount of which will be determined by the Board of Directors from time to time, subject to the overall ceiling of Managerial Remuneration as prescribed in the Companies Act, 1956.

RESOLVED FURTHER

That notwithstanding anything specified above, where in any financial year, during the currency of the tenure of the Chairman and Managing Director, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to Mr. Raju S Dandu by way of salary, perquisites and allowances as mentioned above.

RESOLVED FURTHER

That the Board be and is hereby authorized to revise the gross salary of the Chairman & Managing Director by a maximum of 50% per annum."

By Order of the Board
For Danlaw Technologies India Ltd.,

Place: Hyderabad
Date: July 20, 2011

Raju S. Dandu
Managing Director

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy and such proxy need not be a member of the Company. The instrument appointing a proxy should however be deposited at the Registered Office, not less than 48 hours before the commencement of meeting.
2. Members / Proxies are requested to bring copies of Annual Report along with them and the duly filled-in attendance slips for attending the meeting. No copies of Annual Report will be distributed at the meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from September 27th to September 30th (both days inclusive).
4. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of special business as set out above is annexed herewith.
5. Members seeking any additional information on the accounts of the Company should write to the Compliance Officer on or before September 30, 2011, to facilitate the compilation of data for clarifications.
6. Members are requested to send all communications relating to shares to the Company's Share Transfer Agents (Physical and Electronic) to M/s. Sathguru Management Consultants Private Limited, Plot 15, Hindi Nagar, Panjagutta, Hyderabad - 500082. Phone Nos.: 040-23356507 & 23350586. E-mail: sta@sathguru.com

EXPLANATORY STATEMENT

[Pursuant to Section 173(2) of the Companies Act, 1956]

Item 4:

The Board of Directors re-appointed Mr. Raju S Dandu as the Chairman & Managing Director of the Company with effect from 1st April 2006 for a term of five years. The appointment was approved by the members of the Company at the annual general meeting held on 28th September 2006. His term of five years expired on 31st March 2011. The Board approved his re-appointment for another term of five years, w.e.f. 1st April 2011. The remuneration committee has also reviewed the terms & conditions of appointment and approved the same.

The Board of Directors recommends the resolution for approval. Mr. Raju S Dandu is considered as concerned or interested in the said resolution.

For the information of the members, his detailed profile is appended herein below.

Information about Mr. Raju S Dandu:

Danlaw is the brainchild of Mr. Raju, who has been its Promoter Director. He is instrumental in spearheading the progress of the Company during all these years. Mr. Raju has been the source of getting business from US clientele – both for Engineering and IT divisions. He has formulated the core culture and policies of the Company and chiseled the future of Danlaw. The growth of the Company is as per his vision and future plans. Being CMD of the Company, Mr. Raju is propagating the image of Danlaw among the industry circles. He has long drawn plans for the future of the Company, which would be implemented in phased manner with due approvals from the Board and the Members of the Company as per the requirements. Under his able stewardship, Danlaw has a bright future.

Mr. Raju is a highly qualified Technocrat from Andhra Pradesh, India. He is B.E. in Electronics and Communications, M.E. in Electronics and Controls, M.S in Electrical and Computer Engineering from University of Iowa, USA and MBA from University of Detroit, USA. He is a member of IEEE, Society of Automotive Engineers and the Society of Manufacturing Engineers.

Raju started his professional career in 1977 as a programmer analyst with University of Iowa hospitals where he was responsible for systems programming for the cancer institute. He moved on to Dearborn, Michigan in 1978 to work for Ford Motor Company as software engineer where he developed controls based on first 16-bit microprocessors as well as the first automated engine control software tester. He moved to Dana Corporation in 1980 where he was responsible for development of general purpose CNC and developed the first ever GUI and application logic on CNC control. Raju worked as an independent consultant for General Motors from 1982 to 1984 and responsible for Engine control and Body computer modules.

He then founded Danlaw Inc. in Detroit, USA, in 1984, which is today synonymous with vehicle diagnostics, testing and messaging and is a tier-1 vendor to GM. After having gained rich experience as a technocrat and as an entrepreneur from India for over a period of two decades, Mr. Raju has set up another company by name Danlaw Technologies India Ltd. in his homeland. The company provides employment to over 150 technical people at various levels. He is much admired by his colleagues and staff for his strong core values, ethics, principles and far reaching vision.

By Order of the Board
For Danlaw Technologies India Limited

Place: Hyderabad

Date: July 20, 2011

Raju S. Dandu
Managing Director

DIRECTORS' REPORT

To,
The Members,

Your Directors take pleasure in presenting the 18th Annual Report and the Audited Statement of Accounts for the year ended 31st March 2011.

FINANCIAL PERFORMANCE

Key aspects of your Company's financial performance for the year 2010-11 are tabulated below:

Rs. in Lakhs

Particulars	2010-11			2009-10		
	DTIL	WOS	Cons.	DTIL	WOS	Cons.
Net sales/Income from operations	646.59	129.73	776.32	453.74	162.97	616.71
Other Income	79.56	-	79.56	77.42	-	77.42
Total Income	726.15	129.73	855.88	531.16	162.97	694.13
Direct cost	470.45	93.97	564.42	349.04	116.67	465.71
Gross Profit / (Loos)	255.70	35.76	291.46	182.12	46.30	228.42
Selling expenses	52.03	2.68	54.71	48.59	2.35	50.94
General & Admin expenses	172.22	18.07	190.29	147.47	25.17	172.64
Profit/(Loss) before Interest, Depreciation and Tax	31.45	15.01	46.46	(13.94)	18.78	4.84
Interest	21.39	-	21.39	22.43	-	22.43
Depreciation	15.51	1.89	17.40	15.63	2.33	17.96
Exceptional Items	-	-	-	-	-	-
Extraordinary Items	-	-	-	-	-	-
Net Profit / (Loss) before tax	(5.45)	13.12	7.67	(52.00)	16.45	(35.55)
Income tax	-	-	-	-	-	-
Deferred taxes	(23.70)	(2.30)	(26.00)	(14.29)	4.72	(9.57)
Profit / (Loss) after tax	(29.15)	10.83	(18.32)	(37.71)	11.73	(25.98)
Paid up equity share capital	372.03	295.66	372.03	372.03	295.66	372.03
Reserves and Surplus (excl. revaluation reserve)	1730.32	(221.44)	1508.88	1759.47	(213.96)	1545.51
Earnings per share	(0.78)		(0.49)	(1.01)		(0.70)

The net income from operations has increased by about 26% to 776 lacs. Similarly the Gross Profit has increased to 291 lacs which is an increase of about 28% over last 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 8 lacs as compared to a loss of 36 lacs in the previous financial year.

The other income of approximately 80 lacs includes about 33 lacs of exchange gain. The management continues to put efforts to collect all the receivables from our customers. Because of these efforts, we have been able to limit the write off to Rs. 8,329 as bad debts.

CORPORATE GOVERNANCE

The Corporate governance practices are described separately in page no.11 of this Annual Report. We have obtained a certification from the statutory auditor of the Company as to the compliance of the provisions of the relevant clauses of the Listing Agreement. This certificate is given in page no.19.

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 2011.

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.

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 2011, 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 2011 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 2010-2011 have been prepared on a going concern basis.

AUDITORS

M/s. Ramana Reddy & Associates (formerly know as M/s. A.M Reddy & Co) 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 (formerly know as M/s. A.M Reddy & Co) Chartered Accountants have confirmed that their appointment, if made, shall be in accordance with the provisions of Section 224(1B) of the Companies Act, 1956.

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.

(iii) Foreign Exchange Earnings and Outgo: The particulars of foreign exchange earnings and outgo are given below:

Particulars	2010-2011 INR	2009-2010 INR
Earnings	4,15,26,563	1,66,41,312
Outgo	1,04,09,333	55,68,919

APPRECIATION & ACKNOWLEDGEMENTS

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 20, 2011

Raju S Dandu
Chairman & Managing Director

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 2010-2011, on 22th May '10, 19th July '10, 22nd October '10, and 28th January '11.

The particulars of directors, their attendance and other directorships, memberships /chairmanships of committees for the financial year 2010-2011 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	4	Yes	Nil	Nil	Nil
Prakash Kenjale	Independent Non-executive	1	No	1	Nil	Nil
M. A. Ashok Kumar	Independent Non-executive	3	Yes	1	Nil	Nil
Naga Satyanarayana Sappata	Independent Non-executive	4	Yes	Nil	Nil	Nil
K N Praveen Kumar	Independent Non-executive	3	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. K.N Praveen Kumar, Mr. Naga Satyanarayana Sappata, Mr. M. A. Ashok Kumar and Mr. Raju S Dandu.

The Committee met four times during the financial year 2010-2011, on 22th May '10, 19th July '10, 22nd October '10, and 28th January '11.

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) Remuneration Committee

The company has a 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 2010 - 2011:

Name	Salary	Contribution To PF	Perks	Sitting Fee	TOTAL
Raju S Dandu	10,80,000	1,29,600	2,801	-	12,12,401
Prakash S Kenjale	-	-	-	5,000	5,000
M A Ashok Kumar	-	-	-	20,000	20,000
Mr. Naga Satyanarayana Sappata	-	-	-	40,000	40,000
Mr. K N Praveen Kumar	-	-	-	30,000	30,000

c) Share Transfer and Investors' Grievance Committee

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

M/s. Sathguru Management Consultants 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
2007-2008	AGM	27th September, 2008 Regd. Office 11.00 a.m.	Nil
2008-2009	AGM	30th September, 2009 Regd. Office 10.00 a.m.	1) Appointment of Mr. N S Sappata as Director 2) Appointment of Mr. M A Ashok Kumar as Director
2009-2010	AGM	30th September, 2010 Regd. Office 11.00 a.m.	1) Appointment of Mr. K N Praveen Kumar as Director

5. Disclosures

The details of transactions with related parties are given in 15.2.6 of the 'Notes on Accounts' at page no. 37 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 Financial Express and Andhra Prabha 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 SHAREHOLDERS 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 : Friday
Date : 30th September, 2011
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 : 27th To 30th September, 2011
(both days inclusive)

Financial Year : 1st April 2010 to 31st March 2011
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 2010	15.85	10.01	18,047.86	17,276.80
May	14.60	9.71	17,536.86	15,960.15
June	11.75	9.50	17,919.62	16,318.39
July	12.40	10.00	18,237.56	17,395.58
August	13.24	9.90	18,475.27	17,819.99
September	19.00	10.87	20,267.98	18,027.12
October	15.10	11.67	20,854.55	19,768.96
November	12.71	9.37	21,108.64	18,954.82
December	12.98	9.97	20,552.03	19,074.57
January 2011	13.79	9.51	20,664.80	18,038.48
February	12.25	8.51	18,690.97	17,295.62
March	14.10	9.53	19,575.16	17,792.17

Source: www.bseindia.com

(D) Distribution of Shareholding as on March 31, 2011

Category	Shareholders	%	Share Amount INR	%
1 - 5000	1211	73.22	18,51,120	4.98
5001 - 10000	183	11.06	15,41,010	4.14
10001 - 20000	106	6.41	16,17,130	4.35
20001 - 30000	46	2.78	12,02,300	3.23
30001 - 40000	13	0.79	4,72,670	1.27
40001 - 50000	21	1.27	9,84,770	2.65
50001 - 100000	31	1.87	22,57,500	6.07
100001 & Above	43	2.60	2,72,76,500	73.32
Total	1654	100.00	3,72,03,000	100.00

(E) Categories of Shareholders as on March 31, 2011

Category	Shares	%
Promoters & Promoter Group	18,50,605	49.74
Banks / FIs / MFs / Governments	43,000	1.16
Bodies Corporate	2,65,339	7.13
NRIs / OCBs	10,442	0.28
Indian Public	15,50,914	41.69
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. Sathguru Management Consultants 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.

Company Number: L72200AP1992PLC015099
Company Name: Danlaw Technologies India Limited
Financial Year: 01.04.2010 to 31.03.2011
Authorized Capital: Rs.5,00,00,000/-
Paid-up Capital: Rs.3,72,03,000/-

FORM
[SEE RULE 3]
Compliance Certificate

To
The Members
Danlaw Technologies India Limited

We have examined the registers, records, books and papers of Danlaw Technologies India Limited (the Company) as required to be maintained under the Companies Act, 1956 (the Act), and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March 2011. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we 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 of the Act and the rules made thereunder and all entries therein have been recorded.
2. the Company has filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, as specified in that Annexure.
3. the Company is not a private limited company.
4. the Board of Directors met 4 (four) times on 22nd May 2010, 19th July 2010, 15th October 2010 and 28th January 2011, in respect of which meetings notices were given and the proceedings were recorded and signed in the Minutes Book maintained for the purpose.
5. the Company closed its Register of Members from 27th September 2010 to 30th September 2010 and necessary compliance of section 154 of the Act has been made.
6. the annual general meeting for financial year ended on 31st March 2010 was held on 30th September 2010 after giving notice to the Members of the Company and the resolutions passed thereat were recorded in the Minutes Book maintained for the purpose.
7. no extraordinary general meeting was held.
8. the Company has not advanced any loans to its directors and / or persons or firms or companies referred to in section 295 of the Act.
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 as required under sections 301(1) and 301(3) of the Act 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.
13. the Company:
 - i. has not allotted any shares and has not received any shares for transfer, transmission or any other purpose.
 - ii. has not declared any dividend including interim dividend.
 - 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 complied with the requirements of section 217 of the Act.
14. the Board of Directors of the Company is properly constituted, appointment of directors and additional directors were properly made and there were no appointment of alternate directors and directors to fill casual vacancies.
 15. the Company has not appointed any Managing Director / Whole-time Director / Manager.
 16. the Company has not appointed any sole-selling agents.
 17. the Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar or such other authorities as may be prescribed under various provisions of the Act.
 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 thereunder.
 19. the Company has not issued any shares / debentures / other securities.
 20. the Company has not bought back any shares.
 21. the Company has not redeemed 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 as no dividend was declared and no rights / bonus shares were issued.
 23. the Company has not accepted any deposits and accordingly compliance with the provisions of sections 58A and 58AA of the Act does not arise. Accordingly, the Company was not required to file any copy of Advertisement / Statement in lieu of Advertisement / necessary particulars with the Registrar of Companies or any return of deposit with the Registrar of Companies / Reserve Bank of India / other authorities.
 24. the amount borrowed by the Company from directors, members, public, financial institutions, banks and others during the financial year ending 31st March 2011 is within the borrowing limits of the Company provided under section 293(1)(d) of the Act.
 25. the Company has made loans and 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 given guarantees or provided securities to other bodies corporate.
 26. the Company has not altered the provisions of the Memorandum of Association with respect to situation of registered office of the Company from one State to another.
 27. the Company has not altered the provisions of the Memorandum of Association with respect to objects of the Company.
 28. the Company has not altered the provisions of the Memorandum of Association with respect to name of the Company.
 29. the Company has not altered the provisions of the Memorandum of Association with respect to share capital of the Company.
 30. the Company has not altered its Articles of Association.
 31. no prosecution was initiated against the Company and no show cause notices were received by the Company for alleged offences under the Act.
 32. the Company has not received any amount as security from its employees.

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.

For Gopinath Surey & Co.,
Company Secretaries

Place: Hyderabad
Date: July 20, 2011

Gopinath Surey
C.P . No: 3256

Annexure A

Registers as maintained by the Company:

1. Copies of instruments creating charges u/s 136
2. Register of charges u/s 143
3. Register of members u/s 150
4. Copies of annual returns u/s 163
5. Minutes of board meetings and general meetings u/s 193
6. Register of contracts in which directors are interested u/s 301(1)
7. Register of companies and firms in which directors are interested u/s 301(3)
8. Register of directors u/s 303
9. Register of directors' shareholdings u/s 307
10. Register of loans and investments made, guarantees given or securities provided u/s 372A

Annexure B

Forms and Returns as filed by the Company with the Registrar of Companies during the financial year ending on 31st March 2011:

1. Form 32 u/s 303 for changes in directorships made on 19.07.2010 was filed on 22.07.2010
2. Form 66 u/s 383A for the financial year ending 31.03.2010 was filed on 27.10.2010
3. Forms 23AC & 23ACA u/s 220 for the financial year ending 31.03.2010 were filed on 29.10.2010
4. Form 20B u/s 159 as on 30.09.2010 was filed on 04.12.2010

CORPORATE GOVERNANCE CERTIFICATE

The Members of
M/s Danlaw Technologies India Limited
Hyderabad

We have examined the compliance of the conditions of Corporate Governance by M/s. Danlaw Technologies India Limited for the year ended on 31st March, 2011 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that in respect of investor grievances received during the year ended 31st March, 2011 no investor grievances are pending against the Company as on 30th April, 2011 as per the records maintained by the Company and presented to the Investors/Shareholders Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For M/s. RAMANA REDDY & ASSOCIATES
CHARTERED ACCOUNTANTS
FRN: 003246S

PLACE : HYDERABAD.
DATE : July 20, 2011

(CA. KISHOREKUMAR.K)
PARTNER
Membership No. 215459

DECLARATION OF COMPLIANCE OF CODE OF CONDUCT

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

Place Hyderabad
Date : July 20, 2011

Raju S Dandu
Chairman & Managing Director

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 Structure and Development

Post the global economic slowdown, the discretionary spending has returned. Based on the pent-up demand from corporate sector there was a surge in spending, both in traditional and emerging markets.

According to the Nasscom Strategic Review 2011, export revenues are estimated to gross USD 59 billion in FY2011 accounting for 2 million workforce. As per the same report, worldwide technology products and services related spend is estimated to reach USD 1.6 trillion in FY 2011. Worldwide hardware spend has increased by 6.4 percent on the back of global refresh cycle.

The recovery of US auto industry along with continued growth in BRICS (Brazil, Russia, India, China and South Africa) provides great opportunities for technology companies. The number of ECUs (Electronic Control Unit) in an automobile is increasing day by day. The emergence of hybrid vehicles as well as electric cars increases the electronics multifold. This trend has created shortage of talent in US. The auto companies and the tier-1 suppliers are looking to increase their outsourcing.

Danlaw is still considered by our global clients as a premier source for designing and developing advanced technology products and solutions. Our model effectively integrates onsite and offshore execution capabilities to deliver both hardware and software solutions. We continue to train our resources in a broad range of existing and emerging technologies. The continued focus areas of your company are Embedded Engineering Solutions (Hardware, Firmware and Software), Information Technology Services, and Intelligent Security Solutions. The diversification along with presence in both Indian and Overseas markets is our key for sustainability.

Opportunities And Threats

Opportunities

There is a significant growth in the high end engineering solutions in the domestic defense industry. This provides great opportunity for Danlaw.

There is tremendous growth of electronic content in automobiles. This plays well in your company's strength.

The growth in the hybrid and electric vehicle segment also provides greater opportunities for embedded solutions globally

Threats, Risks and Concerns

Financial risks include foreign currency rate fluctuations. New competitors may enter the markets in which your company operates. A possibility of a double dip recession globally could impact the growth in the upcoming year.

Performance and Outlook

The Engineering division continues to develop technologically advanced and complex solutions for both the domestic and overseas customers. As a sign of pent-up demand one of our automotive tier-1 suppliers has expanded the offshore development team from 12 to 22 in the past few months. The global push towards hybrid and electric vehicles provides us an opportunity for growth and positions us well for the future.

The Intelligent Security Solutions continues to face significant competition from low cost products from China. The division is exploring the possibilities of adding low cost alternatives (while maintaining high quality) to its product portfolio. The cost cutting measures taken by the management will help us remain competitive. The company is confident of sustainable growth. Your company's focus on cost and operational efficiencies enhances our strength in global environment.

Business Outlook

Your company continues to forge relationships with several domestic companies along with expanding our relationships with global non-automotive customers. Some of the products developed for our domestic customers should come into production in the current fiscal year. As the global economy turns around, Strategic steps taken by your company enable us to be stronger as the global economy shows the signs of recovery.

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 2010-11.

The net sales for current year are 776 Lakhs as compared to 617 Lakhs in the last fiscal year and this represents a year over year growth of 26%. The net profit before tax is 7.67 Lakhs as compared to a loss of 35.55 Lakhs in the previous FY.

Material Development In Human Resources

Your Company believes that the quality of its employees is the key to success in the long run and is 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 94 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, General Manager-Finance 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 2011 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: July 20, 2011

(RAJU S DANDU)
Chairman & Managing Director

(AVRKVARMA)
General Manager - Finance

AUDITORS' REPORT

The Members of
DANLAW TECHNOLOGIES INDIA LIMITED,
HYDERABAD.

1. We have audited the attached Balance Sheet of M/s. DANLAW TECHNOLOGIES INDIA LIMITED as at 31st March, 2011, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 of India (the Act) and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we set out in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
 - (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (iv) In our opinion, the Balance sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - (v) On the basis of written representations received from the directors, as on 31st March, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

(vi) In our opinion to the best of our information and according to the explanations given to us, the said accounts together with the notes thereon and attached thereto give in the prescribed manner the information required by the Companies Act, 1956 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 2011;
- (b) In the case of the Profit and Loss account, of the Loss for the year ended on that date; and
- (c) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

for RAMANA REDDY & ASSOCIATES
CHARTERED ACCOUNTANTS
FRN: 003246S

PLACE : HYDERABAD.
DATE : July 20, 2011

(CA. KISHORE KUMAR. K)
PARTNER
Membership No. 215459

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph (3) 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 thereunder 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, 2011 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.976.25 lakhs as on 31.03.2011 and it has not incurred any cash losses for the financial year ended on that date but incurred a cash loss of Rs.36.37 lakhs 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 given guarantees for loans taken by others from banks or financial institutions, the terms and conditions, whereof, in our opinion are not prima facie prejudicial to the interest of the company.
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 : July 20, 2011

(CA. KISHORE KUMAR. K)
PARTNER
Membership No. 215459

Balance Sheet as at

		in Rs.	
	Schedule	31-03-2011	31-03-2010
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	1	3,72,03,000	3,72,03,000
Reserves and Surplus	2	27,06,57,400	27,06,57,400
Secured Loans	3	2,51,79,345	2,65,66,121
		33,30,39,745	33,44,26,521
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	4	5,09,60,123	4,98,51,760
Less: Depreciation		3,99,09,121	3,83,58,069
Net Block		1,10,51,002	1,14,93,691
INVESTMENTS			
DEFERRED TAX ASSET (NET)	5	2,95,66,245	2,95,66,245
	6	4,68,06,125	4,91,76,546
CURRENT ASSETS, LOANS AND ADVANCES			
Sundry Debtors	7	7,61,61,739	8,65,57,755
Cash and bank balances	8	6,14,65,126	6,04,40,808
Loans and advances	9	1,83,96,367	1,75,44,502
Inventory		48,62,883	46,64,348
		16,08,86,115	16,92,07,413
Less: Current liabilities & Provisions	10	1,28,95,161	1,97,27,734
NET CURRENT ASSETS		14,79,90,954	14,94,79,679
Profit & Loss Account		9,76,25,419	9,47,10,360
		33,30,39,745	33,44,26,521
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS			
	15		

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 SDANDU
Chairman &
Managing Director

M.A. ASHOK KUMAR
Director

(CA.KISHOREKUMAR.K)
Partner
Membership No: 215459

Hyderabad
July 20, 2011

Profit and Loss Account for the period ended

in Rs.

	Schedule	31-03-2011	31-03-2010
INCOME			
Income from Operations			
- Exports		2,95,42,031	2,67,36,411
- Domestic		3,51,16,965	1,86,37,708
Other income	11	79,56,469	77,41,620
		7,26,15,465	5,31,15,739
EXPENDITURE			
Direct Cost	12	4,70,44,609	3,49,04,149
Selling Expenses	13	52,02,648	48,59,148
General and Administration expenses	14	1,72,23,250	1,47,46,825
		6,94,70,507	5,45,10,122
Operating Profit [PBIDT]		31,44,958	(13,94,383)
Interest		21,38,544	22,42,756
Depreciation		15,51,052	15,62,471
Exceptional Items		-	-
Extraordinary Items		-	-
Profit/(Loss) before tax		(5,44,638)	(51,99,610)
Less: Deferred Tax (Asset)		(23,70,421)	14,28,813
Profit/(Loss) after tax		(29,15,059)	(37,70,797)
Profit carried forward from last year		(9,47,10,360)	(9,09,39,563)
AMOUNT TRANSFERRED TO BALANCE SHEET		(9,76,25,419)	(9,47,10,360)
Basic & diluted EPS		(0.78)	(1.01)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

15

The Schedules referred to above and the notes thereon form an integral part of the Profit and Loss Account

This is the Profit & Loss Account 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

M.A. ASHOKUMAR
Director

(CA.KISHORE KUMAR.K)
Partner
Membership No: 215459

Hyderabad
July 20, 2011

Schedules to the Balance Sheet as at

in Rs.

	31-03-2011	31-03-2010
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		
Share premium account	26,58,07,400	26,58,07,400
Convertible warrants forfeited	32,50,000	32,50,000
Investment Subsidy	16,00,000	16,00,000
	27,06,57,400	27,06,57,400
3. SECURED LOANS		
Car loans from HDFC Bank Limited	25,606	2,37,483
The Dhanalakshmi Bank Ltd	2,51,53,739	2,63,28,638
	2,51,79,345	2,65,66,121

4. FIXED ASSETS

Assets	Gross Block				Depreciation				Net Block	
	Cost as at 31-03-2010	Additions during the year	Deductions during the year	Cost as at 31-03-2011	Total upto 31-03-2010	For the year	Deductions during the year	As at 31-03-2011	As at 31-03-2011	As at 31-03-2010
Additions to Leasehold premises	14,84,850			14,84,850	2,35,979	24,203		2,60,182	12,24,668	12,48,871
Computers & software	3,04,82,833	9,44,043		3,14,26,876	2,92,33,877	4,18,462		2,96,52,339	17,74,537	12,48,956
Office Equipment	14,29,983	1,64,320		15,94,303	6,23,690	90,536		7,14,226	8,80,077	8,06,293
Electrical Equipment	13,03,432			13,03,432	5,31,763	43,542		5,75,305	7,28,127	7,71,669
Lab Equipment	14,56,827			14,56,827	5,17,723	69,199		5,86,922	8,69,905	9,39,104
D G Set	2,94,616			2,94,616	1,50,156	13,994		1,64,150	1,30,466	1,44,460
Elevator	3,25,123			3,25,123	1,55,676	15,443		1,71,119	1,54,004	1,69,447
Air-conditioners	16,36,508			16,36,508	7,53,775	77,734		8,31,509	8,04,999	8,82,733
Furniture & Fixtures	62,31,392			62,31,392	38,59,464	3,94,447		42,53,911	19,77,481	23,71,928
Office Interiors	19,17,818			19,17,818	8,42,443	91,096		9,33,539	9,84,279	10,75,375
Vehicles	32,88,378			32,88,378	14,53,523	3,12,396		17,65,919	15,22,459	18,34,855
Grand Total	4,98,51,760	11,08,363	-	5,09,60,123	3,83,58,069	15,51,052	-	3,99,09,121	1,10,51,002	1,14,93,691
Previous Year	4,92,61,160	5,90,600	-	4,98,51,760	3,67,95,598	15,62,471	-	3,83,58,069	1,14,93,691	1,24,65,562

Schedules to the Balance Sheet as at

		in Rs.	
		31-03-2011	31-03-2010
5.	INVESTMENTS		
	Investment in Danlaw Technologies Inc (WOS)	2,95,66,245	2,95,66,245
		2,95,66,245	2,95,66,245
6.	DEFERRED TAX ASSET (NET)		
	Fixed Assets	34,67,785	(17,67,077)
	Investments	-	70,48,963
	Others	4,33,38,340	4,38,94,660
		4,68,06,125	4,91,76,546
7.	SUNDRY DEBTORS		
	Unsecured considered good		
	Debts outstanding for a period exceeding six months	5,14,21,453	6,66,39,050
	Others	2,47,40,286	1,99,18,705
		7,61,61,739	8,65,57,755
8.	CASH AND BANK BALANCES		
	Cash on hand	12,669	4,656
	Balances with banks		
	- in current accounts	2,51,202	1,01,533
	- in EEFC accounts	4,82,918	44,271
	- in deposit accounts in Indian rupees	6,07,18,337	6,02,90,348
		6,14,65,126	6,04,40,808
9.	LOANS AND ADVANCES		
	Unsecured, considered good		
	Advances recoverable in cash or in kind or for value to be received		
	Earnest Money Deposit	3,21,454	2,43,454
	Advances for expenses	2,34,311	3,87,826
	Advances for purchases	2,370	2,48,498
	Rent deposits	13,87,359	14,10,352
	Deposits with Government Agencies	4,74,055	4,71,055
	Prepaid Expenses	1,67,160	83,355
	Interest Receivable	54,68,485	48,71,984
	Tax Deduction at Source	25,99,654	28,05,474
	Intercorporate Deposits	77,41,519	70,22,504
		1,83,96,367	1,75,44,502
10.	CURRENT LIABILITIES		
	Sundry Creditors - for goods	33,57,256	65,37,543
	- for services	4,48,750	69,40,370
	- for expenses	89,25,968	61,15,075
	Outstanding dues of micro and small enterprises	-	-
	Advances from customers	1,63,187	1,34,746
		1,28,95,161	1,97,27,734

Schedules to P & L Account

		in Rs.	
		31-03-2011	31-03-2010
11.	OTHER INCOME		
	Interest Income (TDS - Rs.4,54,455/-, Previous year Rs.6,51,051/-)	45,10,302	53,99,119
	Exchange Gain (net)	33,25,951	19,25,804
	Interest on IT Refund	1,19,832	1,16,697
	Miscellaneous Income	384	3,00,000
		79,56,469	77,41,620
12.	DIRECT COST		
	Salaries & other benefits	2,80,30,066	2,30,68,734
	Sub-contract works	5,60,368	4,56,752
	Cost of Biometrics goods sold	1,20,77,726	65,46,702
	Cost of electronic components	47,31,227	39,14,313
	Freight outward	1,25,737	1,10,418
	Transit insurance	22,878	14,538
	Travel & Conveyance	14,96,607	7,92,692
		4,70,44,609	3,49,04,149
13.	SELLING EXPENSES		
	Salaries & other benefits	43,02,309	41,03,134
	Travel & Conveyance	7,18,984	5,66,601
	Business development expenses	91,355	79,461
	Sales commission	85,000	1,06,000
	Advertisement	5,000	3,952
		52,02,648	48,59,148

Schedules to P & L Account

		in Rs.	
		31-03-2011	31-03-2010
14.	ADMINISTRATION AND OTHER EXPENSES		
	Advertisement	38,744	47,777
	AGM Expenses	21,605	23,700
	Audit expenses	300	2,100
	Auditor's remuneration - audit fees	90,000	80,00
	Bank charges and commission	51,642	58,091
	Books & Periodicals	11,936	10,299
	Bad debts written off	8,329	2,31,523
	Depository Registrar Fee	74,850	74,288
	Directors sitting fee	95,000	70,000
	Insurance Charges	3,56,148	2,68,393
	Internet Service Charges	1,88,799	2,38,001
	Legal & Professional Charges	1,92,700	2,10,534
	Listing Fee	10,000	10,000
	Miscellaneous Expenses	1,545	4,454
	Office Maintenance	9,80,121	9,69,088
	Postage & Telegrams	90,743	84,958
	Power and Fuel	11,93,536	9,42,943
	Printing and Stationery	2,37,808	1,82,822
	Registration, Licence & Filing Fee	86,676	7,094
	Rent, Rates & Taxes	52,34,813	47,51,786
	Salaries & other benefits	65,06,852	50,59,227
	Staff Recruitment & Training	1,09,423	47,668
	Staff welfare	9,50,393	5,26,412
	Telephone charges	4,54,927	4,97,896
	Travel and Conveyance		
	Directors	1,39,294	2,39,742
	Others	97,066	1,08,029
		1,72,23,250	1,47,46,825

15. Significant Accounting Policies And Notes On Accounts

15.1 Significant accounting policies

15.1.1 Basis for preparation of financial statements

The financial statements have been prepared under the historical-cost 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.

15.1.2 Revenue recognition

Revenue from software development is recognized based on software developed and billed to clients as per the terms of specific contracts. In the case of fixed-price contracts, revenue is recognized based on the work completed.

15.1.3 Expenditure

Expenses are accounted on accrual basis.

15.1.4 Fixed assets

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

15.1.5 Inventory

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

15.1.6 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.

15.1.7 Foreign currency transactions

In the case of sales 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 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 at which the EEFC funds are maintained in the books of account.

15.1.8 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.

15.2 Notes on accounts

The previous year's figures have been regrouped, reclassified / restated, wherever necessary, to conform to the current year's classification.

15.2.1 Contingent liabilities

The Company has outstanding counter guarantees of Rs.98,26,200/- as at March 31, 2011, to various banks, in respect of guarantees given by the said banks in favor of bodies corporate to the extent of Rs.96,23,084/- and Rs.2,03,116/- to government authorities. The counter guarantees outstanding as at the previous year-end was Rs. 93,19,557/- and Rs.2,61,465/- respectively.

15.2.2 Quantitative details

The information as required under paragraphs 3, 4C and 4D of Part II of Schedule VI of the Companies Act, 1956 are not applicable to this company.

15.2.3 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.3.75 lakhs has been recognized as Deferred Tax Asset accrued during the year and Rs.27.45 Lakhs as Deferred Tax Liability on time barred carry forward loss. Thus Net Deferred Tax Liability of Rs.23.70 Lakhs charged in Profit & Loss Account

b) Major components of deferred tax assets on account of timing differences are -

Year ended March 31	2011	2010
Fixed Assets	21,233	11,81,625
Others	23,49,188	2,47,188
Total	23,70,421	14,28,813

15.2.4 Secured Loans:

Overdraft facility from The Dhanalakshmi Bank Ltd is secured against the fixed deposits of the Company.

15.2.5 Managerial Remuneration

The following managerial remuneration was paid as per the board of director's decision and approved by the shareholders.

Whole time Directors Rs.

Particulars	Raju S Dandu, CMD
Salary	10,80,000
Contribution to PF	1,29,600
Medical	2,801
Total	12,12,401

15.2.6 Related Party transactions

The Company had transactions with the following related parties:

Danlaw Inc., USA (DI) in which Mr. Raju S Dandu is CEO; Danlaw Technologies Inc., USA, (DTI) which is 100% Subsidiary of Danlaw Technologies India Ltd; Danlaw Systems India Ltd., in which Mrs. Lakshmi Dandu wife of Mr. Raju S Dandu is director; Mr. Raju S Dandu, Chairman & Managing Director (CMD); Mr. D S N Raju, brother of Raju S Dandu, and Mrs. D Lakshmi, wife of Mr. D S N Raju.

Summary of the transactions with the above related parties is as follows:

Rs. in Laacs

Nature of transaction	Transactions for the year ended March 31		Balance as at March 31	
	2011	2010	2011	2010
<u>Sales</u>				
Danlaw Inc	-	-	--	117.42
Danlaw Technologies Inc	291.31	267.01	622.04	652.07
<u>Purchases</u>				
Danlaw Inc	1.66	3.14	--	13.43
Danlaw Technologies Inc	-	-	--	53.88
<u>Remuneration</u>				
Raju S Dandu	12.12	9.12	-	-
<u>Lease Rentals</u>				
D Lakshmi	33.32	41.48	5.66	9.33
DSN Raju	12.57	-	5.66	--
<u>ICD</u>				
Danlaw Systems (I) Ltd	7.19	(2.89)	121.90	110.63
<u>Investments (WOS)</u>				
Danlaw Technologies Inc	-	-	295.66	295.66

The receivable and payables are confirmed by the Danlaw Inc as well Danlaw Technologies Inc.

15.2.7 Segment reporting

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

15.2.8 Imports on CIF basis

In Rs.

Year ended March 31	2011	2010
Capital goods	Nil	Nil

15.2.9 Expenditure in foreign currency

In Rs.

Year ended March 31	2011	2010
Outflow	1,04,09,333	55,68,919

15.2.10 Earnings in foreign exchange

In Rs.

Year ended March 31	2011	2010
Inflow	4,15,26,563	1,66,41,312

15.2.11 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, 2011. 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.

Signatures to Schedules 1 to 15

for and on behalf of the Board

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

RAJUS DANDU
Chairman &
Managing Director

M.A. ASHOK KUMAR
Director

(CA.KISHORE KUMAR.K)
Partner
Membership No: 215459

Hyderabad
July 20, 2011

Statement of cash flows for the year ended March 31

	in Rs.	
	2011	2010
Cash flows from operations		
Profit from operations	(5,44,638)	(51,99,610)
Depreciation and depletion	15,51,052	15,62,471
Investment Subsidy	-	2,00,000
Decrease (increase) in sundry debtors	1,03,96,016	(62,73,624)
Decrease (increase) in loans and advances	(8,51,865)	1,57,774
Decrease (increase) in inventory	(1,98,535)	(5,84,326)
Increase (decrease) in current liabilities	(68,32,573)	8,15,487
Net cash from operations	(35,19,457)	(93,21,828)
Cash flows from financing		
Secured loans	(13,86,776)	87,06,662
Net cash from financing	(13,86,776)	87,06,662
Cash flows from investing		
Purchase of Fixed Assets	(11,08,363)	(5,90,601)
Net cash from investing	(11,08,363)	(5,90,601)
Total increase (decrease) in cash and equivalents during the year	10,24,318	(12,05,767)
Cash and equivalents at the beginning of the year	6,04,40,808	6,16,46,575
Cash and equivalents at the end of the year	6,14,65,126	6,04,40,808

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

M.A. ASHOK KUMAR
Director

(CA.KISHORE KUMAR.K)
Partner
Membership No: 215459

Hyderabad
July 20, 2011

Balance Sheet Abstract And Company's General Profile

I)	Registration No.	15099	State Code:	01
	Corporate Identification No. (CIN)	L72200AP1992PLC015099		
II)	Capital raised during the year (Amount in Rs.in ,000)			
	Public Issue	- NIL -	Right Issue	- NIL -
	Bonus Issue	- NIL -	Private Placement	- NIL -
III)	Position of Mobilization and deployment of funds: (Amount in Rs.in ,000)			
	Total Liabilities	3,33,040	Total Assets	3,33,040
	Sources of Funds		Application of Funds	
	Paid-up Capital	37,203	Net Fixed Assets	11,051
	Reserves & Surplus	2,70,658	Investments	29,566
	Secured Loans	25,179	Deferred Tax Asset (Net)	46,806
			Net Current Assets	1,47,991
			Profit & Loss Account	97,626
IV)	Performance of Company (Amount in Rs.in ,000)			
	Turnover	72,615	Total Expenditure	73,161
	Profit/Loss before Tax	(545)	Profit after Tax	(2,915)
	Earning per share (Rs.)	(0.78)	Dividend Rate	- NIL -
V)	Generic Names of principal products, services of the Company			
	Item Code No.	85249009.1		
	Product Description	Computer Software		

for and on behalf of the Board

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

RAJU S DANDU
Chairman &
Managing Director

M.A. ASHOK KUMAR
Director

(CA.KISHORE KUMAR.K)
Partner
Membership No: 215459

Hyderabad
July 20, 2011

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 2010 to March 2011
 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 2010-11.

No.	Particulars	In USD		Rs. in lakhs	
		2010-11	2009-10	2010-11	2009-10
1	Revenue	927,108	920,649	423.59	435.67
2	Cost of Sales	849,186	823,937	387.83	389.38
3	Gross Profit	77,922	96,712	35.76	46.29
4	General and Administrative Expenses	49,424	62,798	22.63	29.85
5	Profit/(Loss) from Operations	28,498	33,914	13.13	16.44
6	Paid up equity share capital	640,000	640,000	295.66	295.66

The overall performance of DTI remained consistent with previous year in spite of 15% drop in revenues from Centeniel Billing operations. Due to changes in the reimbursement by state of Colorado the overall billing revenue for school districts has dropped. In order to protect our revenue the company has decided to charge a flat fee per month as opposed to a percentage of billing. While this has dropped the revenues, we are able to retain all the customers. The overall costs have been reduced to keep the profit margins in tact.

Raju S Dandu

President



CERTIFIED PUBLIC ACCOUNTANT CERTIFICATE
ON WHOLLY OWNED SUBSIDIARY

GRANT, MILLMAN & JOHNSON, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
AND BUSINESS CONSULTANTS
38475 W. THIRTEEN MILE ROAD, SUITE 200
NOVI, MICHIGAN 48334-2266

Independent Accountants' Review Report

To the Board of Directors
Danlaw Technologies, Inc.
Farmington Hills, 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, 2011 and 2010 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 managements 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 State 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 review 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 preform procedures to obtain limited assurance that there are no material modification 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 generally accepted accounting principles generally accepted in the United States of America.

GRANT, MILLMAN & JOHNSON, P.C.

June 2, 2011

DANLAW TECHNOLOGIES, INC.
BALANCE SHEETS
March 31, 2011 and 2010

ASSETS

	2011	2010
Current Assets:		
Cash	\$ 14,477	\$ 27,113
Accounts Receivable	51,901	1,09,469
Accounts Receivable – Parent	-	118,028
Accounts Receivable - Affiliate	1,087,195	1,269,728
Inventory	4,750	-
Total Current Assets	1,158,323	1,524,338
Property and Equipment:		
Computer Equipment	16,549	16,549
Office Furniture and Equipment	8,830	8,007
	25,379	24,556
Less: Accumulated Depreciation	(20,744)	(16,620)
Total Property and Equipment	4,635	7,936
Other Assets:		
Goodwill	205,000	205,000
TOTAL ASSETS	\$ 1,367,958	\$ 1,737,274

LIABILITIES AND STOCK HOLDER'S EQUITY

Current Liabilities:		
Accounts Payable - Affiliate	\$ 22,450	\$ 35,373
Accounts Payable – Other	23,162	19,864
Accounts Payable – Parent	1,353,202	1,467,684
Accrued Payroll and Payroll Taxes	2,018	10,742
Loans	20,000	284,983
Total Current Liabilities	1,420,832	1,818,646
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	(692,874)	(721,372)
Total Stockholder's Equity (Deficit)	(52,874)	(81,372)
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	\$ 1,367,958	\$ 1,737,274

See accompanying notes and accountants' review report.

STATEMENTS OF OPERATIONS
For the Years Ended March 31, 2011 and 2010

	2011	2010
Revenue:		
Automotive Electronics	\$ 657,516	\$ 603,477
Security Products	-	3,550
ESAP sp Sales	269,592	313,652
Total Revenue	<u>927,108</u>	<u>920,649</u>
Cost of Sales:		
Subcontract Work - Parent	557,700	448,105
Subcontract Work - Affiliate	15,000	26,000
Cost of Products - Parent	85,515	129,200
Hardware Parts	-	1,160
Security Product Costs	-	1,770
Shipping Costs	38	25
Billing Salaries	145,879	152,189
Payroll Taxes	13,543	14,070
Employee Benefits	18,850	22,100
ESAP sp Processing Fees	12,362	29,318
Total Cost of Sales	<u>849,186</u>	<u>823,937</u>
Gross Profit	77,922	96,712
General and Administrative Expenses:		
Business Development	2,637	3,085
Travel & Lodging	3,212	1,797
Payroll Preparation	1,601	1,483
Telephone	4,790	5,686
Meals & Entertainment	324	157
Rent & Utilities	2,484	9,665
Professional Services	4,555	3,260
Server Hosting	4,200	5,310
Repairs & Maintenance	1,057	6,137
Office Supplies and Expenses	7,278	8,030
Depreciation	4,124	4,951
Bank Charges	496	500
Other	12,666	12,737
Total General and Administrative Expenses	<u>49,424</u>	<u>62,798</u>
NET INCOME	<u>\$ 28,498</u>	<u>\$ 33,914</u>

See accompanying notes and accountants' review report.

STATEMENTS OF STOCKHOLDER'S EQUITY
For the Years Ended March 31, 2011 and 2010

	Accumulated Deficit	Additional Paid-in Capital	Common Stock	Total
Balance March 31, 2009	\$ (755,286)	\$ 300,000	\$ 340,000	\$ (150,286)
Net Income	(33,914)	-	-	33,914
Balance March 31, 2010	(721,372)	300,000	340,000	(81,372)
Net Income	28,498	-	-	28,498
Balance March 31, 2011	<u>\$ (692,874)</u>	<u>\$ 300,000</u>	<u>\$ 340,000</u>	<u>\$ (52,874)</u>

STATEMENTS OF CASH FLOWS
For the Years Ended March 31, 2011 and 2010

	2011	2010
Cash Flows From Operating Activities:		
Net Income	\$ 28,498	\$ 33,914
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation	4,124	4,951
Changes in Operating Assets and Liabilities:		
Accounts Receivable	358,129	(257,409)
Inventory	(4,750)	-
Accounts Payable	124,107	227,233
Accrued Payroll and Payroll Taxes	(8,724)	3,167
Net Cash Provided by Operating Activities	<u>253,170</u>	<u>11,856</u>
Cash Flows from Investing Activities:		
Purchase of Property and Equipment	(823)	(550)
Cash Flows from Financing Activities:		
Loan Repayment	(264,983)	-
Increase (Decrease) in Cash	<u>(12,636)</u>	<u>(11,306)</u>
Cash at Beginning of Year	27,113	15,807
Cash at End of Year	<u>\$ 14,477</u>	<u>\$ 27,113</u>

See accompanying notes and accountants' review report.

Notes To Financial Statements

March 31, 2011 and 2010

NOTE 1- 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 U.S. generally accepted accounting principles 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 Federal Deposit Insurance Corporation insurance limits of \$250,000.

Accounts Receivable and Concentration of Credit Risk

At March 31, 2011 and 2010, the Company's accounts receivable are due mainly from affiliates and concentrated in the automotive suppliers 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.

Depreciation

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

Notes To Financial Statements (continued)

March 31, 2011 and 2010

NOTE 1 - Summary of Accounting Policies (Continued):

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 effect of adopting this provision was not material. 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 business acquired over the fair value of net assets acquired. Goodwill is reviewed annually for impairment of stated value. There were no losses for goodwill impairment recognized.

Subsequent Events

Management has evaluated events and transactions through June 2, 2011, the date the financial statements were available to be issued.

NOTE 2 - Income Taxes:

There is no provision for current income taxes included in the 2011 or 2010 statement of operations due to the net operating losses available to offset taxable income.

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.

The Company files income tax returns with various federal and state tax jurisdictions. Tax returns filed with the Internal Revenue Service for the years 2008 - 2010 are subject to examination. Tax returns filed with the various states are subject to examination for the years 2007 -2010.

Notes To Financial Statements (continued)
March 31, 2011 and 2010

NOTE 2 - Income Taxes (Continued):

The deferred tax asset is as follows at March 31:

	2011	2010
Deferred income tax		
Benefit of net operating loss carry over	\$ 258,000	\$ 263,000
Goodwill	(25,000)	-
Valuation allowance	(233,000)	(263,000)
Total Deferred Income Tax	\$ -	\$ -

For income tax purposes at March 31, 2011, the Company has net operating loss carryovers which expire as follows:

Fiscal Years Ended March 31	
2023	\$ 84,000
2024	\$ 148,000
2027	\$ 128,000
2028	\$ 268,000
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 summarizes transactions and outstanding balances with the related entities:

Transactions For The Year Ended March 31:

	2011	2010
<u>Sales</u>		
Danlaw Inc.	\$ 577,015	\$ 453,805
<u>Purchases</u>		
Danlaw Technologies India, Ltd.	\$ 648,265	\$ 577,305
Danlaw, Inc.	\$ 15,000	\$ 26,000
<u>Administration Fees</u>		
Danlaw, Inc.	\$ 6,200	\$ 9,300
Balances as of March 31:		
<u>Accounts Receivable</u>		
Danlaw, Inc.	\$ 1,087,195	\$ 1,269,728
Danlaw Technologies India Ltd	\$ -	\$ 118,028
<u>Accounts Payable</u>		
Danlaw Technologies India, Ltd.	\$ 1,353,202	\$ 1,467,684
Danlaw, Inc.	\$ 22,450	\$ 35,373

Notes To Financial Statements (continued)

March 31, 2011 and 2010

NOTE 4- Lease Commitments

The Company rents office space on a month-to-month basis. For the years ended March 31, 2011 and 2010, rent paid was \$1,800 and \$7,200 respectively.

NOTE 5- 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' contribution to the plan and may contribute additional amounts at its discretion. There were no employer contributions for the years ended March 31, 2011 and 2010.

AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors
Danlaw Technologies India limited
Hyderabad.

We have examined the attached Consolidated Balance Sheet of Danlaw Technologies India Limited and its subsidiary as at March 31, 2011, the Consolidated Profit and Loss Account for the year then ended.

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements based on our audit. We have conducted our audit of the parent Company in accordance with generally accepted auditing standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit for the parent Company provides a reasonable basis for our opinion.

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.

We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of Danlaw Technologies India Limited and reviewed financial statements of the subsidiary are included in the consolidated financial statements.

On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of Danlaw Technologies India Limited and its aforesaid subsidiary, we are of the opinion that:

- a) the Consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of Danlaw Technologies India Limited and its subsidiaries as at March 31, 2011; and
- b) the Consolidated Profit & Loss Account gives a true and fair view of the consolidated results of operations of Danlaw Technologies India Limited and its subsidiary for the year then ended.

for RAMANA REDDY & ASSOCIATES
CHARTERED ACCOUNTANTS
FRN: 003246S

Place :Hyderabad
Date: July 20, 2011

(CA. KISHORE KUMAR.K)
PARTNER
Membership No - 215459

Consolidated Balance Sheet as at

		<i>in Rs.</i>	
	Schedule	31-03-2011	31-03-2010
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	1	3,72,03,000	3,72,03,000
Reserves and Surplus	2	27,31,53,642	27,49,83,734
Secured Loans	3	2,51,79,345	2,65,66,121
		33,55,35,987	33,87,52,855
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	4	5,20,94,057	5,09,42,046
Less: Depreciation		4,08,35,963	3,90,95,997
Net Block		1,12,58,094	1,18,46,049
DEFERRED TAX ASSET (NET)	5	5,83,33,565	6,08,53,746
CURRENT ASSETS, LOANS AND ADVANCES			
Sundry Debtors	6	6,48,53,035	8,25,86,650
Cash and bank balances	7	6,21,11,958	6,16,44,625
Loans and advances	8	1,83,96,367	1,75,44,502
Inventory		50,75,113	46,64,348
		15,04,36,473	16,64,40,125
Less: Current liabilities & Provisions	9	1,59,16,870	2,99,22,024
NET CURRENT ASSETS		13,45,19,603	13,65,18,101
Goodwill		91,59,400	91,02,000
Profit & Loss Account		12,22,65,325	12,04,32,959
		33,55,35,987	33,87,52,855
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS			
	14		

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

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

RAJU S DANDU
Chairman &
Managing Director

M.A. ASHOK KUMAR
Director

(CA.KISHORE KUMAR.K)
Partner
Membership No: 215459

Hyderabad
July 20, 2011

Consolidated Profit and Loss Account for the period ended

		in Rs.	
	Schedule	31-03-2011	31-03-2010
INCOME			
Income from Operations		7,76,31,881	6,16,70,652
Other income	10	79,56,469	77,41,620
		8,55,88,350	6,94,12,272
EXPENDITURE			
Direct Cost	11	5,64,41,854	4,65,71,475
Selling Expenses	12	54,71,431	50,93,522
General and Administration expenses	13	1,90,28,738	1,72,64,390
		8,09,42,023	6,89,29,387
Operating Profit [PBIDT]		46,46,327	4,82,885
Interest		21,38,544	22,42,756
Depreciation		17,39,966	17,95,547
Exceptional Items		-	-
Extraordinary Items		-	-
Profit/(Loss) before tax		7,67,817	(35,55,418)
Less: Deferred Tax		(26,00,183)	9,56,583
Profit/(Loss) after tax		(18,32,366)	(25,98,835)
Profit carried forward from last year		(12,04,32,959)	(11,78,34,124)
AMOUNT TRANSFERRED TO BALANCE SHEET		(12,22,65,325)	(12,04,32,959)
Basic & diluted EPS		(0.49)	(0.70)
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS			
	14		

The Schedules referred to above and the notes thereon form an integral part of the Profit and Loss Account

This is the Profit and Loss Account 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

M.A. ASHOK KUMAR
Director

(CA.KISHORE KUMAR.K)
Partner
Membership No: 215459

Hyderabad
July 20, 2011

Schedules to the Consolidated Balance Sheet as at

		in Rs.	
		31-03-2011	31-03-2010
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		
	Share premium account	26,58,07,400	26,58,07,400
	Convertible warrants forfeited	32,50,000	32,50,000
	Investment Subsidy	16,00,000	16,00,000
	Exchange conversion reserve	24,96,242	43,26,334
		27,31,53,642	27,49,83,734
3.	SECURED LOANS		
	Car loans from HDFC Bank Limited	25,606	2,37,483
	The Dhanalakshmi Bank Ltd	2,51,53,739	2,63,28,638
		2,51,79,345	2,65,66,121

4. FIXED ASSETS

Assets	Gross Block				Depreciation				Net Block	
	Cost as at 31-03-2010	Additions during the year	Deductions during the year	Cost as at 31-03-2011	Total upto 31-03-2010	For the year	Deductions during the year	As at 31-03-2011	As at 31-03-2011	As at 31-03-2010
Additions to Leasehold premises	14,84,850			14,84,850	2,35,979	24,203		2,60,182	12,24,668	12,48,871
Computers & software	3,04,82,833	9,44,043		3,14,26,876	2,92,33,877	4,18,462		2,96,52,339	17,74,537	12,48,956
Office Equipment	14,29,983	1,64,320		15,94,303	6,23,690	90,536		7,14,226	8,80,077	8,06,293
Electrical Equipment	13,03,432			13,03,432	5,31,763	43,542		5,75,305	7,28,127	7,71,669
Lab Equipment	14,56,827			14,56,827	5,17,723	69,199		5,86,922	8,69,905	9,39,104
D G Set	2,94,616			2,94,616	1,50,156	13,994		1,64,150	1,30,466	1,44,460
Elevator	3,25,123			3,25,123	1,55,676	15,443		1,71,119	1,54,004	1,69,447
Air-conditioners	16,36,508			16,36,508	7,53,775	77,734		8,31,509	8,04,999	8,82,733
Furniture & Fixtures	62,31,392			62,31,392	38,59,464	3,94,447		42,53,911	19,77,481	23,71,928
Office Interiors	19,17,818			19,17,818	8,42,443	91,096		9,33,539	9,84,279	10,75,375
Vehicles	32,88,378			32,88,378	14,53,523	3,12,396		17,65,919	15,22,459	18,34,855
WOS Equipment	10,90,286	43,648		11,33,934	7,37,928	1,88,914		9,26,842	2,07,092	3,52,358
Grand Total	5,09,42,046	11,52,011	-	5,20,94,057	3,90,95,997	17,39,966	-	4,08,35,963	1,12,58,094	1,18,46,049
Previous Year	5,04,84,266	4,57,780	-	5,09,42,046	3,73,90,083	17,95,547	-	3,90,95,997	1,18,46,049	1,30,94,183

Schedules to the Consolidated Balance Sheet as at

in Rs.

	31-03-2011	31-03-2010
5. DEFERRED TAX ASSET (NET)		
Fixed Assets	34,67,785	(17,67,077)
Investments	-	70,48,963
Others	5,48,65,780	5,55,71,860
	5,83,33,565	6,08,53,746
6. SUNDRY DEBTORS		
Unsecured considered good		
Debts outstanding for a period exceeding six months	3,87,77,192	6,13,78,139
Others	2,60,75,843	2,12,08,511
	6,48,53,035	8,25,86,650
7. CASH AND BANK BALANCES		
Cash on hand	12,669	4,656
Balances with banks		
- in current accounts	8,98,034	13,05,350
- in EEFC accounts	4,82,918	44,271
- in deposit accounts in Indian rupees	6,07,18,337	6,02,90,348
	6,21,11,958	6,16,44,625
8. LOANS AND ADVANCES		
Unsecured, considered good		
Advances recoverable in cash or in kind or for value to be received		
Earnest Money Deposit	3,21,454	2,43,454
Advances for expenses	2,34,311	3,87,826
Advances for purchases	2,370	2,48,498
Rent deposits	13,87,359	14,10,352
Deposits with Government Agencies	4,74,055	4,71,055
Prepaid Expenses	1,67,160	83,355
Interest Receivable	54,68,485	48,71,984
Tax Deduction at Source	25,99,654	28,05,474
Intercorporate Deposits	77,41,519	70,22,504
	1,83,96,367	1,75,44,502
9. CURRENT LIABILITIES		
Sundry Creditors - for goods	33,57,256	65,37,543
- for services	24,86,695	40,04,470
- for expenses	99,09,732	1,92,45,265
Outstanding dues of micro and small enterprises	-	-
Advances from customers	1,63,187	1,34,746
	1,59,16,870	2,99,22,024

Schedules to the Consolidated Profit and Loss Account for the period ended

		in Rs.	
		31-03-2011	31-03-2010
10.	OTHER INCOME		
	Interest Income (TDS - Rs.4,54,455/-, Previous year Rs.6,51,051/-)	45,10,302	53,99,119
	Exchange Gain (net)	33,25,951	19,25,804
	Interest on IT Refund	1,19,832	1,16,697
	Miscellaneous Income	384	3,00,000
		79,56,469	77,41,620
11.	DIRECT COST		
	Salaries & other benefits	3,61,69,263	3,19,82,636
	Sub-contract works	12,46,343	16,76,072
	Cost of Biometrics goods sold	1,20,77,726	66,32,405
	Cost of electronic components	47,31,227	39,14,313
	Freight outward	1,27,489	1,64,953
	Transit insurance	22,878	14,538
	ESAP sp Processing Fees	5,70,321	13,93,866
	Travel & Conveyance	14,96,607	7,92,692
		5,64,41,854	4,65,71,475
12.	SELLING EXPENSES		
	Salaries & other benefits	43,02,309	41,03,134
	Travel & Conveyance	8,67,182	6,53,845
	Business development expenses	2,11,940	2,26,591
	Sales commission	85,000	1,06,000
	Advertisement	5,000	3,952
		54,71,431	50,93,522

Schedules to the Consolidated P & L Account for the period ended

in Rs.

	31-03-2011	31-03-2010
13. ADMINISTRATION AND OTHER EXPENSES		
Advertisement	38,744	47,777
AGM Expenses	21,605	23,700
Audit expenses	300	2,100
Auditor's remuneration - audit fees	90,000	80,000
Bank charges and commission	74,343	82,050
Books & Periodicals	11,936	10,299
Bad debts written off	8,329	2,31,523
Depository Registrar Fee	74,850	74,288
Directors sitting fee	95,000	70,000
Insurance Charges	3,56,148	2,68,393
Internet Service Charges	1,88,799	2,38,001
Legal & Professional Charges	4,72,688	4,38,496
Listing Fee	10,000	10,000
Miscellaneous Expenses	1,545	4,455
Office Maintenance	21,35,525	25,00,049
Postage & Telegrams	90,743	84,958
Power and Fuel	11,93,536	9,42,943
Printing and Stationery	2,37,808	1,82,822
Registration, Licence & Filing Fee	86,676	7,094
Rent, Rates & Taxes	53,49,251	52,09,092
Salaries & other benefits	65,06,852	50,59,227
Staff Recruitment & Training	1,09,423	47,668
Staff welfare	9,65,179	5,33,814
Telephone charges	6,73,098	7,67,870
Travel and Conveyance		
Directors	1,39,294	2,39,742
Others	97,066	1,08,029
	1,90,28,738	1,72,64,390

Schedule 14
Statement of Significant Accounting Policies
for the consolidated financial statements

Scope of Business units

Danlaw Technologies India Limited is a company engaged in providing technology services in the areas of engineering services, internet, developing software products 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 US 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 and 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 for the parent company and the US subsidiary is the same i.e. from April 1st to March 31st every year.

Significant Accounting Policies And Notes On Accounts:

1. 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 Accountants 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.

2. Revenue recognition

Revenue from software development 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 work completed.

3. Expenditure

All expenses of Danlaw are accounted on the accrual basis.

4. 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.

5. 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 the 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 or 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, 2011 have been converted into Indian rupees and consolidation was affected.

6. 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 for 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 Rs.44.68 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.46.05, Rs.46.45, Rs.44.86 & Rs.45.29 per US dollar for the respective quarters.

7. 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.

8. 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.423.59 lakhs during the year ended March 31, 2011 of which the sales made to the Danlaw Inc are Rs 263.47 lakhs. During the year ended March 31, 2011 Danlaw Technologies Inc has purchased services of Rs.9.69 lakhs from Danlaw Inc.

for and on behalf of the Board

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

RAJU S DANDU
Chairman &
Managing Director

M.A. ASHOK KUMAR
Director

(CA.KISHORE KUMAR.K)
Partner
Membership No: 215459

Hyderabad
July 20, 2011



Regd. Office: Plot No.43, Sagar Society, Road No.2, Banjara Hills, Hyderabad 500 034.

PROXY FORM

I / We _____ of _____ being member / members of Danlaw Technologies India Ltd. do hereby appoint _____ or failing him / her _____ of _____ as my / our Proxy in my / our absence to attend and vote for me / us, and on my / our behalf at the 18th Annual General Meeting of the Company to be held on September 30th, 2011 at 10.00 a.m. and at any adjournment thereof.

In witness whereof, I / We have set my / our hand / hands this ____ day of _____ 2011.

Re. 1/-
Revenue
Stamp

(Signature of the member across the stamp)

Note: The proxy must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the meeting.



Regd. Office: Plot No.43, Sagar Society, Road No.2, Banjara Hills, Hyderabad 500 034.

ATTENDANCE SLIP

18th Annual General Meeting on September 30th, 2011 at 10.00 A.M. at the Registered Office.

Ledger Folio / Ben. A/c. No. _____

Full Name of the Shareholder _____

Name of the Proxy _____

I certify that I am a member / proxy for the member, of the Company.

I hereby record my presence at the 18th Annual General Meeting of the Company held at Registered Office at Plot No.43, Sagar Society, Road No.2, Banjara Hills, Hyderabad - 500 034 on September 30th, 2011 at 10.00 A.M.

Shareholder's / Proxy's Signature _____

Note: Please fill in this attendance slip and hand it over at the entrance of the hall.