

From the CEO's desk....



Dear Stakeholder,

I am happy to present the performance of your company for Financial Year 2011-2012 along with general industry outlook and future direction of your company.

In the rapidly evolving market our global clients are focused on increasing productivity with a view to increasing their profits. The trend of technology advancement and globalization offers an opportunity to innovate and use technology to improve business performance.

Since much of the outsourcing benefits have been realized, our clients are looking for partners that understand their businesses and challenges. They are looking for industry specific high-value solutions.

The reemergence of US auto industry gives us an opportunity for a strong growth in the upcoming years.

According to BCC marketing reports Telematics industry will experience a strong growth in the upcoming years. The total net market value is projected to reach \$40.3 billion in 2016 at a 5 year CAGR of 20.9%. The hardware and services segments will each grow at a 31.7% compounded annual growth rate. Services have a greater market value worth an estimated \$20 billion in 2016. The government mandates require that the vehicles be equipped to automatically contact emergency services in the event of an accident. This sector alone is expected to reach over \$10 billion by the year 2016.

Your company is well positioned to play a significant role in this exciting global opportunity.

I would like to thank our director, Mr. Prakash Kenjale for his valuable guidance over the past several years. He has expressed his inability to continue as a director due to his personal commitments. The board has accepted his resignation with sincere thanks.

Summary of financial results:

- Total revenue of 1011 lacs as compared to 856 lacs, a year over year growth of 18%
- PBIDT of 60 lacs vs. 46 lacs
- Profit After Tax of 46.47 lacs as compared to a loss of 18.32 lacs during FY 2010-11.
- Danlaw Technologies Inc. our US WOS:
 - o Total revenues of \$1.277 million, an increase of 38%
 - o After Tax Profit of \$100 thousand compared to \$28 thousand last year

The success and growth has been made possible by the passion and dedication of our employees and the diligence and commitment of our leadership team. I congratulate them on another successful year. I thank the Board of Directors for their guidance.

I would like to thank each and every one of our customers, partners and supporters for their continued trust in your company.

Over the last decade, you, our shareholders have supported our strategies and stood by us. We thank each one of you and look forward to your continued support.

Sincerely,
Raju S. Dandu
Chairman & Managing Director

BOARD OF DIRECTORS

Raju S Dandu
Chairman & Managing Director

K. N Praveen Kumar
Director

M A Ashok Kumar
Director

N S Sappata
Director

T Ravi Kumar
Additional Director

MANAGEMENT TEAM

B V Ramana
Chief Operating Officer

G Govardhan Rao
Vice President

Y V Subramanyam
Vice President - ISS Division

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 - 500034
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 - 500028

BANKERS

HDFC Bank Limited
Banjara Hills Branch, Hyderabad
The Dhanalakshmi Bank Limited
Banjara Hills Branch, Hyderabad

**DEPOSITORY REGISTRARS &
SHARE TRANSFER AGENTS**

Karvy Computershare Pvt. Ltd.
Karvy House 46, Avenue 4, Street 1,
Banjara Hills
Hyderabad - 500034
Phones: 040-23312454
E-mail: einward.ris@karvy.com

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NOTICE

Notice is hereby given that the Nineteenth Annual General Meeting of the Company will be held on Tuesday, the 14th day of August 2012 at 10.00 a.m. at the Registered Office of the Company at Plot No. 43, Sagar Society, Road No. 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 2012 and the Profit & Loss Statement 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. K.N. Praveen 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. Appointment of Mr. T. Ravi Kumar as Director

To consider and, if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. T. Ravi Kumar, who was appointed as an Additional Director with effect from 25.06.2012 and who holds office upto the date this Nineteenth Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of directorship (under Section 257 of the Companies Act, 1956), be and is hereby appointed as Director of the Company whose period of office shall be liable to determination by retirement of directors by rotation."

By Order of the Board
For **Danlaw Technologies India Limited**

Raju S. Dandu
Managing Director

Place: Hyderabad
Date: June 25, 2012

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 10th August 2012 to 14th August 2012 (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 9th August 2012, 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. Karvy Computershare Private Limited, Karvy House 46, Avenue 4, Street 1, Banjara Hills, Hyderabad - 500034. Phone No.: 040-23312454. E-mail: einward.ris@karvy.com.

By Order of the Board
For **Danlaw Technologies India Limited**

Raju S. Dandu
Managing Director

Place: Hyderabad
Date: June 25, 2012

EXPLANATORY STATEMENT

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

Item 4:

Appointment of Mr. T. Ravi Kumar as Director

The Board has appointed Mr. T. Ravi Kumar as an Additional Director with effect from 25.06.2012. He holds office of directorship upto the date of the ensuing Nineteenth Annual General Meeting. The Company received a notice in writing from a member along with a deposit of Rs.5,000/- proposing the candidature of Mr. T. Ravi Kumar for the office of directorship under the provisions of Section 257 of the Companies Act, 1956.

The Board of Directors recommends the resolution for the approval of the Members. None of the Directors of the Company, except Mr. T. Ravi Kumar himself, are considered or interested in the proposed resolution.

Information about Mr. T. Ravi Kumar

Mr. T. Ravi Kumar, B.Sc., LLB, PGDCS, is a Retired Chief Manager from Andhra Bank. He served in Andhra Bank for 39 years in various capacities. He worked as Branch Head, as Chief Manager (Planning & Development) and also as Chief Manager (Credit). He has functional expertise in Credit Card Operation Management and has also conducted inspections of various branches and administrative offices.

By Order of the Board
For **Danlaw Technologies India Limited**

Raju S. Dandu
Managing Director

Place: Hyderabad
Date: June 25, 2012

DIRECTORS' REPORT

To,
The Members,

Your Directors take pleasure in presenting the 19th Annual Report and the Audited Statement of Accounts for the year ended 31st March 2012.

FINANCIAL PERFORMANCE

Key aspects of your Company's financial performance for the year 2011-12 are tabulated below:

Rs. in Lakhs

Particulars	2011 - 12			2010 - 11		
	DTIL	WOS	CONS.	DTIL	WOS	CONS.
Net sales/Income from operations	690.82	226.84	917.66	646.59	129.73	776.32
Other Income	93.75	-	93.75	79.56	-	79.56
Total Income	784.57	226.84	1011.41	726.15	129.73	855.88
Cost of materials	170.79	0.02	170.81	168.03	-	168.03
Employee's Cost	443.93	152.11	596.04	401.46	81.54	483.00
Finance cost	8.66	-	8.66	21.39	-	21.39
Depreciation	16.59	1.09	17.68	15.51	1.89	17.40
Other Expenses	160.38	24.06	184.44	125.21	33.17	158.38
Total Expenses	800.35	177.28	977.63	731.60	116.60	848.20
Profit / (Loss) before tax	(15.78)	49.56	33.78	(5.45)	13.13	7.68
Deferred Taxes	(9.56)	22.25	12.69	(23.70)	(2.30)	(26.00)
Profit / (Loss) after tax	(25.34)	71.81	46.47	(29.15)	10.83	(18.32)
Paid up equity share capital	372.03	295.66	372.03	372.03	295.66	372.03
Reserves and Surplus (excl. revaluation reserve)	1704.98	(172.83)	1532.15	1730.32	(221.44)	1508.88
Earnings per share	(0.68)		1.25	(0.78)		(0.49)

Revenue from operations has increased by about 18% to Rs.918 lacs. The net Profit after Tax for the fiscal year is Rs.46.47 lacs as compared to a loss of Rs.18.32 lacs in the previous year.

In spite of the wage pressures in the market, your management continued to control the costs without compromising the future delivery capacity. This has resulted in Net Profit (before tax) of about Rs.33.78 lacs as compared to Rs.7.68 lacs in the previous financial year.

The other income of approximately 94 lacs includes about 39 lacs of exchange gain. The management continues to put efforts to collect all the receivables from our customers.

CORPORATE GOVERNANCE

The Corporate governance practices are described separately in page no.10 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.18.

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 2012.

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 2012, 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 2012 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 2011-2012 have been prepared on a going concern basis.

DIRECTORS

Mr. K.N. Praveen Kumar retires by rotation at the ensuing general meeting and is proposed to be re appointed.

Mr. Ravi Kumar Tamma has been appointed as Independent Non-Executive Additional Director w.e.f. 25-6-2012.

Mr. Prakash S. Kanjale resigned as Director w.e.f. 25-6-2012. The Board accepted his resignation with sincere thanks for his contributions to the organization during his tenure.

AUDITORS

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

M/s. Ramana Reddy & Associates Chartered Accountants have confirmed that their appointment, if made, shall be in accordance with the provisions of Section 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	2011-2012 INR	2010-2011 INR
Earnings	8,04,39,617	4,15,26,563
Outgo	59,66,385	1,04,09,333

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
June 25, 2012

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 2011-2012 on 22nd April '11, 20th July '11, 29th October '11, and 13th February '12.

The particulars of directors, their attendance and other directorships, memberships / chairmanships of committees for the financial year 2011-2012 are given below:

Name	Category	Attendance at		Particulars of other Indian Directorships, Committee Memberships / Chairmanships		
		Board	Last AGM	Directorship	Committee Membership	Committee Chairmanships
Raju S Dandu	Promoter Executive	3	Yes	Nil	Nil	Nil
Prakash Kenjale	Independent Non-executive	Nil	Nil	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	4	Yes	Nil	Nil	Nil

3. The Committees of the Board

a) Audit Committee

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

The Committee met four times during the financial year 2011-2012, on 22nd April '11, 20th July '11, 29th October '11, and 13th February '12. 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 2011 - 2012:

Name	Salary	Contribution To PF	Perks	Sitting Fee	TOTAL
Raju S Dandu	10,80,000	1,29,600	1,499	-	12,12,401
Prakash S Kenjale	-	-	-	-	-
M A Ashok Kumar	-	-	-	30,000	30,000
Mr. Naga Satyanarayana Sappata	-	-	-	40,000	40,000
Mr. K N Praveen Kumar	-	-	-	40,000	40,000

c) Share Transfer and Investors' Grievance Committee

Mr. M A Ashok Kumar and Mr. Raju S Dandu are members of the committee. While Mr. 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. Karvy Computershare Pvt. Ltd., the Registrars and Share Transfer Agents, maintains the share accounting package and upgrades the data on weekly basis, as per the information received from NSDL / CDSL. No investor complaints were received during the entire financial year.

4. General Body Meetings

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

5. Disclosures

The details of transactions with related parties are given in 20.2.14 of the 'Notes on Accounts' at page no. 36 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 along with posting of the same on the company's website. The company has not made any presentations to any institutional investors or analysts during the year under review.

GENERAL SHAREHOLDER INFORMATION

(A) GENERAL INFORMATION

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

(B) OTHER INFORMATION

Annual General Meeting

Day : Tuesday
 Date : 14th August, 2012
 Time : 10.00 AM
 Venue : Registered Office at Plot No.43, Sagar Society, Road No.2, Banjara Hills, Hyderabad 500 034.
 Dates of Book Closure : 10th to 14th August, 2012 (both days inclusive)
 Financial Year : 1st April 2011 to 31st March 2012
 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 2011	14.15	10.01	19811.14	18976.19
May	14.00	9.13	19253.87	17786.13
June	15.08	8.35	18873.39	17314.38
July	15.70	9.87	19131.70	18131.86
August	10.88	7.81	18440.07	15765.53
September	11.75	9.00	17211.80	15801.01
October	10.05	7.90	17908.13	15745.43
November	8.51	6.50	17702.26	15478.69
December	7.99	6.47	17003.71	15135.86
January 2012	8.85	6.96	17258.97	15358.02
February	8.40	7.15	18523.78	17061.55
March	10.64	7.61	18040.69	16920.61

Source: www.bseindia.com

(D) Distribution of Shareholding as on March 31, 2012

Category	Shareholders	%	Share Amount INR	%
1 - 5000	1198	74.09	17,63,910	4.74
5001 - 10000	172	10.64	14,77,190	3.97
10001 - 20000	97	6.00	14,63,490	3.94
20001 - 30000	41	2.53	10,61,310	2.85
30001 - 40000	17	1.05	6,14,870	1.65
40001 - 50000	21	1.30	10,11,440	2.72
50001 - 100000	28	1.73	19,33,670	5.20
100001 & Above	43	2.66	2,78,77,120	74.93
Total	1617	100.00	3,72,03,000	100.00

(E) Categories of Shareholders as on March 31, 2012

Category	Shares	%
Promoters & Promoter Group	18,50,605	49.74
Banks / FIs / MFs / Governments	43,000	1.16
Bodies Corporate	2,40,696	6.47
NRIs / OCBs	2,941	0.08
Indian Public	15,83,058	42.55
Total	37,20,300	100.00

(F) Shares & Dematerialization

As per SEBI Regulations, the shares of the Company are brought under compulsory dematerialized form. The shares can be traded in dematerialized form only. The Company has entered into agreements with NSDL and CDSL, whereby shareholders have the option to dematerialize their shares with either of the Depositories. The Depository Registrars & Share Transfer Agents, M/s. Karvy Computershare 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: 01.04.2011 to 31.03.2012
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 2012. 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 April 2011, 20th July 2011, 29th October 2011 and 13th February 2012, 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 2011 to 30th September 2011 and necessary compliance of section 154 of the Act has been made.
6. the annual general meeting for financial year ended on 31st March 2011 was held on 30th September 2011 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 were properly made and there were no appointment of additional directors, alternate directors and directors to fill casual vacancies.
 15. the re-appointment of Managing Director has been made in compliance with the provisions of section 269 read with schedule XIII to the Act.
 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 2012 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: June 25, 2012

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 2012:

1. Form 66 u/s 383A for the financial year ending 31.03.2011 was filed on 23.10.2011
2. Form 20B u/s 159 as on 30.09.2011 was filed on 09.11.2011

Ramana Reddy & Associates
[Formerly A.M.Reddy & Co.,]
Chartered Accountants`

10-5-6/B, "My Home Plaza",
Off: 103, 2nd Floor, Masabtank,
Hyderabad - 500 028.
Ph: 23316426 / 23316912

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, 2012 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, 2012 no investor grievances are pending against the Company as on 30th April, 2012 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.

PLACE : HYDERABAD.
DATE : June 25, 2012

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

(CA. KISHORE KUMAR. 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 personnel of the Company for the compliance of the Code of conduct of the Company for the year.

Place: Hyderabad
Date: June 25, 2012

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

NASSCOM Strategic Review Report 2012 estimates worldwide technology spending to exceed \$ 1.7 trillion in 2011, a growth of 5.4% over 2010. The engineering spend is estimated at \$ 1.15 trillion in 2011.

The shift towards global sourcing continues with a 12% growth in 2011 over 2010. The global businesses continue to rely on offshore technology service providers to meet their need for enhanced cost and efficiency through differentiated solutions.

The strong growth in the global telematics industry provides significant opportunity in hardware and services sector.

New analysis from Frost & Sullivan, Strategic Analysis of European and North American Green Telematics Market for Passenger and Commercial Vehicles, finds that the European and North American fleet green telematics market will grow at a compound annual growth rate (CAGR) of 36.0 per cent from 2008 to 2015, primarily thanks to growing pressure on fleet companies to reduce their carbon footprint and develop a greener image.

Green telematics packages, such as vehicle and driver management services, provide complete data for driving behavior and fuel consumption analysis for commercial vehicles. Optimizing these parameters ensures green fleet operation. Real-time navigation alerts also help reduce unwanted mileage. As commercial fleets grow increasingly concerned about the impact of ROI while striving to improve their green image, both these elements are critical drivers.

The strong performance of US auto industry during last year has fueled significant growth in the automotive electronics sector. The growth of the infotainment content in a vehicle has created pent up demand for high-end services. The rapid growth in Chinese auto market also fueled demand for services. The global auto companies and their tier-1 suppliers continue to increase their outsourcing.

Danlaw is continuing to grow in-house talent to meet the increasing demand for the embedded firmware, software and hardware. Our investment in the engineering division is beginning to pay dividends with increased revenues and profitability.

Our focus on emerging technologies is enabling us to participate in the global telematics market. This market continues to be large and our penetration is low. We expect to play a significant role in this segment in the near future.

Opportunities And Threats

Opportunities

The strong growth in US auto industry and continued increase of electronic content in vehicles provides an opportunity for Danlaw

As the demand for high-end cars in the domestic market increases, Danlaw will be able to provide services and solutions to Indian automakers and tier-1 suppliers.

Threats, Risks and Concerns

The volatility of Indian rupee against US dollar may pose a risk on profitability.

Global economy is under stress due to high levels of sovereign debt in European nations along with continued high unemployment rates in US. This could plunge global economy into another recession and could reduce the global technology spend.

Performance and Outlook

The Engineering division added several new clients and continues to provide high-end solutions to our global clients.

The division has been designing and developing very sophisticated hardware and firmware solutions for our telematics clients. This should fuel significant growth in the current fiscal year and years to come. We are also participating in the domestic telematics market and this should help our image in the domestic market.

Business Outlook

Danlaw continues its strong relationships with its existing global customers while adding several new customers in India and US. With our emphasis on quality and commitment to customer satisfaction we continue to receive repeat orders that improve our profitability.

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 2011-12.

The net sales for current year are 917.66 Lakhs as compared to 776.32 Lakhs in the last fiscal year and this represents a year over year growth of 18.21%. The net profit before tax is 33.78 Lakhs as compared to 7.68 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 99 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 2012 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 : June 25, 2012

(RAJU S DANDU)
Chairman & Managing Director

(AVRK VARMA)
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, 2012, the Profit and Loss Statement 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 Statement 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 Statement 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, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - (vi) In our opinion 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 2012;
 - (b) In the case of the Profit and Loss statement, of the Loss for the year ended on that date; and
 - (c) In the cash of Cash Flow Statement, of the cash flows for the year ended on that date.

PLACE : HYDERABAD
DATE : June 25, 2012

for RAMANA REDDY & ASSOCIATES
CHARTERED ACCOUNTANTS
FRN: 003246S

(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 there under are applicable.
7. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
8. The maintenance of cost records has not been prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956.
9. (a) The company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund investor education protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues as applicable to it.
(b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, service tax, sales tax, customs duty, excise duty and cess were in arrears, as at 31st March, 2012 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, incometax, 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.1,001.59 lakhs as on 31.03.2012 and it has not incurred any cash losses for the financial year ended on that date and also in the immediately preceding financial year.
 11. The company has not defaulted in repayment of dues to any financial institution, bank or debenture holders.
 12. The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
 13. In our opinion, the company is not a chit fund or a nidhi mutual benefit fund/ society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to this company.
 14. In our opinion, the company has maintained proper records of transactions and contracts relating to dealing or trading in shares, securities, debentures, and other investments during the year and timely entries have been made therein. Further, such securities have been held by the company in its own name or are in the process of transfer in its name except to the extent of exemption granted u/s.49 of the Act.
 15. According to the information and explanations given to us, the company has not given guarantee for loans taken by others from banks or financial institutions.
 16. In our opinion and according to the information and explanations given to us and on an overall examination, we report that the company has not availed any term loan during the year under report.
 17. Accordingly to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment.
 18. According to the information and explanations given to us, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act, 1956.
 19. According to the information and explanations given to us, during the period covered by our audit report, the company has not issued any debentures.
 20. The company has not raised any money by public issue, during the year.
 21. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

PLACE : HYDERABAD.
DATE : June 25, 2012

for RAMANA REDDY & ASSOCIATES
CHARTERED ACCOUNTANTS
FRN: 003246S

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

Balance Sheet as at

		in Rs.	
Particulars	Note No.	31-03-2012	31-03-2011
I. EQUITY AND LIABILITIES			
Shareholder's funds			
(1) (a) Share Capital	1	3,72,03,000	3,72,03,000
(b) Reserves and Surplus	2	17,04,98,347	17,30,31,981
(2) Non-current liabilities			
(a) Long-term borrowings	3	2,23,826	-
(b) Long-term provisions	4	55,38,317	58,47,684
(3) Current liabilities			
(a) Short-term borrowings	5	-	2,51,53,739
(b) Trade payables	6	50,67,166	40,29,005
(c) Other current liabilities	7	37,80,312	30,44,078
TOTAL		22,23,10,968	24,83,09,487
II. ASSETS			
(1) Non-current assets			
(a) FIXED ASSETS			
(i) Tangible assets	8	1,21,00,506	1,10,51,002
(b) Non-current investments	9	2,95,66,245	2,95,66,245
(c) Deferred tax assets (Net)	10	4,58,50,255	4,68,06,125
(d) Long-term loans and advances	11	16,49,205	96,02,933
(2) Current assets			
(a) Inventories	12	74,00,284	48,62,883
(b) Trade receivables	13	3,28,74,297	7,61,61,739
(c) Cash and cash equivalents	14	8,56,46,623	6,14,65,126
(d) Short-term loans and advances	15	72,23,553	87,93,434
TOTAL		22,23,10,968	24,83,09,487
See accompanying notes to the financial statements	20		

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

This is the Balance Sheet referred to in our report of even date for and on behalf of the Board

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

RAJU S DANDU
Chairman &
Managing Director

M.A. ASHOK KUMAR
Director

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

Hyderabad
June 25, 2012

Profit and Loss Statement for the year ended

Particulars	Note No.	31-03-2012	31-03-2011
in Rs.			
INCOME			
I. Revenue from operations	16	6,90,82,081	6,46,58,996
II. Other income	17	93,74,526	79,56,469
III. Total Revenue		7,84,56,607	7,26,15,465
EXPENSES			
Cost of materials consumed		30,73,870	47,25,727
Purchases of Stock-in-Trade		1,70,60,431	1,17,71,336
Changes in inventories of finished goods work-in-progress and Stock-in-Trade		(30,55,453)	3,06,390
Employee benefits expense		4,43,93,486	4,01,45,657
Finance costs	18	8,66,142	21,38,544
Depreciation and amortization expense		16,58,994	15,51,052
Other expenses	19	1,60,36,901	1,25,21,397
Total expenses		8,00,34,371	7,31,60,103
V. Loss before exceptional and extraordinary items and tax		(15,77,764)	(5,44,638)
VI. Exceptional Items		-	-
VII. Loss before and extraordinary items and tax		(15,77,764)	(5,44,638)
VIII. Extraordinary Items		-	-
IX. Loss before tax		(15,77,764)	(5,44,638)
X. Tax expense:			
(1) Current tax		-	-
(2) Deferred tax		(9,55,870)	(23,70,421)
XI. Loss for the period from continuing operations		(25,33,634)	(29,15,059)
XII. Loss from discontinuing operations		-	-
XIII. Tax expense of discontinuing operations		-	-
XIV. Loss from discontinuing operations (after tax)		-	-
XV. Loss for the period		(25,33,634)	(29,15,059)
XVI. Earnings per equity share:			
(1) Basic		(0.68)	(0.78)
(2) Diluted		(0.68)	(0.78)

See accompanying notes to the financial statements 20

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

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

for and on behalf of the Board

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

RAJU S DANDU
Chairman &
Managing Director

M.A. ASHOK KUMAR
Director

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

Hyderabad
June 25, 2012

Notes to the Balance Sheet as at

in Rs.

	31-03-2012	31-03-2011
1. SHARE CAPITAL		
AUTHORISED		
50,00,000 Equity Shares of Rs.10/- each	5,00,00,000	5,00,00,000
ISSUED, SUBSCRIBED AND PAID UP		
37,20,300 Equity Shares of Rs.10/- each Fully Paid	3,72,03,000	3,72,03,000
	3,72,03,000	3,72,03,000
2. RESERVES AND SURPLUS		
Capital Reserve	48,50,000	48,50,000
Securities Premium Reserve	26,58,07,400	26,58,07,400
Profit and Loss Account (opening balance)	(9,76,25,419)	(9,47,10,360)
Add: current year Profit / (Loss)	(25,33,634)	(29,15,059)
	17,04,98,347	17,30,31,981
3. LONG-TERM BORROWINGS		
Car Loan - HDFC BANK (Secured by hypothication)	2,23,826	-
	2,23,826	-
4. LONG-TERM PROVISIONS		
Accrued gratuity	55,38,317	58,47,684
	55,38,317	58,47,684
5. SHORT-TERM BORROWINGS (Secured by pledge of deposits with banks)		
The Dhanalakshmi Bank Ltd	-	2,51,53,739
	-	2,51,53,739
6. TRADE PAYABLES		
Sundry Creditors	50,67,166	40,29,005
Outstanding dues of micro and small enterprises	-	-
	50,67,166	40,29,005
7. OTHER CURRENT LIABILITIES		
Current maturities of long-term borrowings	1,46,821	25,606
Advances from customers	19,96,625	1,63,187
Creditors for expenses	16,36,866	28,55,285
	37,80,312	30,44,078

Notes to the Balance Sheet as at

8. FIXED ASSETS

in Rs.

Assets	Gross Block			Depreciation				Net Block		
	Cost as at 31-03-2011	Additions during the year	Deductions during the year	Cost as at 31-03-2012	Total upto 31-03-2011	For the year	Deductions during the year	As at 31-03-2012	As at 31-03-2012	As at 31-03-2011
Additions to Leasehold premises	14,84,850			14,84,850	2,60,182	24,269		2,84,451	12,00,399	12,24,668
Computers	3,14,26,876	8,20,852		3,22,47,728	2,96,52,339	4,74,427		3,01,26,766	21,20,962	17,74,537
Office Equipment	15,94,303	10,820		16,05,123	7,14,226	94,762		8,08,988	7,96,135	8,80,077
Electrical Equipment	13,03,432	18,741		13,22,173	5,75,305	44,476		6,19,781	7,02,392	7,28,127
Lab Equipment	14,56,827	15,40,520		29,97,347	5,86,922	1,12,009		6,98,931	22,98,416	8,69,905
D G Set	2,94,616			2,94,616	1,64,150	14,033		1,78,183	1,16,433	1,30,466
Elevator	3,25,123			3,25,123	1,71,119	15,486		1,86,605	1,38,518	1,54,004
Air-conditioners	16,36,508			16,36,508	8,31,509	77,947		9,09,456	7,27,052	8,04,999
Furniture & Fixtures	62,31,392			62,31,392	42,53,911	3,95,528		46,49,439	15,81,953	19,77,481
Office Interiors	19,17,818			19,17,818	9,33,539	91,346		10,24,885	8,92,933	9,84,279
Vehicles	32,88,378	5,55,593	5,48,245	32,95,726	17,65,919	3,14,711	3,10,217	17,70,413	15,25,313	15,22,459
Grand Total	5,09,60,123	29,46,526	5,48,245	5,33,58,404	3,99,09,121	16,58,994	3,10,217	4,12,57,898	1,21,00,506	1,10,51,002
Previous Year	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

9. NON-CURRENT INVESTMENTS

Investment in Danlaw Technologies Inc (Wholly owned subsidiary)	2,95,66,245	2,95,66,245
--	-------------	-------------

2,95,66,245 **2,95,66,245**

10. DEFERRED TAX ASSET (NET)

Fixed Assets	39,25,397	34,67,785
Others	4,19,24,858	4,33,38,340

4,58,50,255 **4,68,06,125**

11. LONG-TERM LOANS AND ADVANCES

Unsecured, considered good:		
Rent deposits	11,80,000	13,87,359
Deposits with Government Agencies	4,69,205	4,74,055
Intercompany deposit	-	77,41,519

16,49,205 **96,02,933**

Notes to the balance sheet as at

in Rs.

	31-03-2012	31-03-2011
12. INVENTORIES		
(Valued at cost basis)		
Raw materials	-	6,39,421
Stock-in-trade	72,78,915	42,23,462
Stores and spares	1,21,369	-
	74,00,284	48,62,883
13. TRADE RECEIVABLES		
Unsecured considered good		
Outstanding for a period exceeding six months	20,47,286	5,14,21,453
Others	3,08,27,011	2,47,40,286
	3,28,74,297	7,61,61,739
14. CASH AND CASH EQUIVALENTS		
Cash on hand	14,323	12,669
Balances with banks		
- in current accounts	18,04,354	2,51,202
- in EEFC accounts	2,195	4,82,918
- in deposit accounts with more than 12 months maturity	8,08,25,751	6,07,18,337
- in deposit accounts with less than 12 months maturity	30,00,000	-
	8,56,46,623	6,14,65,126
15. SHORT-TERM LOANS AND ADVANCES		
Unsecured, considered good		
Advances recoverable in cash or in kind or for value to be received		
Earnest Money Deposit	31,85,564	3,21,454
Advances for expenses	4,42,888	97,770
Advances for purchases	5,710	2,370
Prepaid Expenses	2,51,838	1,67,160
Interest Receivable	11,75,901	54,68,485
Tax Deduction at Source	19,65,537	25,99,654
Service tax -input credit	28,916	1,36,541
VAT - input credit	1,67,199	-
	72,23,553	87,93,434

Notes to the Profit and Loss Statement for the year ended

	in Rs.	
	31-03-2012	31-03-2011
16. REVENUE FROM OPERATIONS		
Sale of products	2,91,26,038	2,97,47,629
Sale of services	3,99,56,043	3,49,11,367
	6,90,82,081	6,46,58,996
17. OTHER INCOME		
Interest Income (TDS - Rs.5,33,923/-, Previous year Rs.4,54,455/-)	53,23,694	45,10,302
Interest on IT Refund	99,613	1,19,832
Exchange Gain (net)	38,99,321	33,25,951
Miscellaneous Income	51,898	384
	93,74,526	79,56,469
18. FINANCE COSTS		
Interest on short terms borrowings from banks	8,42,108	21,23,021
Interest on TDS	24,034	15,523
	8,66,142	21,38,544
19. OTHER EXPENSES		
Advertisement	40,406	43,744
AGM Expenses	6,000	21,605
Auditors Remuneration	1,26,950	1,21,800
Bank charges and commission	43,672	51,642
Books & Periodicals	13,678	11,936
Business Development Expenses	1,83,381	91,355
Bad debts written off	2,52,174	8,329
Depository Registrar Fee	81,445	74,850
Directors sitting fee	1,10,000	95,000
Freight outward	2,88,818	1,25,737
Insurance Charges	1,39,489	1,32,412
Internet Service Charges	1,72,581	1,88,799
Legal & Professional Charges	2,65,147	1,66,700
Listing Fee	15,000	10,000
Loss on sale of assets	1,28,027	-
Membership Fee	11,595	-
Miscellaneous Expenses	911	1,545
Office Maintenance	11,59,163	9,80,121
Postage	37,928	90,743
Power and Fuel	12,84,788	11,93,536
Printing and Stationery	2,40,408	2,37,808
Registration, Licence & Filing Fee	1,46,578	86,676
Rent	51,74,015	47,46,571
Rates & Taxes	3,10,648	4,88,242
Sales commission	12,19,900	85,000
Sub-contract works	9,66,751	5,60,368
Telephone expense	4,43,200	4,54,927
Travel and Conveyance	31,74,248	24,51,951
	1,60,36,901	1,25,21,397

20. Additional Information

20.1 Significant accounting policies

20.1.1 Basis for preparation of financial statements

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

20.1.2 Revenue recognition

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

20.1.3 Expenditure

Expenses are accounted on accrual basis.

20.1.4 Fixed assets

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

20.1.5 Inventory

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

20.1.6 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.

20.1.7 Foreign currency transactions

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

20.1.8 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.

20.1.9 Segment reporting

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

20.1.10 Cash Flow Statement

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

20.1.11 Accounting for Taxes

Current income tax expense is determined in accordance with the provisions of the Income Tax Act, 1961. Minimum alternative tax (MAT) in accordance with tax laws is recognised as an asset which will be adjusted against future income tax liability. Deferred tax expense or benefit is recognised on timing differences being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent period. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

20.1.12 Earnings per share (EPS)

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

20.2 Notes to Accounts			
Year ended March, 31		2012	2011
20.2.1	Employee Benefit Expense		
	Salaries & wages	3,93,33,383	3,47,98,689
	Contribution to Provident Fund	20,76,151	17,18,190
	Contribution to ESI	1,11,888	1,15,216
	Gratuity	12,60,205	21,43,817
	Group medical insurance	3,33,780	2,46,614
	Reimbursement of medical expense	88,976	60,514
	Perquisites	1,499	2,801
	Staff Recruitment and Training	1,35,755	1,09,423
	Staff welfare expense	10,51,849	9,50,393
		4,43,93,486	4,01,45,657
20.2.2	Exchange Gain:		
	Net gain on foreign currency transaction and translation	38,99,321	33,25,951
20.2.3	Payments to auditor		
	Statutory audit fees	1,00,000	90,000
	Taxation matters	10,000	-
	Certification fees	16,500	31,500
	Out of pocket expenses	450	300
		1,26,950	1,21,800
20.2.4	Purchases/Sales/Consumption under broad heads		
a)	Automotive/industrial hardware		
	Purchase of electronic components for hardware	19,49,674	43,99,149
	Consumption	25,50,472	38,94,223
	Sales of electronic hardware (exports)	54,19,992	40,79,027
b)	Traded goods		
	Purchases		
	1) Access control and Time & Attendance systems	65,56,561	72,26,176
	2) CCTV systems	70,90,431	19,64,823
	3) Fire Alarm systems	19,59,635	25,10,622
	4) Intruder detection Systems	8,88,791	69,715
	5) Public address Systems	5,65,013	-
		1,70,60,431	1,17,71,336
	Cost of goods sold		
	1) Access control and Time & Attendance systems	70,69,452	70,99,040
	2) CCTV systems	55,39,022	21,52,738
	3) Fire Alarm systems	3,04,149	27,59,308
	4) Intruder detection Systems	8,26,106	66,640
	5) Public address Systems	2,66,249	-
		1,40,04,978	1,20,77,726

	Sales		
	1) Access control and Time & Attendance systems	1,19,66,611	1,53,04,345
	2) CCTV systems	91,85,012	35,74,172
	3) Fire Alarm systems	5,12,853	66,93,741
	4) Intruder detection Systems	14,69,347	96,344
	5) Public address Systems	5,72,223	-
		2,37,06,046	2,56,68,602
	c) Services		
	1) Export sales of software services (automotive domain)	3,41,46,659	2,54,63,004
	2) Domestic software services (Information Technology)	6,39,755	49,17,643
	3) Placement services (Man power supply)	5,62,090	-
	4) Annual maintenance services	28,20,764	36,85,009
	5) Service calls	42,300	59,692
	6) Installation services	17,44,475	7,86,019
		3,99,56,043	3,49,11,367
20.2.5	Consumption of stores and spare parts	5,23,398	8,31,504
	Power and fuel	12,84,788	11,93,536
	Rent	51,74,015	47,46,571
	Repairs to machinery	2,72,940	2,14,080
	Insurance	1,39,489	1,32,412
	Rates and taxes	3,10,648	4,88,242
	Miscellaneous expenses	911	1,545
20.2.6	Value of imports on C.I.F basis (Forex Outflow)		
	Raw materials	17,71,815	26,91,904
	Components and spare parts	18,064	9,47,952
	Traded goods	28,90,795	66,57,845
	Capital goods	11,45,832	-
		58,26,506	1,02,97,701
20.2.7	Expenditure in foreign currency		
	Travel	1,39,879	1,11,632
20.2.8	a) Total value of imported raw materials, components consumed	17,89,879	36,39,856
	b) Total value of indigenous raw materials, components consumed	12,83,991	10,85,871
	Total consumption	30,73,870	47,25,727
	Percentage to the total consumption		
	Imports	58.23%	77.02%
	Indigenous	41.77%	22.98%

20.2.9	Earnings in foreign exchange (Forex Inflow)		
	Exports	8,04,39,617	4,15,26,563
20.2.10	Taxes on Income as per Accounting Standard 22		
	a) In accordance with the Accounting Standard (AS)22 relating to "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, an amount of Rs.6,09,906/- has been recognized as Deferred Tax Liability accrued during the year and Rs.3,45,964/- as Deferred Tax Liability on time barred carry forward loss. Thus net Deferred Tax Liability of Rs.9,55,870/- charged in Profit & Loss Account		
	b) Major components of deferred tax assets on accounting of timing differences are	-	
	Fixed Assets	4,57,612	21,233
	Others	(14,13,482)	23,49,188
	Total	(9,55,870)	23,70,421
20.2.11	Managerial Remuneration		
	The following managerial remuneration was paid as per board of director's decision and approved by shareholders.		
	Salary	10,80,000	10,80,000
	Contribution to PF	1,29,600	1,29,600
	Medical	1,499	2,801
	Total	12,11,099	12,12,401
20.2.12	Contingent Liabilities:		
	Bank Guarantees	3,44,417	98,26,200
20.2.13	Earnings per share:		
	Loss for the period	(25,33,634)	(29,15,059)
	Number of equity shares outstanding at the beginning of the period fully paid (Rs.10 per share)	37,20,300	37,20,300
	Number of equity shares outstanding at the beginning of the period fully paid (Rs.10 per share)	37,20,300	37,20,300
	Weighted average number of equity shares outstanding	37,20,300	37,20,300
	EPS	(0.68)	(0.78)
20.2.14	Disclosure under Macro, Small and Medium Enterprises Development Act, 2006 There are no Micro, Small Scale Business Enterprises to whom the Company owes dues, which are outstanding for more than 45 days as at March 31, 2012. 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.		

20.2.15 Related Party Transaction

	Related Party	Transactions for the year ended March 31		Balance as at March 31	
		2012	2011	2012	2011
	Sales & Services Danlaw Technologies Inc	3,92,67,456	2,91,30,911	2,47,09,207	6,22,03,514
	Purchases Danlaw Inc	-	1,66,170	-	-
	Remuneration Raju S Dandu	12,11,099	12,12,401	-	-
	Lease Rentals D Lakshmi	25,77,714	33,31,561	3,96,088	5,65,839
	DSN Raju	25,77,714	12,57,420	3,71,412	5,65,839
	ICD Danlaw Systems (I) Ltd	(1,21,89,904)	7,19,015	-	1,21,89,904
	Investments Danlaw Technologies Inc	-	-	2,95,66,245	2,95,66,245
20.2.16	Notes on accounts The previous year's figures have been regrouped, reclassified / restated, wherever necessary, to conform to the current year's classification.				

Signatures to Notes 1 to 20
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
June 25, 2012

Statement of cash flows for the year ended March 31

in Rs.

	31-03-2012	31-03-2011
Cash flows from operations		
Profit from operations	(15,77,764)	(5,44,638)
Depreciation and depletion	13,48,777	15,51,052
Decrease (increase) in trade receivables	4,32,87,442	1,03,96,016
Decrease (increase) in loans and advances	95,23,609	(8,51,865)
Decrease (increase) in inventory	(25,37,401)	(1,98,535)
Increase (decrease) in current liabilities	17,74,395	(68,32,573)
Increase (decrease) in provisions	(3,09,367)	-
Net cash from operations	5,15,09,691	35,19,457
Cash flows from financing		
Secured loans	(2,49,29,913)	(13,86,776)
Net cash from financing	(2,49,29,913)	(13,86,776)
Cash flows from investing		
Purchase of Fixed Assets	(23,98,281)	(11,08,363)
Net cash from investing	(23,98,281)	(11,08,363)
Total increase (decrease) in cash and equivalents during the year	2,41,81,497	10,24,318
Cash and equivalents at the beginning of the year	6,14,65,126	6,04,40,808
Cash and equivalents at the end of the year	8,56,46,623	6,14,65,126

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

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

for and on behalf of the Board

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

RAJU S DANDU
Chairman &
Managing Director

M.A. ASHOK KUMAR
Director

Hyderabad
June 25, 2012

**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 2011 to March 2012
 Extent of holding Company's interest : 100%

DANLAW TECHNOLOGIES INC.

DIRECTOR'S REPORT

Your directors take pleasure in presenting the financial results of the company for the year 2011-2012.

No.	Particulars	In USD		Rs. in lakhs	
		2011-12	2010-11	2011-12	2010-11
1	Revenue	1,277,809	927,108	618.18	423.59
2	Cost of Sales	1,135,829	849,186	548.48	387.83
3	Gross Profit	141,980	77,922	69.70	35.76
4	General and Administrative Expenses	42,027	49,424	20.14	22.63
5	Profit/(Loss) from Operations	99,953	28,498	49.56	13.13
6	Paid up equity share capital	640,000	640,000	295.66	295.66

Revenue has increased by 38% in dollar terms and 46% in Rupee terms over previous year. Profit has increased by 250% in dollar terms and 277% in Rupee terms.

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, 2012 and 2011 and the related statements of operations, stockholder's equity and cash flows for the years then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United 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 perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

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

GRANT, MILLMAN & JOHNSON, P.C.

May 21, 2012

DANLAW TECHNOLOGIES, INC.
BALANCE SHEETS
March 31, 2012 and 2011
A S S E T S

	2012	2011
Current Assets:		
Cash	\$ 11,182	\$ 14,477
Accounts Receivable	53,835	51,901
Accounts Receivable - Affiliate	281,705	1,087,195
Inventory	6,175	4,750
Total Current Assets	352,897	1,158,323
Property and Equipment:		
Computer Equipment	16,549	16,549
Office Furniture and Equipment	8,830	8,830
	25,379	25,379
Less: Accumulated Depreciation	(23,104)	(20,744)
Total Property and Equipment	2,275	4,635
Other Assets:		
Goodwill	205,000	205,000
TOTAL ASSETS	\$ 560,172	\$ 1,367,958

LIABILITIES AND STOCKHOLDER'S EQUITY

Current Liabilities:		
Accounts Payable - Affiliate	\$ 12,025	\$ 22,450
Accounts Payable - Other	274	23,162
Accounts Payable - Parent	492,408	1,353,202
Accrued Payroll and Payroll Taxes	5,886	2,018
Accrued State Taxes	2,500	-
Loans	-	20,000
Total Current Liabilities	513,093	1,420,832
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	(592,921)	(692,874)
Total Stockholder's Equity (Deficit)	47,079	(52,874)
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	\$ 560,172	\$ 1,367,958

See accompanying notes and independent accountant's review report.

DANLAW TECHNOLOGIES, INC.
STATEMENTS OF OPERATIONS
For the Years Ended March 31, 2012 and 2011

	2012	2011
Revenue:		
Automotive Electronics	\$ 1,089,156	\$ 657,516
ESAP sp Sales	188,653	269,592
Total Revenue	1,277,809	927,108
Cost of Sales:		
Subcontract Work - Parent	701,193	557,700
Subcontract Work - Affiliate	10,300	15,000
Cost of Products - Parent	109,175	85,515
Other	239	38
Salaries	257,881	145,879
Payroll Taxes	23,592	13,543
Employee Benefits	26,667	18,850
ESAP sp Processing Fees	-	12,362
Immigration Expenses	6,782	-
Total Cost of Sales	1,135,829	849,186
Gross Profit	141,980	77,922
General and Administrative Expenses:		
Business Development	654	2,637
Travel & Lodging	5,609	3,212
Payroll Preparation	2,069	1,601
Auto Expenses	109	-
Telephone	4,801	4,790
Meals & Entertainment	33	324
Rent & Utilities	-	2,484
Professional Services	3,850	4,555
Server Hosting	4,200	4,200
Insurance	579	-
Repairs & Maintenance	1,245	1,057
Office Supplies and Expenses	4,534	7,278
Depreciation	2,360	4,124
Bank Charges	435	496
Other	8,964	12,666
Total General and Administrative Expenses	39,442	49,424
Income before Taxes	102,538	28,498
State Income Tax	2,585	-
NET INCOME	\$ 99,953	\$ 28,498

See accompanying notes and independent accountant's review report.

DANLAW TECHNOLOGIES, INC.
STATEMENTS OF STOCKHOLDER'S EQUITY
For the Years Ended March 31, 2012 and 2011

	Accumulated Deficit	Additional Paid-in Capital	Common Stock	Total
Balance March 31, 2010	\$ (721,372)	\$ 300,000	\$ 340,000	\$ (81,372)
Net Income	<u>28,498</u>	<u>-</u>	<u>-</u>	<u>28,498</u>
Balance March 31, 2011	(692,874)	300,000	340,000	(52,874)
Net Income	<u>99,953</u>	<u>-</u>	<u>-</u>	<u>99,953</u>
Balance March 31, 2012	\$ (592,921)	\$ 300,000	\$ 340,000	\$ 47,079

STATEMENTS OF CASH FLOWS
For the Years Ended March 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash Flows From Operating Activities:		
Net Income	\$ 99,953	\$ 28,498
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation	2,360	4,124
Changes in Operating Assets and Liabilities:		
Accounts Receivable	803,557	358,129
Inventory	(1,425)	(4,750)
Accounts Payable	(894,106)	124,107
Accrued State Income Tax	2,500	-
Accrued Payroll and Payroll Taxes	(3,866)	(8,724)
Net Cash Provided by Operating Activities	<u>16,705</u>	<u>253,170</u>
Cash Flows from Investing Activities:		
Purchase of Property and Equipment	-	(823)
Cash Flows from Financing Activities:		
Loan Repayment	<u>(20,000)</u>	<u>(264,983)</u>
Decrease in Cash	(3,295)	(12,636)
Cash at Beginning of Year	<u>14,477</u>	<u>27,113</u>
Cash at End of Year	<u>\$ 11,182</u>	<u>\$14,477</u>

Read Accountants' Report and Notes to Financial Statements

DANLAW TECHNOLOGIES, INC.
NOTES TO FINANCIAL STATEMENTS
March 31, 2012 and 2011

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, 2012 and 2011, 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.

DANLAW TECHNOLOGIES, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
March 31, 2012 and 2011

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 May 21, 2012, 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 2012 or 2011 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 2009 - 2011 are subject to examination. Tax returns filed with the various states are subject to examination for the years 2008 -2011 are subject to examination.

DANLAW TECHNOLOGIES, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
March 31, 2012 and 2011

NOTE 2 - Income Taxes (Continued) :

The deferred tax asset is as follows at March 31:

	2012	2011
Deferred income tax		
Benefit of net operating loss carry over	\$ 227,000	\$ 258,000
Goodwill	(29,000)	(25,000)
Valuation allowance	(198,000)	(233,000)
Total Deferred Income Tax	\$ -	\$ -

For income tax purposes at March 31, 2012, the Company has net operating loss carryovers which expire as follows:

Fiscal Years Ended March 31		
2024	\$	144,000
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:

	2012	2011
<u>Sales</u>		
Danlaw Inc.	\$ 975,551	\$ 577,015
<u>Purchases</u>		
Danlaw Technologies India, Ltd.	\$ 811,793	\$ 648,265
Danlaw, Inc.	\$ 10,300	\$ 15,000
<u>Administration Fees</u>		
Danlaw, Inc.	\$ 6,200	\$ 6,200

Balances as of March 31:

<u>Accounts Receivable</u>		
Danlaw, Inc.	\$ 281,705	\$ 1,087,195
<u>Accounts Payable</u>		
Danlaw Technologies India, Ltd.	\$ 492,408	\$ 1,353,202
Danlaw, Inc.	\$ 12,025	\$ 22,450

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
March 31, 2012 and 2011

NOTE 4 - Lease Commitments

The Company rents office space on a month-to-month basis. For the years ended March 31, 2012 and 2011, rent paid was Nil and \$1,800 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, 2012 and 2011.

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, 2012, 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, 2012; and
- b) the Consolidated Profit & Loss Statement 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.

Place : Hyderabad
Date : June 25, 2012

for **RAMANA REDDY & ASSOCIATES**
CHARTERED ACCOUNTANTS
FRN: 003246S

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

Consolidated Balance Sheet as at

in Rs.

Particulars	Note No.	31-03-2012	31-03-2011
I. EQUITY AND LIABILITIES			
Shareholder's funds			
(1) (a) Share Capital	1	3,72,03,000	3,72,03,000
(b) Reserves and Surplus	2	15,32,15,142	15,08,88,317
(2) Non-current liabilities			
(a) Long-term borrowings	3	2,23,826	8,93,600
(b) Long-term provisions	4	55,38,317	58,47,684
(3) Current liabilities			
(a) Short-term borrowings	5	-	2,51,53,739
(b) Trade payables	6	56,70,341	60,66,950
(c) Other current liabilities	7	40,89,348	31,34,242
(d) Short-term provisions	8	1,25,400	-
TOTAL		20,60,65,374	22,91,87,532
II. ASSETS			
(1) Non-current assets			
(a) FIXED ASSETS			
(i) Tangible assets	9	1,22,14,620	1,12,58,094
(ii) Intangible assets	10	1,02,82,800	91,59,400
(b) Deferred tax assets (Net)	11	5,57,81,935	5,83,33,565
(c) Long-term loans and advances	12	16,49,205	96,02,933
(2) Current assets			
(a) Inventories	13	77,10,022	50,75,113
(b) Trade receivables	14	2,49,95,727	6,48,53,035
(c) Cash and cash equivalents	15	8,62,07,512	6,21,11,958
(d) Short-term loans and advances	16	72,23,553	87,93,434
TOTAL		20,60,65,374	22,91,87,532

See accompanying notes to the financial statements 21

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

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

for and on behalf of the Board

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

RAJU S DANDU
Chairman &
Managing Director

M.A. ASHOK KUMAR
Director

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

Hyderabad
June 25, 2012

Consolidated Profit and Loss Statement for the year ended

Particulars	Note No.	31-03-2012	31-03-2011
in Rs.			
INCOME			
I. Revenue from operations	17	9,17,66,673	7,76,31,881
II. Other income	18	93,74,526	79,56,469
III. Total Revenue		10,11,41,199	8,55,88,350
IV. EXPENSES			
Cost of materials consumed		30,75,609	47,25,727
Purchases of Stock-in-Trade		1,70,60,431	1,17,71,336
Changes in inventories of finished goods work-in-progress and Stock-in-Trade		(30,55,453)	3,06,390
Employee benefits expense		5,96,04,223	4,82,99,640
Finance costs	19	8,66,142	21,38,544
Depreciation and amortization expense		17,67,716	17,39,966
Other expenses	20	1,84,44,133	1,58,38,930
Total expenses		9,77,62,801	8,48,20,533
V. Profit before exceptional and extraordinary items and tax		33,78,398	7,67,817
VI. Exceptional Items		-	-
VII. Profit before and extraordinary items and tax		33,78,398	7,67,817
VIII. Extraordinary Items		-	-
IX. Profit before tax		33,78,398	7,67,817
X. Tax expense:			
(1) Current tax		-	-
(2) Deferred tax		12,69,071	(26,00,183)
XI. Profit / (Loss) for the period from continuing operations		46,47,469	(18,32,366)
XII. Profit / (Loss) from discontinuing operations		-	-
XIII. Tax expense of discontinuing operations		-	-
XIV. Profit / (Loss) from discontinuing operations (after tax)		-	-
XV. Profit / (Loss) for the period		46,47,469	(18,32,366)
XVI. Earnings per equity share:			
(1) Basic		1.25	(0.49)
(2) Diluted		1.25	(0.49)

See accompanying notes to the financial statements

21

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

This is the Profit and loss statement referred to in our report of even date

for and on behalf of the Board

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

RAJU S DANDU
Chairman &
Managing Director

M.A. ASHOK KUMAR
Director

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

Hyderabad
June 25, 2012

Notes to the Consolidated Balance Sheet as at

	in Rs.	
	31-03-2012	31-03-2011
1. SHARE CAPITAL		
AUTHORISED		
50,00,000 Equity Shares of Rs.10/- each	5,00,00,000	5,00,00,000
ISSUED, SUBSCRIBED AND PAID UP		
37,20,300 Equity Shares of Rs.10/- each Fully Paid	3,72,03,000	3,72,03,000
	3,72,03,000	3,72,03,000
2. RESERVES AND SURPLUS		
Capital Reserve	48,50,000	48,50,000
Securities Premium Reserve	26,58,07,400	26,58,07,400
Exchange Conversion Reserve	1,75,598	24,96,242
Profit and Loss Account (opening balance)	(12,22,65,325)	(12,04,32,959)
Add: current year Profit / (Loss)	46,47,469	(18,32,366)
	15,32,15,142	15,08,88,317
3. LONG-TERM BORROWINGS		
Car loan - HDFC Bank (Secured by hypothecation)	2,23,826	-
Loans and advances from related parties		8,93,600
	2,23,826	8,93,600
4. LONG-TERM PROVISIONS		
Accrued Gratuity	55,38,317	58,47,684
	55,38,317	58,47,684
5. SHORT-TERM BORROWINGS		
(Secured by pledge of deposits with banks)		
The Dhanalakshmi Bank Ltd	-	2,51,53,739
	-	2,51,53,739
6. TRADE PAYABLES		
Sundry Creditors	56,70,341	60,66,950
Outstanding dues of micro and small enterprises	-	-
	56,70,341	60,66,950
7. OTHER CURRENT LIABILITIES		
Current maturities of long-term borrowings	1,46,821	25,606
Advances from customers	19,96,625	1,63,187
Creditors for expenses	19,45,902	29,45,449
	40,89,348	31,34,242
8. SHORT-TERM PROVISIONS		
Accrued State Taxes	1,25,400	-
	1,25,400	-

Notes to the Consolidated Balance Sheet as at

9. FIXED ASSETS

in Rs.

Assets	Gross Block				Depreciation				Net Block	
	Cost as at 31-03-2011	Additions during the year	Deductions during the year	Cost as at 31-03-2012	Total upto 31-03-2011	For the year	Deductions during the year	As at 31-03-2012	As at 31-03-2012	As at 31-03-2011
Additions to Leasehold premises	14,84,850	-	-	14,84,850	2,60,182	24,269	-	2,84,451	12,00,399	12,24,668
Computers	3,14,26,876	8,20,852	-	3,22,47,728	2,96,52,339	4,74,427	-	3,01,26,766	21,20,962	17,74,537
Office Equipment	15,94,303	10,820	-	16,05,123	7,14,226	94,762	-	8,08,988	7,96,135	8,80,077
Electrical Equipment	13,03,432	18,741	-	13,22,173	5,75,305	44,476	-	6,19,781	7,02,392	7,28,127
Lab Equipment	14,56,827	15,40,520	-	29,97,347	5,86,922	1,12,009	-	6,98,931	22,98,416	8,69,905
D G Set	2,94,616	-	-	2,94,616	1,64,150	14,033	-	1,78,183	1,16,433	1,30,466
Elevator	3,25,123	-	-	3,25,123	1,71,119	15,486	-	1,86,605	1,38,518	1,54,004
Air-conditioners	16,36,508	-	-	16,36,508	8,31,509	77,947	-	9,09,456	7,27,052	8,04,999
Furniture & Fixtures	62,31,392	-	-	62,31,392	42,53,911	3,95,528	-	46,49,439	15,81,953	19,77,481
Office Interiors	19,17,818	-	-	19,17,818	9,33,539	91,346	-	10,24,885	8,92,933	9,84,279
Vehicles	32,88,378	5,55,593	5,48,245	32,95,726	17,65,919	3,14,711	3,10,217	17,70,413	15,25,313	15,22,459
WOS Equipment	11,33,934	1,39,077	-	12,73,011	9,26,842	1,08,722	(1,23,333)	11,58,897	1,14,114	2,07,092
Grand Total	5,20,94,057	30,85,603	5,48,245	5,46,31,415	4,08,35,963	17,67,716	1,86,884	4,24,16,795	1,22,14,620	1,12,58,094
Previous Year	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

10. INTANGIBLE ASSETS

Goodwill	1,02,82,800	91,59,400
	1,02,82,800	91,59,400

11. DEFERRED TAX ASSET (NET)

Fixed Assets	39,25,397	34,67,785
Others	5,18,56,538	5,48,65,780
	5,57,81,935	5,83,33,565

12. LONG-TERM LOANS AND ADVANCES

Secured, considered Good:		
Rent deposits	11,80,000	13,87,359
Deposits with Government Agencies	4,69,205	4,74,055
Intercompany deposit	-	77,41,519
	16,49,205	96,02,933

13. INVENTORIES

(Valued at cost basis)		
Raw materials	-	6,39,421
Finished goods	3,09,738	2,12,230
Stock-in-trade	72,78,915	42,23,462
Stores and spares	1,21,369	-
	77,10,022	50,75,113

14. TRADE RECEIVABLES		
Unsecured considered Good		
Outstanding for a period exceeding six months	20,47,286	3,87,77,192
Others	2,29,48,441	2,60,75,843
	2,49,95,727	6,48,53,035
15. CASH AND CASH EQUIVALENTS		
Cash on hand	14,323	12,669
Balances with banks		
- in current accounts	23,65,243	8,98,034
- in EEFC accounts	2,195	4,82,918
- in deposit accounts with more than 12 months maturity	8,08,25,751	6,07,18,337
- in deposit accounts with less than 12 months maturity	30,00,000	-
	8,62,07,512	6,21,11,958
16. SHORT-TERM LOANS AND ADVANCES		
Unsecured, considered Good		
Advances recoverable in cash or in kind or for value to be received		
Earnest Money Deposit	31,85,564	3,21,454
Advances for expenses	4,42,888	97,770
Advances for purchases	5,710	2,370
Prepaid Expenses	2,51,838	1,67,160
Interest Receivable	11,75,901	54,68,485
Tax Deduction at Source	19,65,537	25,99,654
Service tax -input credit	28,916	1,36,541
VAT - input credit	1,67,199	-
	72,23,553	87,93,434
Notes to the consolidated Profit and Loss Statement for the year ended		
17. REVENUE FROM OPERATIONS		
Sale of products	3,00,82,964	2,97,47,629
Sale of services	6,16,83,709	4,78,84,252
	9,17,66,673	7,76,31,881
18. OTHER INCOME		
Interest Income (TDS - Rs.5,33,923/-, Previous year Rs.4,54,455/-)	53,23,694	45,10,302
Interest on IT Refund	99,613	1,19,832
Exchange Gain (net)	38,99,321	33,25,951
Miscellaneous Income	51,898	384
	93,74,526	79,56,469

Notes to the Consolidated Profit and Loss Statement for the year ended

	in Rs.	
	31-03-2012	31-03-2011
19. FINANCE COSTS		
Interest on short terms borrowings from banks	8,42,108	21,23,021
Interest on TDS	24,034	15,523
	8,66,142	21,38,544
20. OTHER EXPENSES		
Advertisement	40,406	43,744
AGM Expenses	6,000	21,605
Auditors Remuneration	3,20,259	3,28,761
Bank charges and commission	64,294	74,343
Books & Periodicals	13,678	11,936
Business Development Expenses	2,18,439	2,11,940
Bad debts written off	2,52,174	8,329
Depository Registrar Fee	81,445	74,850
Directors sitting fee	1,10,000	95,000
Esap Processing fees	0	5,70,321
Freight outward	2,98,733	1,27,489
Insurance Charges	1,68,561	1,32,412
Internet Service Charges	3,73,510	1,88,799
Legal & Professional Charges	3,65,221	2,39,727
Listing Fee	15,000	10,000
Loss on sale of assets	1,28,027	-
Membership Fee	11,595	-
Miscellaneous Expenses	911	1,545
Office Maintenance	17,28,895	21,35,525
Postage	1,40,571	90,743
Power and Fuel	12,84,788	11,93,536
Printing and Stationery	2,40,408	2,37,808
Registration, Licence & Filing Fee	1,70,734	86,676
Rent	51,74,015	48,61,009
Rates & Taxes	4,40,441	4,88,242
Sales commission	12,19,900	85,000
Sub-contract works	14,58,827	12,46,343
Telephone expense	6,73,037	6,73,098
Travel and Conveyance	34,44,264	26,00,149
	1,84,44,133	1,58,38,930

21. Additional Information : for the consolidated financial statements

21.1 Significant Accounting Policies and Notes On Accounts:

21.1.2 Scope of Business units

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

21.1.3 Basis for consolidation of financial statements

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

21.1.4 Revenue recognition

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

21.1.5 Expenditure

All expenses of Danlaw are accounted on the accrual basis.

21.1.6 Fixed assets

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

21.1.7 Foreign currency transactions

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

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

The transactions of the subsidiary are in US dollars and Euro. There is no foreign currency transaction per se. But on account of consolidation all the outstanding entries of the subsidiary as on March 31, 2012 have been converted into Indian rupees and consolidation was affected.

21.1.8 Foreign currency translations

The accompanying financial statements of WOS are reported in U.S.dollars. The functional currency of the parent company in India is the Indian rupee ("Rs."). Hence translation of U.S.dollars to Rs is performed for balance sheet accounts using the exchange rate prevailing as at the balance sheet date, and for revenue and expense accounts using a quarterly average exchange rate for the respective quarters. The gains or losses resulting from such translation are reported as "Exchange conversion reserve", a separate component of reserves and surplus head in the consolidated accounts. The method of translating expenses of overseas operations depends upon the timing of the funds used. The balance sheet items of the WOS have been converted at the rate of Rs.50.16 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.44.65, Rs.45.76, Rs.50.74 & Rs.50.21 per US dollar for the respective quarters.

21.1.9 Investments

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

21.1.10 Related party transactions

The company entered into related party transactions during the year with Danlaw Inc., USA. The CMD of the company is also CEO of the Danlaw Inc. The Danlaw Technologies Inc had sales of Rs.6,18,17,924/- during the year ended March 31, 2012 of which the sales made to the Danlaw Inc are Rs.4,73,93,634/-. During the year ended March 31, 2012 Danlaw Technologies Inc has purchased services of Rs.4,92,076/- from Danlaw Inc.

Signatures to Notes 1 to 21
for and on behalf of the Board

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

RAJU S DANDU M.A.
Chairman &
Managing Director

ASHOK KUMAR
Director

(CA.KISHORE KUMAR.K)

Partner
Membership No: 215459

Hyderabad
June 25, 2012



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 19th Annual General Meeting of the Company to be held on August 14th, 2012 at 10.00 a.m. and at any adjournment thereof.

In witness whereof, I / We have set my / our hand / hands this ____ day of _____ 2012.

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

19th Annual General Meeting on August 14th, 2012 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 19th 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 August 14th, 2012 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.