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7th Annual Report 1999-2000



BOARD OF DIRECTORS

Raju S Dandu

Chairman & C.E.O.

Lloyd R Lawrence

Director

DSN Raju

Director

COMPANY SECRETARY

B S Bhasker

EXECUTIVE TEAM

B V Ramana, Vice President (Engineering)

Prakash B Kulkarni, Vice President (I.T.)

Dr Y V Subrahmanyam, General Manager (HR)

VRK Chary, General Manager (Finance)

P Anand, General Manager (Business Development)

AUDITORS

M/s. A.M. REDDY & CO

Chartered Accountants

10-5-6/A, "My Home Plaza"

Off: 103, II Floor, Masab Tank

HYDERABAD – 500 028.

BANKERS

The Hongkong & Shanghai Banking Corporation Ltd

The Vysya Bank Limited

Union Bank Of India

Citibank N.A.

DEPOSITORY TRANSFER AGENT

M/s.Sathguru Management Consultants Pvt Ltd

Plot No.15, Hindi Nagar, Punjagutta,

HYDERABAD

REGISTERED OFFICE

43, Sagar Society

Road No.2, Banjara Hills

HYDERABAD – 500 034

INDIA

U. S. OFFICE

23700, Research Drive,

Farmington Hills, MI 48335 -2624

USA

From the CEO's desk...

A successful beginning was made for Danlaw in India in commencing the software business after the innings of finance business under the previous Management is coming to an end. The commencement of software development in India in a record time during the period under review gives me an immense pleasure. The four months of software development operation during the year under review is no indication for me to measure the performance of this dark horse. The year 2000-01 is going to be the first full year of operation for us, which indicates the competence of Danlaw as an emerging force in the area of Technology development. To make our dreams come true, the Danlawites have set a lofty target for themselves for the year 2000-01.

The philosophy at Danlaw is precision and perfection. We are striving hard to make our Clients across the Globe to consider our name synonymous with reliability. With leading edge technologies and unmatched performances, we at Danlaw believe *that we exist to make our customer's lives simpler.*

Our core professionals and various software engineers, with varied experiences in their respective fields, help our customers achieve their business targets more comfortably. Danlaw, as a service provider, is committed to do right things at the first attempt and for us the success is not the end result but a continuous process.

Dandu S Raju
Chairman

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NOTICE

Notice is hereby given that the 7th Annual General Meeting of the Members of the Company will be held on Monday, the 3rd July, 2000 at 11.00 A.M. at the Registered Office of the Company at 43, Sagar Society, Road No. 2, Banjara Hills, Hyderabad – 500 034, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March 2000 and the Profit and Loss Account for the year ended 31st March 2000 along with the Auditors Report and the Directors Report thereon.
2. To appoint a Director in place of Mr. Lloyd R Lawrence who retires by rotation and being eligible offers himself for reappointment.
3. To appoint Statutory Auditors of the Company to hold office from the conclusion of this 7th Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

4. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution.

"RESOLVED THAT pursuant to Section 17 of the Companies Act, 1956, the Memorandum of Association of the Company be altered by inserting the following clause as Main Object No.7 in Clause III (A)".

"To establish and develop all sorts of hardware and software services including the services in the areas of web-hosting, web-server, e-commerce, internet, intranet, extranet, dial up services, leased line services, services through cable network, e-mail services, news services, web services, transcription services, Internet service providers including Multimedia facilities and any other computer aided services or solutions including setting up of Gateway Internet Access Services.

5. To consider and if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution.

"Resolved that pursuant to the Section 31 and other applicable provisions of the Companies Act, 1956, the Articles of Association of the Company be altered in the manner as following:

A) Article No. 3 (c) of the Articles of Association of the Company be replaced with the following Article.

(c) FURTHER ISSUE OF SHARES

1. Where at the time after the expiry of two years from the formation of the company or at any time after the expiry of one year from the allotment of shares in the company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the company by allotment of further shares either out of the un-issued capital or out of the increased share capital then :
 - a. Such further shares shall be offered to the persons who at the date of the offer, are holders of the equity shares of the company, in proportion, as near as circumstances admit, to the capital paid up on those shares at the date.
 - b. Such offer shall be made by a notice specifying the number of shares offered and limiting a time not less than thirty days from the date of the offer and the offer if not accepted, will be deemed to have been declined.
 - c. The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to them in favor of any other person and the notice referred to in sub-clause(b) hereof shall contain a statement of this right. PROVIDED THAT the Directors may decline, without assigning any reason to allot any shares to any person in whose favor any member may renounce the shares offered to him.

- d. After expiry of the time specified in the aforesaid notice or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose off them in such manner and to such person(s) as they may think, in their sole discretion, fit.
2. Notwithstanding anything contained in sub-clause (1) above, the further shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to in clause (a) of sub-clause (1) hereof) or in any manner whatsoever.
 - a. If a special resolution to that effect is passed by the company in General Meeting, or
 - b. Where no such special resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favor of the proposal contained in the resolution moved in the general meeting (including the casting vote, if any, of the Chairman) by the members who, being entitled to do so, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by members, so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf that the proposal is most beneficial to the company.
3. Nothing in sub-clause (c) of (1) hereof shall be deemed:
 - a. To extend the time within which the offer should be accepted; or
 - b. To authorize any person to exercise the right of renunciation for a second time on the ground that the person in whose favor the renunciation was first made has declined to take the shares comprised in the renunciation.
4. Nothing in this Article shall apply to the increase of the subscribed capital of the company caused by the exercise of an option attached to the debenture issued or loans raised by the company:
 - a. To convert such debentures or loans into shares in the Company; or
 - b. To subscribe for shares in the company (whether such option is conferred in these Articles or otherwise).

PROVIDED THAT the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term:

- i. Either has been approved by the Central Government before the issue of the debentures or the raising of the loans or is in conformity with Rules, if any, made by that Government in this behalf; and
- ii. In the case of debentures or loans or other than debentures issued to or loans obtained from Government or any institution specified by the Central Government in this behalf, has also been approved by a special resolution passed by the company in General Meeting before the issue of the debentures or raising of the loans.

B) Article No. 4 of the Articles of Association of the Company be replaced with the following Article.

4. SHARES AT THE DISPOSAL OF THE DIRECTORS:

Subject to the provisions of Section 81 of the Act and these Articles, the shares in the capital of the company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provision of Section 79 of the Act) at a discount and at such time as they may from time to time think fit and with the sanction of the company in the General Meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the Directors think fit, and may issue and allot shares in the capital of the company on payment in full or part of any property sold and transferred or for any services rendered to the company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid shares.

Provided that the option or right to call off shares shall not be given to any person or persons without the sanction of the company in the General Meeting.

of a share other than an absolute right thereto in accordance with these Articles, on the part of any other person whether or not it has express or implies notice thereof, but the Board shall be at their sole discretion to register any share in the joint names of any two or more persons or the survivor or survivors of them.

Depository to furnish information

(8) Every Depository shall furnish to the Company information about the transfer of securities in the name of the Beneficial Owner at such intervals and in such manner as may be specified by the bye-laws and the Company in that behalf.

Cancellation of certificates upon surrender by a person

(9) Upon receipt of certificate of securities on surrender by a person who has entered into an agreement with the Depository through a Participant, the Company shall cancel such certificate and substitute in its records the name of Depository as the registered owner in respect of the said securities and shall also inform the Depository accordingly.

Option to opt out in respect of any security

(10) If a Beneficial Owner seeks to opt out of a Depository in respect of any security, the Beneficial Owner shall inform the Depository accordingly.

The Depository shall in receipt of information as above make appropriate entries in its records and shall inform the Company.

The Company shall, within thirty (30) days of the receipt of intimation from the Depository and on fulfillment of such conditions and on payment of such fees and may be specified by the regulations, issue the certificate of securities to the Beneficial Owner or the transferee as the case may be.

Service of Documents

(11) Notwithstanding anything in the Act or these Articles to the contrary, where securities are held in a Depository, the records of the beneficial ownership may be served by such Depository on the Company by means of electronic mode or by delivery of floppies or discs.

Provisions of Articles to apply to shares held in Depository

(12) Except as specifically provided in these Articles, the provisions relating to joint holders of shares, calls, lien on shares, forfeiture of shares and transfer and transmission of shares shall be applicable to shares held in Depository so far as they apply to shares held in physical form subject to the provisions of the Depository Act.

Allotment of securities dealt with in a Depository.

(13) Notwithstanding anything in the Act or these Articles, where securities are dealt with by a Depository, the Company shall intimate the details thereof to the Depository immediately on allotment of such securities.

Distinctive number of securities held in a Depository.

(14) The shares in the capital shall be numbered progressively according to their several denominations, provided however, that the provision relating to progressive numbering shall not apply to the shares of the Company which are dematerialized or may be dematerialized in future or issued in future in dematerialized form. Except in the manner hereinbefore mentioned, no share shall be sub-divided. Every forfeited or surrendered share held in material form shall continue to bear the number by which the same was originally distinguished.

Register and Index of Beneficial Owners

(15) The Company shall cause to be kept a Register and Index of members and a Register and Index of Debenture holders in accordance with Sections 151 and 152 of the Act respectively, and the Depositories Act, with details of shares and debentures held in material and dematerialized forms in any media as may be permitted by law including in any form of electronic media. The Register and Index of Beneficial Owners maintained by a Depository under Section 11 of the Depositories Act shall be deemed to be Register and Index-of Members and Register and Index of Debenture-holders, as the case may be, for the purposes of the Act. The Company shall have the power to keep in any state or country outside India a branch Register of Members resident in that state or country.

Register of Transfers

(16) The Company shall keep a Register of Transfers and shall have recorded therein fairly and distinctly particulars of every transfer or transmission of any share held in material form."

14B. EMPLOYEE STOCK OPTION:

The Directors are authorized to issue Equity shares or Debentures (whether or not convertible into equity shares) for offer and allotment to such of the officers, employees and workers of the company as the Directors may select or the trustees of such trust as may be set for the benefit of the officers, employees and workers in accordance with the terms and conditions of such scheme, plan or proposal as the Directors may formulate. *Subject to the consent of the Stock Exchanges and of the Securities and Exchange Board of India, the Directors may impose the condition that the shares in or debentures of the company so allotted shall not be transferable for a specified period.*

14C. NOMINATION FACILITY:

Every shareholder or debenture holder of the company may at any time nominate a person to whom his shares or debentures shall vest in the event of his death in such manner as may be prescribed under the Act.

Notwithstanding anything contained in any other law for the time being in force or in any disposition whether testamentary or otherwise, the nominee shall, on the death of the holder of the shares or debentures, the nominee shall, on the death of the joint holder becoming entitled to all the rights in such shares or debentures or as the case may be, all joint holders in relation to such shares or debentures, to the exclusion of all other persons, unless the nomination is varied or cancelled in the manner, as may be prescribed under the Act".

14D. BUY BACK OF SHARES:

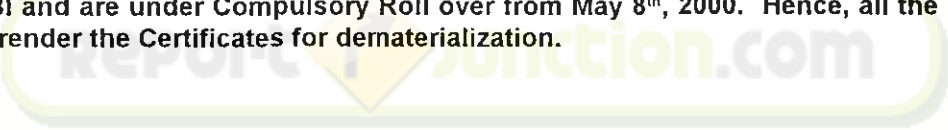
The Company shall have the power subject to and in accordance with all other applicable provisions of Companies Act, 1956 to acquire/ purchase any of its fully paid shares on such terms and conditions and up to such limits as may be prescribed by the law from time to time and may be determined by the Board from time to time and may make payment out of free reserves and surplus and/or Securities Premium Account and /or proceeds of any shares or other securities or such other funds as may be prescribed by the law in respect of such acquisition/ purchase.

By Order of the Board
For **DANLAW TECHNOLOGIES INDIA LTD.**

Place : Hyderabad
Date : 25-05-2000

D S N RAJU
DIRECTOR

NOTES:

1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy and such proxy need not be a member of the Company. Proxies in order to be effective must be received by the Company not less than 48 hours before the commencement of the Meeting.
 2. Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 is annexed hereto.
 3. The Register of Members and Share Transfer Books of the Company will remain closed from 28th June to 3rd July, 2000 (both days inclusive)
 4. Members are requested to inform any change in their addresses immediately.
 5. **Please note the equity shares of the Company are compulsorily dematerialized as per the Notification issued by SEBI and are under Compulsory Roll over from May 8th, 2000. Hence, all the shareholders are advised to surrender the Certificates for dematerialization.**
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EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956**ITEM NO.: 4**

The Company is engaged in software services. In order to facilitate your Company to enter into various fields of software services to suit the market trends, it is proposed to amend the Objects Clause of the Memorandum by inserting Clause No.7.

Hence, the proposed Special Resolution is recommended by the Board of Directors for the approval of the members of the Company.

None of the Directors is concerned or interested in the resolution.

ITEM NO.: 5

The Company has recently applied to the Stock Exchange, Mumbai for listing of the equity shares of the Company on the Exchange. The Exchange has advised the Company to amend its Articles of Association, so as to include the above-mentioned changes/alterations, in the ensuing general meeting.

Hence, the proposed Special Resolution is recommended by the Board of Directors for the approval of the members of the Company.

None of the Directors is concerned or interested in the resolution.

ITEM NO.: 6

The Equity shares of the Company have been brought under compulsory dematerialization and Roll-over Settlement by SEBI Notification w.e.f. 8th May 2000. The Company has signed Agreements with both the Depositories, viz., NSDL and CDSL; and has appointed M/s Sathguru Management Consultants Pvt. Ltd. as its Depository Transfer Agent.

Article 14A is proposed to be included in the Articles of Association of the Company to contain the special provisions relating to the Electronic form of Shares.

Article 14B, 14C and 14D relating to the Employee Stock Option Scheme, Nomination Facility and the Buy-Back of Shares by the Company are proposed to be included to incorporate the changes/facilities permitted by the Companies Act, 1956 and SEBI Guidelines.

Hence, the proposed Special Resolution is recommended by the Board of Directors for the approval of the members of the Company.

None of the Directors is concerned or interested in the resolution.

By Order of the Board
For **DANLAW TECHNOLOGIES INDIA LTD.**

Place : Hyderabad
Date : 25-05-2000

D S N RAJU
DIRECTOR