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**6th
ANNUAL REPORT
1998 - 99**



(FORMERLY GROW-TECH SOFTWARE SERVICES LIMITED)

BOARD OF DIRECTORS

RAJU S. DANDU

Chairman

LLOYD R. LAWRENCE

Director

D S N. RAJU

Director

BANKERS

VYSYA BANK LIMITED

Banjara Hills Branch,

Hyderabad – 500 034.

AUDITORS

A.M.REDDY & CO.,

Chartered Accountants

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

Off:103, IInd Floor, Masab Tank,

Hyderabad – 500 028.

REGISTERED OFFICE

43, Sagar Society, Road No. 2,

Banjara Hills,

Hyderabad - 500 034.



(FORMERLY GROW-TECH SOFTWARE SERVICES LIMITED)

NOTICE

Notice is hereby given that the 6th Annual General Meeting of the members of the Company will be held on 31st December, 99 at the Registered Office of the Company situated at 43, Sagar Society, Road No. 2, Banjara Hills, Hyderabad at 9.30 a.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet and the profit and loss account for the year ended 31st March 1999 along with the Auditors report and Directors' Report thereon.
2. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

3. To consider and if thought fit, to pass with or without modification(s) the following resolution as an ordinary resolution:

"RESOLVED THAT pursuant to Section 257 and other applicable provisions, if any, of the Companies Act, 1956 Sri Raju S. Dandu be and is hereby appointed as Director of the Company liable to retire by rotation.

4. To consider and if thought fit, to pass with or without modification(s) the following resolution as an ordinary resolution:

"RESOLVED THAT pursuant to Section 257 and other applicable

provisions, if any, of the Companies Act, 1956 Sri Lloyd R. Lawrence be and is hereby appointed as Director of the Company liable to retire by rotation.

5. To consider and if thought fit, to pass with or without modification(s) the following resolution as an ordinary resolution:

"RESOLVED THAT pursuant to Section 257 and other applicable provisions, if any, of the Companies Act, 1956 Sri D.S.N. Raju be and is hereby appointed as Director of the Company liable to retire by rotation.

By Order of the Board
for DANLAW TECHNOLOGIES INDIA LIMITED

Place : Hyderabad
Date : 20th Nov. 1999

RAJU S. DANDU
Chairman

NOTES:

1. A member who is 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 the Share transfer books of the Company will remain closed on 31st Day of December, 1999.
4. Members are requested to inform any change in their addresses immediately.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

ITEM NO.4:

Sri Raju S. Dandu who was appointed as Additonal Director of the Company during the year holds office upto this Annual General Meeting. The Company has received a notice from a member proposing the candidature of Sri Raju S. Dandu to the office of the Director along with a deposit of Rs.500 as required under Section 257 of the Companies Act, 1956. Sri Raju S. Dandu is a highly qualified and experienced technocrat and the Company would be immensely benefited with his appointment as Director of the Company.

Except Sri D S N. Raju none of the Directors is deemed to be interested or concerned with the above resolution.

ITEM NO.5:

Sri Lloyd R. Lawrence who was appointed as Additonal Director of the Company during the year holds office upto this Annual General Meeting. The Company has received a notice from a member proposing the candidature of Sri Lloyd. Lawrence to the office of the Director along with a deposit of Rs.500 as required under Section 257 of the Companies Act, 1956. Sri Lloyd R. Lawrence is a highly qualified technocrat and the Company would be immensely benefited with his appointment as Director of the Company.

None of the Directors is deemed to be interested or concerned with the above resolution.

ITEM NO.6:

Sri D S N. Raju who was appointed as Additonal Director of the Company during the year holds office upto this Annual General Meeting. The Company has received a notice from a member proposing the candidature of Sri D S N. Raju to the office of the Director along with a deposit of Rs.500 as required under Section 257 of the Companies Act, 1956. Sri D S N. Raju is a highly experienced businessman and the Company would be immensely benefited with his appointment as Director of the Company.

Except Sri Raju S. Dandu none of the Directors is deemed to be interested or concerned with the above resolution.

By Order of the Board
for DANLAW TECHNOLOGIES INDIA LIMITED

Place : Hyderabad
Date : 20th Nov. 1999

RAJU S. DANDU
Chairman

DIRECTORS' REPORT:

Dear Members,

Your Directors have the pleasure of presenting this 6th Annual Report together with the audited accounts of your Company for the year ended 31st March 1999.

Operational Results:

(Rs. In lakhs)

Particulars	Year ended 31-03-1999	Year ended 31-03-1998
Gross Income	6.45	7.50
Profit before depreciation	0.96	0.51
Depreciation	0.37	0.40
Profit/(Loss) before tax	0.58	0.11
Provision for tax	0.18	0.22
Profit/(Loss) after tax	0.40	(0.11)

As we head into the next millennium, the Indian software industry has positioned itself as a major player in the global software market. Your Company has structured itself to be a significant force in this ever-growing industry.

The Indian software industry has come a long way and is moving up the value chain. The Indian Companies are now handling projects in re-engineering and systems integration and even developing proprietary software tools and products. Your Company is starting at the high end of the value chain.

The recent growth in IT industry has created a shortage of manpower available for the real-time embedded systems software development. The advances in hardware have brought these two technologies (real-time and IT) together and created phenomenal opportunities for future growth. The advent of e-mail and other Internet services being available in the automobiles has already started. Reports indicate that it is just the beginning of a trend that is leading the world population into an unheralded Automation and Information age. Your Company distinguishes itself to be at the forefront of "EMBEDDED SYSTEMS" software development along with the Information Technology solutions.

About third of the Fortune 500 Companies currently use resources from India for software development and this trend continues to grow. The software exports from India have grown at an annual rate of about 55% over the last six years and are estimated to be at US \$4 billion this fiscal year. The government task force expects this to grow to 50 billion US dollars by the year 2008. Adding real-time embedded software into this mix and the fact that Indian Companies are rapidly moving up the value chain, the target of \$50 billion should be reached much sooner. Even the domestic software business is expected to reach about 80 billion Rupees by the end of this fiscal year.

Quality:

The Software Engineering Institute (SEI) of Carnegie Mellon University, USA has adopted a global quality assessment for the software industry, namely the Capability Maturity Model (CMM). Your Company is starting on a strong



(FORMERLY GROW-TECH SOFTWARE SERVICES LIMITED)

foundation to achieve the highest CMM level in the shortest time period possible. ISO 9001 is another certification we are poised to achieve in the near future. The commitment to quality is the cornerstone of our excellence in providing solutions to the esteemed customer base.

Your Company has undertaken product development in several areas including Project Management, Internet and Intranet applications, and Embedded Systems. The technology absorption, adaptation and innovation are the keys for our future success.

The activities of your Company are broadly divided into two profit centers, Information Technology Solutions and Engineering Services.

Information Technology Solutions:

This division was created to supply consulting, project coordination, complete systems design and integration, products and final product test and implementation services, application development, and maintenance services to the rapidly developing Information Technology marketplace.

The group is focused on developing leading edge web-centric technologies to provide Internet, Intranet and E-Commerce solutions along with CBT package development.

We employ and are experienced in the development of Common Object Request Broker Architecture (CORBA). CORBA is an emerging open distributed object-computing infrastructure being

standardised by the Object Management Group (OMG). The component development lends itself to applications within E-Commerce, Front Office Processes and Supply Chain Integration. It is also used in Enterprise Information Systems and Application Integration.

An expected growth from US \$1.4 billion to US \$ 93 billion in the software components and components construction and assembly market is expected by 2003.

Your Company employs proven processes to discern technological trends, and to focus on the most pertinent technological advances within the industry. We ensure growth and maintain a position on the leading edge of emerging technologies ahead of the global marketplace by the implementation of continuous innovations, upgrades, improvements, and user empowerment strategies.

Engineering Services:

This division served as the basis for our ever mounting reputation throughout the Industrial and Technical Service sectors. The primary focus is the automotive sector providing the real-time embedded software, software verification and validation, functional and integration testing, network analyzers, recorders, and tools for software verification.

Expertise exists in the areas of GUI, embedded web server applications for device control, CAN and Class 2 messaging for automobiles, embedded software development, real-time

operating systems and communication protocols.

Embedded Application opportunities exist in great quantity within the Automotive, Aerospace, Defence, Communications, and Consumer Appliances Industries.

Developing and providing effective embedded Y2K solutions, as part of more comprehensive endeavors, has also acted as entry points to other work within key client industries.

The worldwide market for embedded systems software is growing at a rapid pace and your Company is poised to take advantage of this opportunity.

Industry Potential:

India's position within the Information Technology sector of the world market is secured by the fact that our software products have been proven to represent quality, our production costs remain economically competitive, and we retain as an available reserve the second largest assemblage of English speaking Information Technology professionals.

The trend for expansion within these industries has never been more favorable. E-commerce growth is at more than 200% per annum and the volume of Internet users is growing at an average rate of two million new users per month. E-business alone will grow to \$600 billion, outstripping other lucrative segments of the industry, we intend to focus heavily on this high growth segment. There are also large-scale opportunities involved in the Euro conversion activities. We are ready and capable of taking a sizeable share of work in the development of the

applications required to support these demands

Information Technology is presently the worlds fastest growing strategic industry, and will most probably grow to be the worlds largest industry within the next ten years. Educational Institutions are being rapidly outpaced by the evolution of technical change, while specifically trained engineers are required in ever increasing quantities. An unrivalled opportunity presents itself at this time, and your Company is in the perfect position to reap the benefits. We stand poised, capable, and ready on the brink of an upcoming professionally fulfilling and financially rewarding period that few Companies have the proper resources and abilities to exploit.

Our investors are the true backbone of this Company, and your trust and foresight will enable us to achieve the successes that will make our name a major entity in the business annals of our Country.

TAKEOVER:

The Company has been taken over by Danlaw Systems India Limited pursuant to the agreement dated 23-08-99 entered into and between Danlaw Systems India Limited and the promoters of your Company. Pursuant to the provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 Danlaw Systems India limited has made a open offer to acquire 600100 equity shares of Rs.10 each from the shareholders of the Company which opened on 5th October, 1999 and closed on 3rd November, 1999. The takeover process has been duly completed on 19th November 1999. Subsequently the name of the company