

From the CEO's desk....



Dear Shareholders,

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

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

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

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

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

outsourcing of engineering R&D solutions.

Summary of financial results:

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

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

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

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

Best regards,
Raju S. Dandu
Chairman & Managing Director

BOARD OF DIRECTORS

Raju S Dandu
Chairman & Managing Director

Prakash S Kenjale
Director

M A Ashok Kumar
Director

N S Sappata
Director

K N Praveen Kumar
Director

MANAGEMENT TEAM

B V Ramana
Chief Operating Officer

Prakash B Kulkarni
Executive Vice President – IT

G Govardhan Rao
Vice President

Kishan Chowbene
Vice President – Marketing & Sales

E U S Prabhakar
General Manager – ESD

A V R K Varma
General Manager – Finance

REGISTERED OFFICE

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

USA SUBSIDIARY

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

AUDITORS

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

BANKERS

The Dhanalakshmi Bank Ltd,
Banjara Hills Branch, Hyderabad.

HDFC Bank Ltd. , Banjara Hills Branch,
Hyderabad.

**DEPOSITORY REGISTRARS & SHARE
TRANSFER AGENTS**

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

CONTENTS

	Pages
Notice	4
Directors' Report (DTIL).....	8
Report on Corporate Governance	11
General Shareholders Information	14
Compliance Certificate	16
Corporate Governance Certificate	19
Management Discussion & Analysis Report	20
 <u>Financials of DTIL as on March 31, 2011</u>	
Auditors' Report	24
Balance Sheet	29
Profit and Loss Account	30
Schedules	31
Significant Accounting Policies	35
Statement of Cash Flows	39
Balance Sheet Abstract And Company's General Business Profile	40
Directors' Report (DTI)	41
 <u>Financials of DTI as on March 31, 2011</u>	
Auditors' Certificate	42
Balance Sheet	43
Statement of Operations	44
Statement of Stockholders' Equity and Cash flows	45
Notes on financial statement	46
 <u>Consolidated Financials as on March 31, 2011</u>	
Auditors' Report	50
Balance Sheet	51
Profit and Loss Account	52
Schedules	53
Significant Accounting Policies	57
Attendance Slip and Proxy Form	60

NOTICE

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

ORDINARY BUSINESS

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

SPECIAL BUSINESS

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

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

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

Category I: Included in the remuneration

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

Category II: Not included in the remuneration

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

RESOLVED FURTHER

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

RESOLVED FURTHER

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

RESOLVED FURTHER

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

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

Place: Hyderabad
Date: July 20, 2011

Raju S. Dandu
Managing Director

Notes:

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

EXPLANATORY STATEMENT

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

Item 4:

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

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

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

Information about Mr. Raju S Dandu:

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

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

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

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

By Order of the Board
For Danlaw Technologies India Limited

Place: Hyderabad
Date: July 20, 2011

Raju S. Dandu
Managing Director

DIRECTORS' REPORT

To,
The Members,

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

FINANCIAL PERFORMANCE

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

Rs. in Lakhs

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

The net income from operations has increased by about 26% to 776 lacs. Similarly the Gross Profit has increased to 291 lacs which is an increase of about 28% over last year. In spite of the wage pressures in the market, your management continued to control the costs without compromising the future delivery capacity. This has resulted in Net Profit (before tax) of about 8 lacs as compared to a loss of 36 lacs in the previous financial year.

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

CORPORATE GOVERNANCE

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

EMPLOYEE PARTICULARS

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

FIXED DEPOSITS

The Company has not accepted or invited any deposits and consequently no deposit has matured / become due for repayment as on 31st March 2011.

WHOLLY OWNED SUBSIDIARY

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

DIRECTORS RESPONSIBILITY STATEMENT

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

- a) In the preparation of annual accounts for the year ended 31st March 2011, the applicable accounting standards have been followed along with proper explanation relating to any material departures.
- b) Such accounting policies as mentioned in schedule of the notes to the financial statements have been selected and applied consistently and judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company for the financial year ended 31st March 2011 and of the profit and loss of the Company for the year ended on that date.
- c) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) The annual accounts for the financial year 2010-2011 have been prepared on a going concern basis.

AUDITORS

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

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

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

a) Conservation of Energy:

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

b) Research & Development and Technology Absorption:

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

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

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

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

APPRECIATION & ACKNOWLEDGEMENTS

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

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

By Order of the Board
For Danlaw Technologies India Ltd.

Hyderabad
July 20, 2011

Raju S Dandu
Chairman & Managing Director