Ramana Reddy & Associates
Chartered Accountants

Unit No.406, 4th Floor,
Ashoka Capitol, Opp:KBR Park,
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Hyderabad - 500034
Ph: 23316426/23316912

INDEPENDENT AUDITOR'S REPORT

To,
The Members of M/s. Danlaw Technologies India Limited.,

Report on the Financial Statements

We have audited the accompanying financial statements of **M/s. Danlaw Technologies India Limited**, ("the Company"), which comprise the Balance Sheet as at 31st March , 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

RAMANA REDDY & ASSOCIATES ICAIFRN 003246S HYDERABAD CHARTERED ACCOUNTANTS

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required 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, 2014;

(b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and

(c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by Section 227(3) of the Act, we report that:

   (a) 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;

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   (c) The Balance Sheet, Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

   (d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013; and

   (e) On the basis of the written representations received from the directors as on 31st March, 2014 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2014 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

for RAMANA REDDY & ASSOCIATES
CHARTERED ACCOUNTANTS
FRN: 003246S

PLACE : HYDERABAD
DATE : 28.05.2014

RAMANA REDDY & ASSOCIATES * CHARTERED ACCOUNTANTS * ICAIFRN 003246S HYDERABAD

(CA.RAMANA REDDY A.V.)
PARTNER
Membership No.024329

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph (1) 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.

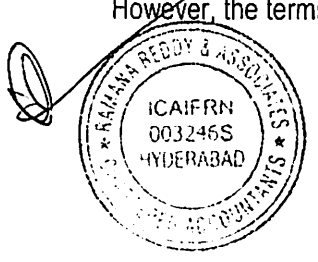
3. (a) The company has not granted any loans secured or unsecured to companies, firms or other parties listed in the register maintained u/s.301 of the Act.

   (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, 2014 for a period of more than six months from the date they became payable.

   (c) According to the information and explanations given to us, there are no dues of sales tax, income tax, customs duty, wealth tax, service tax, excise duty and cess which have not been deposited on account of any dispute.

10. The company has accumulated losses of Rs.835.54 lakhs as on 31.03.2014 and it has not incurred any cash losses for the financial year ended on that date and also in the immediately preceding financial year.

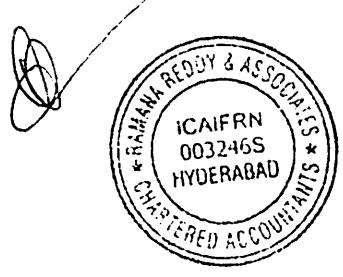
11. The company has not defaulted in repayment of dues to any financial institution, bank or debenture holders.

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. The company has not given guarantees 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.

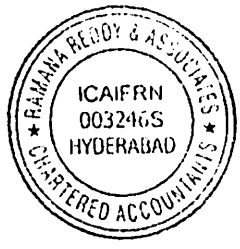
19. According to the information and explanations given to us, during the period covered by our audit report, the company has not issued any debentures.

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.

for RAMANA REDDY & ASSOCIATES
CHARTERED ACCOUNTANTS
FRN: 003246S

PLACE: HYDERABAD
DATE : 28.05.2014



(CA.RAMANA REDDY A.V.)
PARTNER
Membership No.024329

DANLAW TECHNOLOGIES INDIA LIMITED

Balance Sheet as at

in Rs.

	Particulars	Note No.	31-03-2014	31-03-2013
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	**18,71,03,409**	18,30,68,495
(2)	**Non-current liabilities**			
	(a) Long-term borrowings	3	**-**	77,005
	(b) Long-term provisions	4	**-**	3,24,784
(3)	**Current liabilities**			
	(a) Trade payables	5	**5,47,791**	4,41,681
	(b) Other current liabilities	6	**31,37,374**	23,38,387
	TOTAL		**22,79,91,574**	22,34,53,352
II.	**ASSETS**			
(1)	**Non-current assets**			
	(a) FIXED ASSETS			
	(i) Tangible assets	7	**1,20,31,285**	1,11,37,145
	(ii) Intangible assets		**16,50,794**	-
	(b) Non-current investments	8	**2,95,66,245**	2,95,66,245
	(c) Deferred tax assets (Net)	9	**3,73,90,871**	3,94,44,837
	(d) Long-term loans and advances	10	**16,48,705**	17,39,205
(2)	**Current assets**			
	(a) Inventories	11	**54,47,771**	51,28,186
	(b) Trade receivables	12	**87,05,466**	2,34,24,305
	(c) Cash and cash equivalents	13	**12,54,72,093**	10,71,36,601
	(d) Short-term loans and advances	14	**60,78,344**	58,76,828
	TOTAL		**22,79,91,574**	22,34,53,352
See accompanying notes to the financial statements		19		

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

(CA.RAMANA REDDY A.V)
Partner
Membership No: 024329

RAJU S DANDU
Chairman &
Managing Director

M.A. ASHOK KUMAR
Director

Hyderabad
May 28, 2014

DANLAW TECHNOLOGIES INDIA LIMITED

Statement of Profit and Loss for the year ended

In Rs

	Particulars	Note No.	31-03-2014	31-03-2013
	INCOME			
I.	Revenue from operations	15	8,33,54,661	8,69,99,399
II.	Other income	16	1,22,23,786	1,13,36,868
III.	Total Revenue		9,55,78,447	9,83,36,267
IV.	EXPENSES			
	Cost of materials consumed		87,45,243	31,43,037
	Purchases of Stock-in-Trade		97,63,684	1,00,62,522
	Changes in inventories of finished goods work-in-progress and Stock-in-Trade		(6,16,640)	30,23,604
	Employee benefits expense		5,04,42,312	4,44,73,878
	Finance costs	17	35,127	6,076
	Depreciation and amortization expense		22,59,737	17,55,299
	Other expenses	18	1,88,60,104	1,73,26,060
	Total expenses		8,94,89,567	7,97,90,476
V	Profit / (Loss) before exceptional and extraordinary items and tax		60,88,880	1,85,45,791
VI.	Exceptional Items		-	-
VII.	Profit / (Loss) before and extraordinary items and tax		60,88,880	1,85,45,791
VIII.	Extraordinary Items		-	
IX.	Profit / (Loss) before tax		60,88,880	1,85,45,791
X	Tax expense:			
	(1) Current tax		1,53,447	-
	(2) Deferred tax		19,00,519	59,75,643
XI.	Profit / (Loss) for the period from continuing operations		40,34,914	1,25,70,148
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		40,34,914	1,25,70,148
XVI	Earnings per equity share:			
	(1) Basic		1.08	3.38
	(2) Diluted		1.08	3.38
	See accompanying notes to the financial statements	19		

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

This is the Statement of Profit and Loss 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

(CA.RAMANA REDDY A.V)
Partner
Membership No: 024329

RAMANA REDDY & ASSOCIATES * CHARTERED ACCOUNTANTS * ICAIFRN 003246S HYDERABAD

RAJU S DANDU
Chairman &
Managing Director

M.A. ASHOK KUMAR
Director

Hyderabad
May 28, 2014

DANLAW TECHNOLOGIES INDIA LIMITED

Notes to the Balance Sheet as at

in Rs.

				31-03-2014	31-03-2013
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
	RECONCILIATION OF SHARES OUTSTANDING AT THE BEGINNING AND AT END OF REPORTING PERIOD				
			No of Shares	Value	Value
	At the beginning of the period		37,20,300	3,72,03,000	3,72,03,000
	Issued during the year		-	-	-
	Outstanding at the end of period		37,20,300	3,72,03,000	3,72,03,000
	The Company has only one class of equity shares having a par value of Rs.10 per hare. Each holder of equity shares is entitled to one vote per share.				
	DETAILS OF SHAREHOLDERS HOLDING MORE THAN 5% SHARES IN THE COMPANY				
			%	No of shares	No of shares
	Danlaw Systems India Ltd		39 29	14,61,592	13,16,392
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)			(8,75,88,905)	(10,01,59,053)
	Add: current year Profit / (Loss)			40,34,914	1,25,70,148
				18,71,03,409	18,30,68,495
3	LONG-TERM BORROWINGS				
	Car Loan - HDFC BANK			-	77,005
	(Secured by hypothication)				
				-	77,005
4	LONG-TERM PROVISIONS				
	Accrued gratuity			-	3,24,784
				-	3,24,784
5	TRADE PAYABLES				
	Sundry Creditors			5,47,791	4,41,681
	Outstanding dues of micro and small enterprises			-	-
				5,47,791	4,41,681
6	OTHER CURRENT LIABILITIES				
	Current maturities of long-term borrowings			59,199	1,46,821
	Advances from customers			13,54,723	2,23,047
	Other liabilites			17,23,452	19,68,519
				31,37,374	23,38,387
8.	NON-CURRENT INVESTMENTS				
	Investment in Danlaw Technologies Inc			2,95,66,245	2,95,66,245

ICAI FRN 003246S HYDERABAD CHARTERED ACCOUNTANTS

DANLAW TECHNOLOGIES INDIA LIMITED

Notes to the Balance Sheet as at

7. FIXED ASSETS

in Rs.

Assets	Gross Block				Depreciation				Net Block	
	Cost as at 31-03-2013	Additions during the year	Deductions during the year	Cost as at 31-03-2014	Total upto 31-03-2013	For the year	Deductions during the year	As at 31-03-2014	As at 31-03-2014	As at 31-03-2013
Additions to Leasehold premises	14,84,850	-		14,84,850	3,08,654	**24,203**		3,32,857	**11,51,993**	11,76,196
Computers	3,27,30,513	**1,15,390**	1001275	3,18,44,628	3,06,58,351	**5,92,209**	1001275	3,02,49,285	**15,95,343**	20,72,162
Office Equipment	16,05,123	-		16,05,123	9,03,603	**94,615**		9,98,218	**6,06,905**	7,01,520
Electrical Equipment	13,30,323	**5,35,370**		18,65,693	6,64,490	**51,875**		7,16,365	**11,49,328**	6,65,833
Lab Equipment	32,98,350	-		32,98,350	8,54,389	**1,56,672**		10,11,061	**22,87,289**	24,43,961
D G Set	2,94,616	-		2,94,616	1,92,177	**13,994**		2,06,171	**88,445**	1,02,439
Elevator	3,25,123	-		3,25,123	2,02,048	**15,443**		2,17,491	**1,07,632**	1,23,075
Air-conditioners	16,36,508	-		16,36,508	9,87,190	**77,734**		10,64,924	**5,71,584**	6,49,318
Furniture & Fixtures	62,31,392	16,632		62,48,024	50,42,807	**3,95,402**		54,38,209	**8,09,815**	11,88,585
Office Interiors	19,17,818	-		19,17,818	11,15,981	**91,096**		12,07,077	**7,10,741**	8,01,837
Vehicles	32,95,726	**21,33,607**		54,29,333	20,83,507	**3,93,616**		24,77,123	**29,52,210**	12,12,219
Computer Software	0	**20,03,672**		20,03,672	-	**3,52,878**		3,52,878	**16,50,794**	-
Grand Total	**5,41,50,342**	**48,04,671**	10,01,275	5,79,53,738	**4,30,13,197**	**22,59,737**	1001275	**4,42,71,659**	**1,36,82,079**	**1,11,37,145**
Previous Year	5,33,58,404	7,91,938	-	5,41,50,342	4,12,57,898	17,55,299	-	4,30,13,197	1,11,37,145	1,21,00,506



DANLAW TECHNOLOGIES INDIA LIMITED

Notes to the Balance Sheet as at

			in Rs.
		31-03-2014	31-03-2013
	(Wholly owned subsidiary)		
		2,95,66,245	2,95,66,245
9.	DEFERRED TAX ASSET (NET)		
	Fixed Assets	(6,99,404)	11,42,633
	Others	3,80,90,275	3,83,02,204
		3,73,90,871	3,94,44,837
10.	LONG-TERM LOANS AND ADVANCES		
	Unsecured, considered good:		
	Rent deposits	11,75,000	12,70,000
	Deposits with Government Agencies	4,73,705	4,69,205
		16,48,705	17,39,205
11.	INVENTORIES		
	(Valued at cost basis)		
	Raw materials	5,75,820	8,72,875
	Stock-in-trade	48,71,951	42,55,311
		54,47,771	51,28,186
12.	TRADE RECEIVABLES		
	Unsecured considered good		
	Outstanding for a period exceeding six months	14,10,533	22,24,476
	Others	72,94,933	2,11,99,829
		87,05,466	2,34,24,305
13.	CASH AND CASH EQUIVALENTS		
	Cash on hand	12,819	19,316
	Balances with banks		
	- in current accounts	38,71,188	54,52,990
	- in EEFC accounts	-	7,02,401
	- in deposit accounts with more than 12 months maturity	12,15,88,086	10,09,61,894
	- in deposit accounts with less than 12 months maturity	-	-
		12,54,72,093	10,71,36,601
14	SHORT-TERM LOANS AND ADVANCES		
	Unsecured, considered good		
	Advances recoverable in cash or in kind or for value to be received		
	Earnest Money Deposit	45,204	1,45,564
	Advances for expenses	12,000	3,15,238
	Advances for purchases	2,76,064	6,96,860
	Prepaid Expenses	2,52,770	1,88,778
	Interest Receivable	10,38,533	12,77,628
	Tax Deduction at Source	20,59,899	17,82,383
	MAT Credit	8,43,222	6,89,775
	Service tax -input credit	14,06,271	5,37,903
	Addl Duty of Customs	144381	242699
		60,78,344	58,76,828

