



**B2B SOFTWARE  
TECHNOLOGIES LTD**  
PEOPLE . VALUES . TECHNOLOGIES

**16<sup>th</sup>** ANNUAL  
REPORT

---

2009-2010



**INDEX**

<b>CONTENTS</b>	<b>PAGE NO.</b>
1. Board of Directors	1
2. Notice to the Shareholders	2
3. Director's Report	5
4. Management Discussions and Analysis	8
5. Corporate Governance Report	9
6. Auditor's Report	21
7. Balance Sheet	23
8. Profit & Loss Account	24
9. Schedules of the Balance Sheet	25
10. Schedules of the Profit and Loss Account	28
11. Notes on Accounts	29
12. Significant Accounting Policies	32
13. Cash Flow Statement & Auditor's Certificate	33
14. Balance Sheet Abstract & Company's General Business Profile	34
15. Statement Regarding Subsidiary Companies	35
16. Auditors Report on Consolidated Financial Statements	36
17. Consolidated Financial Statements	37
18. Consolidated Cash Flow along with Auditors' Certificate	46
19. Report & Accounts of Subsidiaries :	
B2B Infotech Pte Ltd.	47
B2B Softech Inc.	52
B2B Enterprise Solutions Limited	55
20. Attendance Slip and Proxy Form	61

**DIRECTORS**

1. Mr. Anil Kumar V Epur	Chairman
2. Dr. Satyanarayana Y	Director
3. Dr. Ashok Kumar Agarwal	Director
4. Dr. Ram Nemani	Director
5. Mr. M. Gopalakrishna	Director
6. Dr. Murthy Mutyala	Director
7. Mr. Sharath Reddy J	Director
8. Mr. V.V. Nagendra	Executive Director
9. Mrs. Samantha Reddy P	Managing Director

**REGISTERED OFFICE:**

6-3-1112, 3rd & 4th Floor, AVR Tower,  
Behind Westside Showroom  
Near Somajiguda Circle, Begumpet,  
Hyderabad - 500 016.  
Website: [www.b2bsoftech.com](http://www.b2bsoftech.com)  
email: [investorservice@b2bsoftech.com](mailto:investorservice@b2bsoftech.com)

**STATUTORY AUDITORS:**

**M. ANANDAM & CO**  
Chartered Accountants,  
7A, Surya Towers, S.P. Road,  
Secunderabad - 500 003.

**BANKERS:**

**ICICI Bank Ltd.**  
Khairatabad, Hyderabad – 500 004

**State Bank of Hyderabad,**  
Bellavista Branch,  
Hyderabad – 500 082

**HSBC,**

Banjara Hills Br., Rajbhavan Road, Hyd-bad

**SHARE TRANSFER AGENTS AND  
DEMAT REGISTRARS:**

**CIL SECURITIES LIMITED,**  
214, Raghava Ratna Towers, Chirag Ali Lane,  
Hyderabad – 500 001  
Ph. : 23202465, Fax : 23203028  
E-mail : [advisors@cilsecurities.com](mailto:advisors@cilsecurities.com)



**NOTICE**

Notice is hereby given that the Sixteenth Annual General Meeting of the members of B2B Software Technologies Limited will be held on Thursday the 30<sup>th</sup> of September 2010 at 10.30 A. M., to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider, approve and adopt the Audited Balance Sheet of the Company as at March 31, 2010 and the Profit and Loss account for the Financial Year ended on that date together with the schedules and notes thereon and the Directors' and Auditor's Report thereof.
2. To consider and appoint Dr. Ram Nemani who retires by rotation and being eligible offers himself for reappointment.
3. To consider and appoint Mr. M. Gopalakrishna who retires by rotation and being eligible offers himself for reappointment.
4. To consider and appoint M/s M. Anandam & Co., Chartered Accountants as Statutory Auditors of the Company to hold office until the conclusion of next Annual General Meeting at such remuneration as may be decided by the Board of Directors.

**SPECIAL BUSINESS:**

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 provisions of Section 269, 198, 309 and 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of the members in the General Meeting and subject to such approvals as may be required from time to time, the Board hereby accords its approval for the re appointment of Mrs. P. Samantha Reddy as the Managing Director of the Company for a further period of 3 years with effect from 31<sup>st</sup> January, 2010 on the following terms and conditions:

Effective date of Re appointment: With effect from 31<sup>st</sup> January, 2010 for a further period of 3 years subject to an yearly review by the Board.

Remuneration:

Salary: Rs.1,50,000/- per month

Expenses on car, mobile, internet and provision of Driver: Rs.25,000/- per month

Performance bonus: On achieving 75% of the budgeted profit – Nil

On achieving 75% - 100% of the budgeted profit – 10% incentives

On achieving more than 100% of the budgeted profit – 15% incentives for the excess achievement over 100% of the budgeted profit.

Performance bonus is restricted to a maximum of Rs.75,000/- per month.

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:  
"RESOLVED THAT pursuant to the provisions of Section 269, 198, 309, 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of members in the General Meeting and subject to approval from such authorities as may be required from time to time the remuneration payable to Mr. V. V. Nagendra, Executive Director of the Company be increased on the following basis, with effect from 1<sup>st</sup> April, 2010:

Remuneration:

Salary: Rs.88,000/- per month

Expenses on car, mobile, internet and provision of Driver: Not to exceed Rs.25,000/- per month

Performance bonus: On achieving 75% of the budgeted profit – Nil

On achieving 75% - 100% of the budgeted profit – 7.5% incentives

On achieving more than 100% of the budgeted profit – 10% incentives for the excess achievement over 100% of the budgeted profit.

Performance bonus is restricted to a maximum of Rs.50,000/- per month

By order of the Board  
For B2B Software Technologies Limited

Date: 11.08.2010  
Place: Hyderabad

P. SAMANTHA REDDY  
Managing Director



**NOTES:**

- 1 A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIM/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER TO BE VALID AND EFFECTIVE MUST BE RECEIVED BY THE COMPANY AT ITS REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE TIME FIXED FOR THE MEETING.**
- 2 Pursuant to the provisions of Section 154 of the Companies Act, 1956, the Register of Members and Share Transfer Books of the Company will remain closed from 27th September 2010 to 30th September 2010 (both days inclusive).
- 3 Members holding shares in physical form are requested to intimate the change, if any, in their Registered Address to the Company quoting their Registered Folio.  
If the shares are held in Demat form, intimation regarding the change of address, if any, has to be notified to the concerned Depository Participant where the Shareholder is maintaining the Demat Account.
- 4 Explanatory Statement as required under the provisions of Section 173 (2) of the Companies Act, 1956 is annexed herewith.
- 5 Members / Proxies should bring the Attendance slips duly filled in for identification for attending the meeting.
- 6 Members desiring any information on the Accounts are requested to write to the Company at least one week before the Meeting so as to enable the Management to keep the information ready. Replies will be provided only at the Meeting.

**PROFILE OF DIRECTORS RETIRING BY ROTARION AS REQUIRED UNDER CLAUSE 49 OF THE LISTING AGREEMENT:**

**PROFILE OF Dr. RAM NEMANI:**

Dr. Ram Nemani is the Chairman of the Company, is a Non resident Doctor based in USA for past 3 decades with vast experience in the field of IT and Medicine. He is also a strategic advisor to portals like Onestopmd.com, GeniusRx.com etc.

He holds several patents pending focused on healthcare incorporating Internet technologies. He has been on faculty as Assistant Professor of Medicine, Los Angeles, USA. He has held positions of Honours Director of Cardiac and intensive care unit at High Desert Hospital, Lancaster, C. A.

**PROFILE OF MR. M. GOPALAKRISHNA :**

Mr. M. Gopalakrishna is graduate in science and law and did his advanced management at Banff School of Management, Canada. He has joined in the Indian Administrative Service in 1962 and served in various capacities with Governments of Assam, Andhra Pradesh and Government of India.

During his service he received many awards for his service from the Government as well as from private organizations and management bodies. He was the founder Managing Director of Godavari Fertilisers and Chemicals Limited.

He has retired in 1997 and at present is Director in charge of Andhra Pradesh Gas Power Corporation Limited and acting as an Independent Director in few Public Limited Companies. He is also the member of the Board of School of Management Studies, University of Hyderabad and also the Chairman of Confederation of Kisan Organisations, an NGO involved in Rural Development.

**EXPLANATORY STATEMENT AS REQUIRED UNDER THE PROVISIONS OF SECTION 173 (2) OF THE COMPANIES ACT, 1956:**

**Item No. 5:**

Mrs. P. Samantha Reddy was appointed as the Managing Director of the Company for a period of 5 years with effect from 31<sup>st</sup> January, 2005 and her term of office as the Managing Director of the Company ended on 30<sup>th</sup> January, 2010.

Considering the services rendered during her tenure as Managing Director of the Company, the Board of Directors in their meeting held on 13<sup>th</sup> March, 2010 had decided to re appoint her as the Managing Director of the Company for a further period of three years on the remuneration specified in the resolution. The said appointment and payment of remuneration was also approved by the remuneration committee in its meeting held on 13<sup>th</sup> March, 2010 as required under the provisions of Schedule XIII to the Companies Act, 1956.

Re appointment of and payment of remuneration to Managing Director requires the approval of members by way of Special Resolution. Hence this resolution is placed before you for approval.

None of the Directors except Mrs. P. Samantha Reddy and Mr. J. Sharath Reddy are concerned or interested in the said resolution.

**Additional Information as required under Schedule XIII:****I. GENERAL INFORMATION:**

- (1) Nature of Industry: Software
- (2) Date of commencement of business: 14<sup>th</sup> November 1994
- (3) Financial Performance of the Company during last three years:

<b>PARTICULARS:</b>	<b>2009 – 2010</b>	<b>2008 – 2009</b>	<b>2007 – 2008</b>
Total Income	43,200,074	52,970,668	50,632,298
Expenditure	47,193,627	65,441,763	47,185,550
Profit/(Loss) before tax	(3,993,553)	(12,471,096)	3,446,748
Less: Provision for tax	—	—	—
Fringe Benefit Tax	—	108,255	86,584
Deferred Tax	—	—	—
Profit / Loss after tax	(3,993,553)	(12,579,351)	3,360,164
Add: Brought forward from previous year	(41,567,050)	(28,987,699)	(32,347,863)
Transfer to Balance Sheet	(45,560,603)	(41,567,050)	(28,987,699)

- (4) Export performance and net foreign exchange collaborations:  
The company had earned Rs. 1,61 Crore through the Export performance during the financial year 2009-2010.
- (5) Foreign investments or collaborations, if any NIL

**II. INFORMATION ABOUT THE APPOINTEE:**

- (1) Background details: She is Commerce Graduate and has exposure in the fields of Marketing and Administration.
- (2) Past remuneration: 1,25,000/- per month
- (3) Recognition or awards: NIL
- (4) Remuneration proposed: 1,75,000/- per month
- (5) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person  
The remuneration paid to Managing Director relatively low compared to the respect to industry and size of the company.
- (6) Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial person, if any.  
She is related to the promoters of the company

**III. OTHER INFORMATION:**

- (1) Reasons of loss or inadequate profits  
Co had incurred huge losses when it was an NBFC company, since the loans given by the company were not required in time. The losses continued to exist even after the company has changed its line of business.
- (2) Steps taken for improvement  
The management is making its best effort to improve the performance of the company for wiping of the entire carry forwarded losses.
- (3) Excepted increase in productivity and profits in measurable terms : NA since the company is Software Company but it is not a manufacturing company.

**Item No. 6:**

Mr. V. V. Nagendra was appointed as the Executive Director of the Company with effect from 1<sup>st</sup> October, 2008 for a period of five years with the following remuneration:

- a. Salary of Rs.80,000/- per month
- b. Provision of Car with a Driver
- c. Reimbursement of internet and cell phone charges

Considering his performance and contribution to the Company, the Board of Directors in their meeting held on 13<sup>th</sup> March, 2010 decided to pay the revised remuneration as mentioned in the aforesaid resolution with effect from 1<sup>st</sup> April, 2010.

The increase in remuneration was also approved by the remuneration committee in its meeting held on 13<sup>th</sup> March, 2010 as required under the provisions of Schedule XIII to the Companies Act, 1956.

Increase in the remuneration payable to the Executive Director requires the approval of members by way of Special Resolution. Hence this resolution is placed before you for approval.

None of the Directors other than Mr. V. V. Nagendra is concerned or interested in the said resolution.

By order of the Board  
For B2B Software Technologies Limited

Date: 11.08.2010  
Place: Hyderabad

P. SAMANTHA REDDY  
Managing Director

**DIRECTORS' REPORT**

To,

The Members,  
B2B Software Technologies Limited

Your Directors hereby present the Sixteenth Annual Report of your Company together with the Audited Accounts including Consolidated Accounts for the financial year ended March 31, 2010 and the report of the Auditors thereon.

**FINANCIAL RESULTS:**

(In Rupees)

<b>PARTICULARS:</b>	<b>2009 – 2010</b>	<b>2008 – 2009</b>	<b>Consolidated 2009 – 2010</b>
Total Income	43,200,074	52,970,668	50,355,020
Expenditure	47,193,627	65,441,763	54,726,752
Profit /(Loss) before tax	(3,993,553)	(12,471,096)	(4,371,732)
Less: Provision for tax	—	—	107,561
Fringe Benefit Tax	—	108,255	—
Deferred Tax	—	—	—
Profit / Loss after tax	(3,993,553)	(12,579,351)	(4,479,293)
Add: Brought forward from previous year	(41,567,050)	(28,987,699)	(48,979,625)
Transfer to Balance Sheet	(45,560,603)	(41,567,050)	(53,458,918)

**OPERATIONS & FUTURE PROSPECTS:**

It forms part of the Management discussion and analysis annexed to this report

**PARTICULARS REGARDING SUBSIDIARY COMPANY:**

As required by section 212 of the Companies Act, 1956 documents relating to the Company's subsidiaries are annexed to this report.

**CORPORATE GOVERNANCE:**

The Corporate Governance Report and a certificate by the Statutory Auditors regarding compliance of the conditions of corporate governance by your Company as stipulated in clause 49 of the Listing Agreement with Stock Exchanges, are annexed to this Report.

**DEPOSITS:**

During the year under review the Company has not invited/accepted any deposits from the public as defined in Section 58A read with Companies (Acceptance of Deposit) Rules, 1975.

**BOARD OF DIRECTORS:**

Dr. Ram Nemani and Mr. M. Gopalakrishna, Directors of the company retire by rotation and being eligible offer themselves for re appointment. The Board recommends their re appointment.

Mrs. P. Samantha Reddy was re appointed as the Managing Director of the Company for a further period of 3 years with effect from 31<sup>st</sup> January, 2010.



**DIRECTORS' RESPONSIBILITY STATEMENT:**

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

- (i) in the preparation of the Annual Accounts for the year ended March 31<sup>st</sup>, 2010, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;
- (ii) the directors had selected such accounting policies and applied them consistently and made 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 at the end of the financial year and of the loss of the Company for the year ended on March 31<sup>st</sup>, 2010;
- (iii) the directors had taken proper and sufficient care 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;
- (iv) annual accounts have been prepared on a going concern basis.

**REPLIES TO AUDIT OBSERVATIONS:**

- 1). The auditors are unable to comment on the extent of recoverability of a loan amounting to Rs. 4,91,03,406/- as at the end of the year due from a related company.

Reply: The decision of Board of Directors for writing off the loan is pending since the audit committee has not recommended the writing off of the loan.

**AUDITORS:**

M/s. M. Anandam & Co., Chartered Accountants, the Statutory Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. The Company has received a notice stating that they would be within the limits as prescribed under the provisions of Section 224 (1B) of the Companies Act, 1956 The Board recommends their re-appointment

**PERSONNEL:**

During the period under report, there were no employees drawing remuneration in excess of the limits laid down in Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employee's) Rules, 1975.

**TECHNOLOGY ABSORPTION, ENERGY CONSERVATION & FOREIGN EXCHANGE EARNINGS AND OUTGO:**

The disclosures required under Section 217(1) (e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988, for the year ended March 31, 2010 are as follows:

**A. CONSERVATION OF ENERGY:**

- a. Adequate measures have been taken to conserve energy wherever possible.
- b. Additional investments and proposals, if any, being implemented for reduction of consumption of energy: NIL
- c. Impact of measures for reduction of energy consumption / energy conservation: NIL



**B. RESEARCH AND DEVELOPMENT:**

1. Specific areas in which research & development is carried out: NIL
2. Benefits derived: NIL
3. Future plan of Action: NIL
4. Expenditure on R & D: NIL

**C. TECHNOLOGY ABSORPTION:**

- a. Efforts in brief made towards Technology absorption, adoption and innovation
- b. Benefits derived as result of the above efforts e.g., product improvement, cost reduction, production development, import substitution etc.

**D. In case of imported technology, imported during the last 5 years reckoned from the beginning of the financial year, following information may be furnished:**

- a. Technology Imported
- b. Year of Import
- c. Has technology fully absorbed areas where this has not been taken place, reasons thereof and plan of action

**E. FOREIGN EXCHANGE EARNINGS AND OUTGO:**

- a. Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services, and export plans: NIL, since the export market is not encouraging.
- b. Total Foreign Exchange used and earned:

Sl. No.	Particulars of the transaction	2009 – 2010 (in Rs.)	2008 – 2009 (in Rs.)
1.	<b>Total Foreign Exchange earnings</b>	16,132,354	19,214,983
2.	Foreign Exchange outgo		
	a. on account of import	—	204,741
	b. on account of import of Equipment	—	—
	c. on account of Travel	37,925	582,339
	d. on account of payment of dividend	—	—
	e. on account of conference, meetings & seminars	192,416	417,200
	f. international telephone Charges(vonage)	124,736	—
	<b>Total Foreign Exchange outgo</b>	355,077	1,204,280

**ACKNOWLEDGEMENTS:**

Your Directors place on record their appreciation for the assistance and co-operation extended by the Bankers, STPI, Customs and Central Excise and various State and Central Government Agencies. Your Directors also thank all the Customers, Members and Employees for their valuable support and confidence in the Company.

For and on behalf of the Board  
P. SAMANTHA REDDY  
Managing Director

Place : Hyderabad  
Date : 11.08.2010

V V NAGENDRA  
Executive Director





---

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Snap shot of Performance:**

B2B India has ended the financial year 2009-10 with revenue of 419 lacs and consolidated revenue of 491 lacs. The constant Endeavour is to build a business around revenue from new customers and annuity business coming in from our existing customers through repeat orders and BREP renewals.

### **B2B in the Microsoft Dynamics world**

B2B is one of the leading Microsoft Dynamics Partner in India and a fore player in the South Region. We have consistently earned the coveted "Best Regional Partner" award for the year 2007 & 2008 and the "President Club Member" for the year 2008.

We continue to be the number one Partner with the highest number of Add-ons developed and marketed by a Microsoft Partner in India.

B2B's implementation of B2B LIFT at Promed Exports is certified for GMP. B2B Advance Quality Control Add-on has been Certified For Microsoft Dynamics NAV (CFMD) which is a distinction achieved by very few Microsoft Partners world wide

1. Our Reseller base is consistently increasing with more than 110 add-on end customers in India and Abroad. Our Reseller base abroad spreads across Italy, Ireland, Denmark, Portugal, South Africa, Tunisia and USA
2. B2B has forayed in Retail and Hosted Solutions space and successfully implemented LS Retail Solution for one customer.
3. New Offerings- Our development team has developed sales force automation and Sales & Distribution application for the Indian market.

### **B2B - Health Care Division**

B2B has a development contract with GeniusDoc Inc USA to develop and upgrade "Genius Doc" product suite as per the specifications and direction given by "GDI" from time to time.

GeniusDoc EHR and Practice Management solution targets small and medium sized Health care providers. The Software caters to specialties like Internal Medicine, Family Practice, Cardiology, Pulmonary Medicine, Pediatrics, Obstetrics, Gynecology, Orthopedics, Hematology and Oncology.

GeniusDoc Oncology proved to be a niche product for Oncology and was selected by American Society of Clinical Oncology (ASCO's) panel to be presented at the EHR Lab during the ASCO 2010 Annual Meeting in Chicago, ILL. GD was one of ten EHR vendors selected to demonstrate ASCO's EHR Guidelines and quality initiatives during the 2010 EHR Lab at ASCO's Annual Meeting in Chicago.

Currently several implementations are in the pipeline fueled by recent enactment of AARA Act and E-prescription incentive payments.

### **OUTLOOK:**

B2B has been affected by the market slowdown. This year's company budget and projections are not very encouraging. We are hopeful that the market will turn around towards the end of this financial year and we can improve our company financials & performance. B2B is on a cost cutting exercise.

### **Risks and Risk Mitigations:**

Microsoft dynamics being a growing business, new entrants into the market and competition will continue to exert pricing pressure undermining industry profitability. Strategic positioning and generating higher levels of economic value by continuing to build IP and offer value added services around verticals and add ons is mandatory.

Scale of operations is limited to the existing level unless a fresh funding route is identified.



**CORPORATE GOVERNANCE**

**1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:**

The Company's Corporate Governance philosophy is woven around its total commitment to the ethical practices in the conduct of its business.

The Corporate Governance policies of your Company recognizes the accountability of the Board vis-à-vis its various constituents including Customers, Shareholders, Investors, Employees, Government and other Regulatory Authorities, with prime objective to deliver "Superior Shareholder Value".

The schedule of implementation of Corporate Governance Code mentioned in Clause 49 of the Listing Agreement lays down certain mandatory requirements, which your Company has implemented. Your Directors are pleased to report the same.

**1. BOARD OF DIRECTORS:**

Composition and Functions:

The Board consists of 9 Directors with considerable professional experience and expertise in various fields. The Board of Directors has the ideal composition with more than half the directors being non-executive directors. Since the Company has a non-executive Chairman, the Board's composition meets the stipulated requirement of at least one-third of the Board comprising independent directors.

None of the non-executive directors have any pecuniary relationship or transactions with the Company, except receiving sitting fee of Rs.5,000/- for attending each Board Meeting.

*The number and dates of the Board Meetings held during the year under review:*

Six Board Meetings were held during the financial year 2009 – 2010 on the following dates:

1. 29.06.2009
2. 17.07.2009
3. 23.09.2009
4. 26.10.2009
5. 31.01.2010
6. 13.03.2010

During the year under review the time gap between any two consecutive meetings did not exceed four months.

The details of the attendance of directors at meetings of the Board and annual general meeting, held during the year (April 2009 to March 2010), along with the details of Committee memberships and their other directorships are furnished below:



Name of the Director and category of Directorship	Attendance particulars		No. of other directorships and committee memberships	
	Board Meetings	Last AGM	Other directorships	Committee memberships
Mr. Anil Kumar V. Epur, Chairman (Independent and Non-Executive Director)	6	Yes	2	3
Dr. Ashok Kumar Agarwal (Independent and Non-Executive Director)	6	No	3	3
Dr. Murthy Mutyala (Promoter and Non-Executive Director)	1	No	Nil	Nil
Dr. Ram Nemani (Promoter and Non-executive Director)	2	No	5	1
Dr. Y. Satyanarayana (Promoter and Non-Executive Director)	3	No	2	1
Mr. M. Gopalakrishna (Independent and Non Executive Director)	6	Yes	7	2
Mr. J. Sharath Reddy (Promoter and Non Executive Director)	3	No	1	Nil
Mr. V. V. Nagendra (Non Promoter and Executive Director)	6	Yes	1	Nil
Mrs. P. Samantha Reddy (Promoter and Executive Director)	6	Yes	4	1



Name of the Director and category of Directorship	Other Directorship
Mr. Anil Kumar V. Epur, Director (Independent and Non-Executive Director)	1. Rane Brake Linings Limited 2. Rane Diecast Limited
Dr. Ashok Kumar Agarwal, Director (Independent and Non-Executive Director)	1. Cyber Media (India) Limited 2. ACS Technologies Limited 3. ERA Software Systems Private Limited
Dr. Murthy Mutyala, Director (Promoter and Non Executive Director)	NIL
Dr. Ram Nemani, Director (Promoter and Non-executive Director)	1. B2B Softech Inc, Sun Valley, Ca 2. B2B Infotech Pte Ltd, Singapore 3. B2B Infotech SDN BHD, Kualaumpur 4. B2B Software Technologies Kassel GmbH 5. Exotic Granites Inc., USA
Dr. Y. Satyanarayana, Director (Promoter and Non-Executive Director)	1. B2B Enterprise Solutions Limited 2. The Kakinada Co-operative Town Bank
Mr. M. Gopalakrishna, Director (Independent and Non – Executive Director)	1. Andhra Pradesh Gas Power Corporation Limited 2. Arani Power Systems Limited 3. BGR Energy Systems Limited 4. Goldstone Infratech Limited 5. JOCIL Limited 6. Pitti Laminations Limited 7. Rithwik Energy Systems Limited
Mr. J. Sharath Reddy, Director (Promoter and Non – Executive Director)	B2B Enterprise Solutions Limited
Mrs. P. Samantha Reddy, Managing Director (Promoter and Executive Director)	1. B2B Infotech Pte Ltd 2. B2B Infotech SDN BHD. 3. B2B Softech Inc. 4. B2B Enterprise Solutions Limited
Mr. V. V. Nagendra, Executive Director (Non Promoter and Whole Time Director)	Rupesh Granite Exports Private Limited.

**Shares held by Non – Executive Directors in the Company**

Sl. No.	Name of the Director	No. of shares held
1.	Mr. Anil Kumar V Epur	NIL
2.	Dr. Ashok Kumar Agarwal	NIL
3.	Dr. Murthy Mutyala	4,01,150
4.	Dr. Ram Nemani	24,58,760
5.	Dr. Y. Satyanarayana	NIL
6.	Mr. M. Gopalakrishna	NIL
7.	Mr. J. Sharath Reddy	NIL
8.	Mr. V. V. Nagendra	NIL
9.	Mrs. P. Samantha Reddy	15,900



## **CODE OF BUSINESS CONDUCT AND ETHICS**

The Company has adopted a Code of Business Conduct and Ethics (the 'Code'), which applies to all senior management personnel, and Directors of the Company. It is the responsibility of all senior management personnel and Directors to familiarize themselves with this Code and comply with its standards.

The Code of Business Conduct and Ethics have been posted on the Company's website – [www.b2bsofttech.com](http://www.b2bsofttech.com).

### **3. AUDIT COMMITTEE:**

*Composition, Names of Members & Chairperson and terms of reference*

The Audit Committee of the Board comprises of 3 Non-Executive Independent Directors and 2 Non Independent Directors. Mr. Anil Kumar V Epur is the Chairman of the Audit Committee.

As on date the members of the Audit Committee are:

Sl. No	Name of the Member	Designation
1.	Mr. Anil V. Epur	Chairman
2.	Dr. Ashok Kumar Agarwal	Member
3.	Dr. Y. Satyanarayana	Member
4.	Dr. Ram Nemani	Member
5.	Mr. M. Gopalakrishna	Member

The Audit Committee reviews the adequacy of internal control systems and the Internal Audit Reports, and their compliance thereof as well as the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient, and credible. The Committee recommends the appointment of external auditors and fixation of their audit fee and approves the payment for any other services rendered by them. The Committee also reviews the quarterly/annual financial statements before the same is placed before the Board. The Committee also monitors and reports on the status of implementation of agreed internal and statutory audit recommendations. The Statutory and Internal Auditors attend as invitees to the meetings of the Audit Committee.

Seven meetings were held during the year. The dates on which the meetings were held are:

1. 29.06.2009
2. 17.07.2009
3. 26.08.2009
4. 23.09.2009
5. 26.10.2009
6. 31.01.2010
7. 13:03.2010



The attendance of each member of the Committee is given below:

Sl. No	Name of the Director	No. of Meetings Attended
1.	Mr. Anil V. Epur	7
2.	Dr. Ashok Kumar Agarwal	7
3.	Dr. Y. Satyanarayana	3
4.	Dr. Ram Nemani	2
5.	Mr. M. Gopalakrishna	7

**4. REMUNERATION COMMITTEE:**

The Remuneration Committee was reconstituted in the Board Meeting held on 30.09.2008 with Dr. Ashok Kumar Agarwal, Mr. Anil Kumar V Epur and Mr. M. Gopala krishna as the Members. The Remuneration Committee decides, reviews and approves the remuneration package for the directors, which includes salary, benefits, bonuses, pensions and Employee Stock Options.

The remuneration Committee has met on 13.03.2010 to approve the re appointment of Mrs. P. Samantha Reddy as Managing Director and payment of remuneration. The Committee also considered and reviewed the remuneration payable to Mr. V. V. Nagendra , Executive Director of the Company.

*Details of Remuneration paid to the Directors for the year 2009 – 2010*

Particulars	P. Samantha Reddy Managing Director	V. V. Nagendra Executive Director
Remuneration 01.04.2008 – 31.01.2010	Rs.1,25,000/- per month	Rs.80,000/- per month
Remuneration 01.02.2010 – 31.03.2010	Rs.1,75,000/- per month	Rs.1,13,000/- per month

Non-Executive Directors receive a sitting fee of Rs.5,000/- for attending each Board Meeting and Audit Committee Meeting.

**5. SHAREHOLDERS COMMITTEE:**

The Shareholders Committee was reconstituted in the meeting held on 30.07.2008 and the members of the Committee are as follows:

Sl. No	Name of the Member	Designation
1.	Dr. Ashok Kumar Agarwal	Chairman
2	Mr. Anil Kumar V Epur	Member
3.	Mrs. P. Samantha Reddy	Member

The Share Transfer Committee approves the transfer of shares, where shares are held in physical form and issues duplicate share certificates as per the provisions of the Companies Act, 1956 read with the Securities Contract (Regulations) Act, 1956 and other applicable Acts/Rules in this regard. The Committee also reviews the status of shares dematerialized and all other matters related to shares.

The Committee meets as often as is required to approve various matters relating to transfers, transmissions, issue of duplicate share certificate etc. The Share Transfer



Committee generally meets two times in a month. There are no requests for share transfers pending for the year under review.

This Committee also looks into the redressal of shareholder and investor complaints like transfer of shares, non-receipt of Dividends/rights/bonus/split share certificate, replacement of lost/stolen/mutilated share certificate, non-receipt of Annual report, other related issues etc. There were no complaints received from investors during the year. There are no investor complaints pending for the year under review.

Name and designation of the compliance officer: Mr. Balaraju, Asst. Manager – Commercial & Administration.

**CEO/CFO CERTIFICATION:**

As required by Clause 49 of the Listing Agreement, the CEO/CFO certification is provided elsewhere in the Annual Report.

**6. AUDITORS' CERTIFICATION ON CORPORATE GOVERNANCE:**

As required by Clause 49 of the Listing Agreement, the Auditors' certification is provided elsewhere in the Annual Report.

**7. COMPLIANCE WITH NON-MANDATORY REQUIREMENTS OF CLAUSE 49 OF THE LISTING AGREEMENT:**

Clause 49 of the Listing Agreement states that the non-mandatory requirements may be implemented as per our discretion. However, the disclosures of compliance with mandatory requirements, and adoption (and compliance) / non-adoption of the non-mandatory requirements shall be made in the section on Corporate governance in the Annual Report.

**8. GENERAL BODY MEETINGS:**

Location and date/time of last three Annual General Meetings

Year	Location	Date	Time
2008 – 2009	Registered Office at 6-3-906/A/2, Somajiguda, Hyderabad – 500 082	30 <sup>th</sup> September, 2009	11.00 A. M.
2007 – 2008	Registered Office at 6-3-906/A/2, Somajiguda, Hyderabad – 500 082	30 <sup>th</sup> September, 2008	11.00 A. M.
2006 – 2007	Registered Office at 6-3-906/A/2, Somajiguda, Hyderabad – 500 082	28 <sup>th</sup> September, 2007	11.00 A. M.

No special resolution requiring a postal ballot was placed before the last AGM. Similarly, no special resolutions requiring postal ballot is being proposed at the ensuing AGM.



**9. DISCLOSURES:**

*Disclosures on materially significant related party transactions i.e. transactions of the company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of company at large.*

Details of related party transactions have been disclosed under Note VIII on Schedule 16 on the financial statements. There are no transactions, which may have potential conflict with the interests of the Company at large.

*Details of non-compliance by the Company, penalties, and strictures imposed on the Company by Stock exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the last three years*

No penalties have been imposed on the Company by Stock Exchanges or SEBI or any Statutory Authority on any matter related to capital markets, during the last three years.

**10. MEANS OF COMMUNICATION:**

No half-yearly reports were sent to the shareholders. Quarterly results are published in the Financial Express and Andhra Prabha

The results of the Company are displayed on [www.sebiedifar.nic.in](http://www.sebiedifar.nic.in)

Management Discussion and Analysis forms part of the Annual Report and is provided elsewhere in this report.

**11. GENERAL SHAREHOLDER INFORMATION:**

**A. Details of the ensuing Annual General Meeting**

Date	Day	Time	Venue
30th September, 2010	Thursday	10.30 A.M.	6-3-1112, 3rd & 4th Floor, AVR Towers, Behind, Westside Showroom, Near Somajiguda Circle, Begumpet, Hyderabad - 500 016.

**B. Financial Calendar: 1<sup>st</sup> April, 2010 to 31<sup>st</sup> March, 2011**

1 <sup>st</sup> Quarterly results	Half yearly results	3 <sup>rd</sup> Quarter	4 <sup>th</sup> Quarter
August, 2010	November, 2010	February, 2011	May, 2011

**C. Date of Book Closure:**

27th September 2010 to 30th September 2010 (both days inclusive).

**D. Dividend Payment Date:**

No Dividend is recommended for the financial year 2009 – 2010.

**E. Listing on Stock Exchanges and Stock code:**

The shares of the Company are listed on The Bombay Stock Exchange Limited, Mumbai and the Stock Code is 531268.





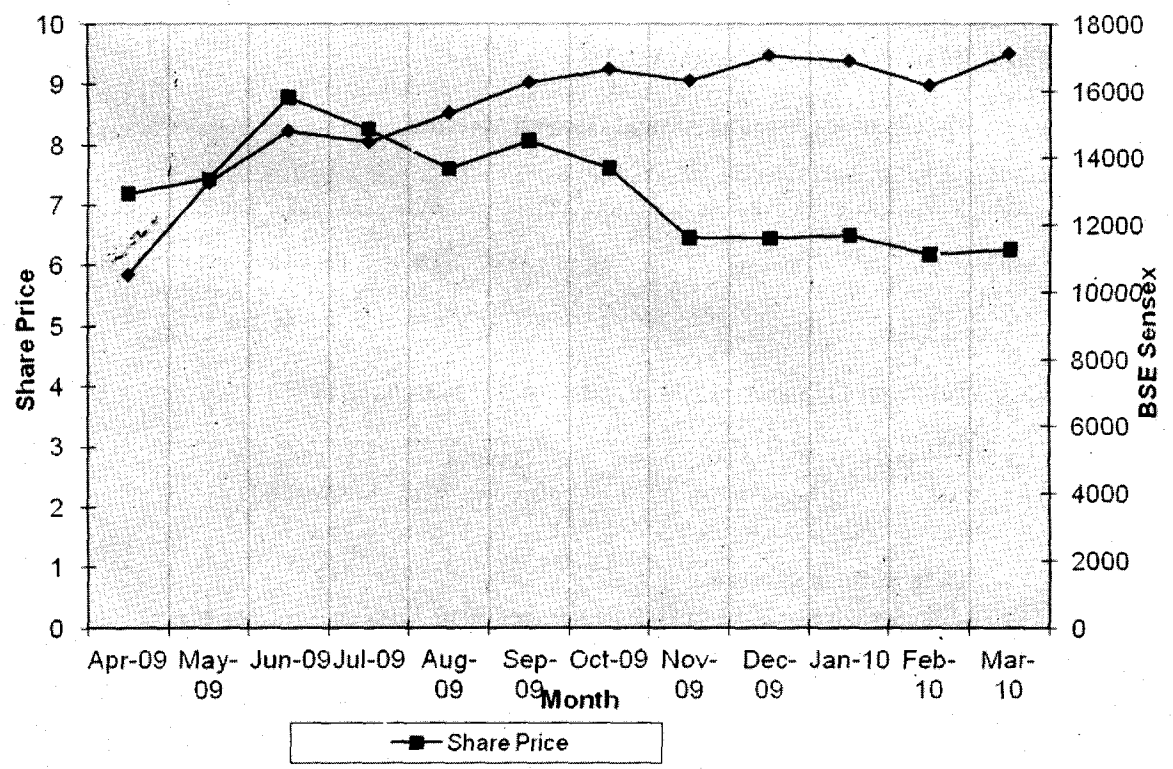
**F. Market Price Date: High/Low during each month in last financial year (2009 – 2010)**

*In Rupees*

Period	The Bombay Stock Exchange Limited, Mumbai	
	High	Low
April 2009	7.89	6.50
May 2009	8.59	6.29
June 2009	9.95	7.63
July 2009	9.48	7.03
August 2009	8.46	6.75
September 2009	8.87	7.26
October 2009	8.47	6.75
November 2009	7.14	5.77
December 2009	6.90	5.99
January 2010	7.38	5.60
February 2010	6.93	5.44
March 2010	6.99	5.54

**G. Performance in comparison to broad-based indices such as BSE Sensex, CRISIL index etc:**

**Comparitive Graph**



**H. Registrar and Transfer Agents:**

CIL Securities Limited is the Registrar and Share Transfer agents of the Company. For any queries regarding transfer of shares and demat of share, shareholders may contact:

CIL Securities Limited,  
214, Raghava Ratna Towers,  
Chirag Ali Lane, Abids, Hyderabad – 500 001  
Ph. Nos. 23202465  
Fax: 23203028 e-mail: advisors@cilsecurities.com

**I. Share Transfer System:**

Pursuant to the appointment of CIL Securities Limited as Common Agency for undertaking Company's electronic and physical share registry work, all the requests for share transfers received by the Company are sent to the Registrar. Similarly some of the shareholders send the requests for share transfers directly to the Registrar.

Normally the shares, without any technical objections, are transferred and the certificates are sent to the shareholders within 30 days from the date of receipt of the request. The requests, which contain technical objections are rejected and rejection letters along with the requests are sent to the shareholders within 15 days from the date of receipt of the request.

**J. Distribution of shareholding:**

Distribution Schedule as on 31.03.2010 is furnished below:

Category		No of Holders	No of Shares	% of shares to Total Equity
From	To			
01	5000	1618	627,159	5.41%
5001	10000	15	112,697	0.97%
10001	20000	18	246,719	2.13%
20001	30000	3	76,680	0.66%
30001	40000	0	-	0.00%
40001	50000	2	93,400	0.81%
50001	100000	3	182,585	1.58%
100001	ABOVE	17	10,246,160	88.44%
<b>TOTAL</b>		<b>1676</b>		<b>100.00%</b>

Shareholding pattern as on 31<sup>st</sup> March 2010

Sl. No.	Category	No. of shares	%
1	Promoters & Associates	8,639,966	74.58%
2	Private Body Corporates	138,108	1.19%
3	Indian Public	2,608,326	22.33%
4	Non-resident individuals & OCBs	199,000	1.72%
	<b>TOTAL</b>	<b>11,585,400</b>	<b>100%</b>

Forfeited Shares: 15400 Equity Shares



**K. Dematerialization of shares and liquidity:**

**Name of Demat Registrars:** CIL Securities Limited,  
214, Raghava Ratna Towers,  
Chirag Ali Lane,  
Abids, Hyderabad – 500 001  
Ph. Nos. 23202465  
Fax: 23203028  
e-mail: advisors@cilsecurities.com

**International Securities Identification Number (ISIN): INE151B01011**

The Company has entered into Agreements with NSDL and CDSL, and as on 31.03.2010, 36,72,730 Equity Shares have been dematerialized, constituting 31.70% of the total equity. As per the directives of Securities and Exchange Board of India (SEBI), the Company's shares are covered under the compulsory dematerialization list and are transferable through the depository system.

**L. Outstanding GDRs / ADRs / Warrants or any Convertible instruments, conversion date and likely impact on equity:**

The Company has not issued any GDRs, ADRs/ warrants or any convertible instruments.

**Development Centre / Registered Office / Address for correspondence**

B2B SOFTWARE TECHNOLOGIES LIMITED,  
3<sup>rd</sup> and 4<sup>th</sup> Floor, AVR Towers, 6 – 3 – 1112,  
Behind West Side Showroom, Near Somajiguda Circle,  
Begumpet, Hyderabad – 500016  
***investorservice@b2bsoftech.com***

Shareholders holding shares in electronic mode should address all their correspondence to their respective Depository Participant (DP)

**CHIEF EXECUTIVE OFFICER (CEO) CERTIFICATION**

I, P. Samantha Reddy, Chief Executive Officer and Managing Director of B2B Software Technologies Limited, to the best of our knowledge and belief, certify that:

1. I had reviewed the balance sheet and profit and loss account (consolidated and unconsolidated), and all its schedules and notes on accounts, as well as the cash flow statements and the directors' report;
2. Based on my knowledge and information, these statements do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the statements made;



3. Based on my knowledge and information, the financial statements and other financial information included in this report, present in all material respects, a true and fair view of, the company's affairs, the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report, and are in compliance with the existing accounting standards and / or applicable laws and regulations;
4. To the best of my knowledge and belief, no transactions entered into by the company during the year are fraudulent, illegal or violative of the company's code of conduct.
5. I am responsible for establishing and maintaining internal controls over financial reporting for the company, and I have:
  - a) designed such disclosure controls and procedures to ensure that material information relating to the company, including its consolidated subsidiary, is made known to us by others within those entities, particularly during the period in which this report is being prepared.
  - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparing of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) evaluated the effectiveness of the company's disclosure, controls and procedures and
  - d) disclosed in this report any change in the company's internal control over financial reporting that occurred during the company's most recent financial year that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting.
6. I had disclosed based on our most recent evaluation, wherever applicable, to the company's auditors and the audit committee of the company's Board of Directors.
  - a) significant changes in internal controls during the year covered by this report;
  - b) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements;
  - c) instances of significant fraud of which they 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: 11.08.2010

P. SAMANTHA REDDY  
Managing Director



**AUDITORS' REPORT ON CORPORATE GOVERNANCE**

To  
The Board of Directors  
B2B Software Technologies Limited  
Hyderabad

We have examined the compliance of conditions of Corporate Governance by B2B Software Technologies Limited for the year ended 31st March, 2010 as stipulated in Clause 49 of the Listing Agreement of the said company with stock exchanges.

The compliance of condition of Corporate Governance is the responsibility of management. Our examination was limited to 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 according to the 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, 2010, no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Company. 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.

For M.Anandam & Co.,  
Chartered Accountants  
(Firm Regn.No.0001255)

Place: Hyderabad  
Date: 11th August, 2010

B.V.Suresh Kumar  
Partner  
M.No.212187



**AUDITORS' REPORT**

To  
The Members  
B2B Software Technologies Limited  
Hyderabad

1. We have audited the attached Balance Sheet of B2B Software Technologies Limited, as at 31st March, 2010 the Profit & Loss Account and the Cash Flow statement for the year ended on that date annexed there to. 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 the 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 (Auditors' Report) Order, 2003 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 & 5 of the said Order.
4. Further to our comments in the annexure referred to in paragraph 3 above, We report that:  
We are unable to comment on the extent of the recoverability of the loan amounting to Rs.4,91,03,406/- as at the end of the year extended to a related party in view of the irregularity in the repayments of principal and interest during the year. (Refer to Note 1, of Schedule 16).
5. Subject to our observations in the annexure referred to in Paragraph (3) and our comments in Paragraph (4) above we report that:
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief are necessary for the purpose of our audit.
  - b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of such books.
  - c) The Balance Sheet, Profit & Loss Account and Cash Flow Statements dealt with by this report are in agreement with the books of accounts.
  - d) In our opinion the Profit & Loss Account and Balance Sheet and Cash Flow Statements dealt with by this report comply with the accounting standards referred to in Sub-section (3C) of Section 211 of the Companies Act.
  - e) On the basis of written representations received from the Directors of the Company, as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the Director is disqualified as at 31st March, 2010 from being appointed as a Director in terms of Clause (g) of the Sub-Section (1) Section 274 of the Companies Act, 1956.
  - f) We report that, considering the audit qualification made by us under Para 4, the
    - Loss after Taxation for the year would have been Rs.5,30,96,959 as against Rs.39,93,553 reported.
    - Profit and Loss Account Debit Balance would have been Rs.9,46,64,009 as against Rs.4,55,60,603 reported.
    - Loans & Advances would have been Rs.1,12,62,524 as against Rs.6,03,65,930 reported in Schedule 8
  - g) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and subject to our comments given in Para 4 and the consequent effect thereof on the accounts to the extent quantified, as stated in Para 5 (f) above give a true and fair view in conformity with the accounting principles generally accepted in India.
  - i. In the case of Balance Sheet, of the State of Affairs of the Company as at 31st March, 2010;
  - ii. In the case of the Profit & Loss Account, of the Loss of the Company for the year ended on that date; and
  - iii. In the case of the Cash Flow Statements, of the Cash Flows for the year ended on that date.

For M.Anandam & Co.,  
Chartered Accountants  
(Firm Regn.No.000125S)

B.V.Suresh Kumar  
Partner  
M.No.212187

Place: Hyderabad  
Date: 11 August, 2010



**Annexure referred to in Paragraph 3 of Our Report of even date**

1. a. The company has compiled the fixed assets register showing full particulars including quantitative details, location and value of fixed assets.  
 b. As explained to us, the management has physically verified some of the fixed assets during the year. As reported to us, there were no discrepancies found during such verification.  
 c. In our opinion, the company has not disposed of substantial part of the fixed assets during the year and the going concern status of the company is not affected.
2. a. As referred in Note 1 of Schedule 16, the company has granted an unsecured loan to a Company covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount outstanding during the year is Rs.4,91,03,406/- and the closing balance is Rs.4,91,03,406/- as at the balance sheet date.  
 b. In our opinion and according to the information and explanations given to us, the rate of interest, wherever applicable and other terms and conditions are not prima-facie prejudicial to the interest of the company.  
 c. In respect of loans taken by the Company, the interest payments are regular and the principal amount is repayable on demand.  
 d. The company has taken reasonable steps for the recovery/payment of the principle and interest except as stated in Para 4.
3. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchase of inventory, fixed assets and also for the sale of goods. During the course of our audit we have not observed any major weaknesses in the internal controls.
4. a. According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956, have been so entered.  
 b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding Rs.5 Lakhs in value in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
5. The company has not accepted any deposits from the public within the meaning of Section 58A & 58AA of the Companies Act, 1956 and the Rules framed there under.
6. In our opinion, the internal audit system of the Company is commensurate with its size and nature of its business.
7. In respect of statutory dues:
  - a. According to the records of the Company, the undisputed statutory dues including Provident Fund, Employees State Insurance, service tax, excise duty, sales tax and cess have been generally regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31<sup>st</sup> March, 2010 for a period of more than six months from the date they become payable.
  - b. According to the records of the company examined, there are no dues of Customs tax, Wealth tax, Excise duty / Cess, except in case of Sales tax (i.e., AP GST/CST), the details are given below:

Name of the Statute	Nature of dues	Amount to the extent Not paid (In Lacs)	Period to which the amount relates	Forum where dispute is pending
APGST/CST	Disputed Turnover	2.63	2004-05	ADC (Appeals)

8. The accumulated losses of the company are not more than Fifty Percent of its Net worth. The Company has not incurred any cash losses during the financial year covered by our audit or in the immediately preceding financial year.
9. Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the company has not defaulted in repayment of dues to financial institutions & banks.
10. In our opinion and according to the information and explanations given to us, the company has maintained adequate documents and records in case of loans and advances granted on the basis of security by way of pledge of shares and other securities.
11. In our opinion, the company is not a chit fund or a nidhi/ mutual benefit fund/ society. Therefore, clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 is not applicable to the company.
12. In our opinion and according to the information and explanations given to us, the company is not dealing in shares, securities, debentures and other investments. Accordingly the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
13. In our opinion and according to the information and explanations given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions.
14. In our opinion and according to the information and explanations given to us, company has not raised new term loans during the year.
15. As per the information and explanations given to us, we are of the opinion that the Company has not utilized any short-term sources towards long-term investments.
16. During the year, the Company has not made any preferential allotment of shares to the parties and Companies covered in the register maintained under Section 301 of the Companies Act, 1956.
17. The Company has not raised any money by way of issue of Debentures during the year; hence creation of securities on debentures issued is not applicable to the Company.
18. According to the information and explanations given to us during the year the company has not raised any funds on public issue and hence this clause is not applicable to the company.
19. 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 M.Anandam & Co.,  
Chartered Accountants  
(Firm Regn.No.000125S)

B.V.Suresh Kumar  
Partner  
M.No.212187

Place: Hyderabad  
Date: 11th August, 2010

**B2B SOFTWARE TECHNOLOGIES LIMITED**

Balance Sheet as at March 31, 2010

Amount in Rupees

	Schedule	As at 31.03.2010	As at 31.03.2009
<b>I SOURCES OF FUNDS</b>			
1 <b>Shareholders Funds</b>			
Capital	1	115,931,000	115,931,000
2 <b>Loan Funds</b>			
Secured Loans	2	601,476	935,078
		116,532,476	116,866,078
<b>II. APPLICATION OF FUNDS</b>			
1 <b>Fixed assets</b>			
(a) Gross block	3	19,461,308	19,461,308
(b) Less : Depreciation		15,533,652	14,205,334
(c) Net block		3,927,656	5,255,974
2 <b>Investments</b>	4	3,900,633	12,464,531
3 <b>Current assets , loans and advances</b>			
(a) Work in Progress	5	1,568,430	1,497,024
(b) Sundry debtors	6	6,811,982	5,097,102
(c) Cash and bank balances	7	4,539,503	4,265,455
(d) Other Current Assets		930	18,857
(e) Loans and advances	8	60,365,930	58,382,318
		73,286,775	69,260,756
<b>Less: Current liabilities and provisions</b>			
(a) Liabilities	9	8,367,231	8,590,877
(b) Provisions	10	1,775,960	3,091,356
		10,143,191	11,682,233
<b>Net current assets</b>		63,143,584	57,578,523
4 <b>Profit and Loss account (Debit)</b>		45,560,603	41,567,050
		116,532,476	116,866,078
Significant Accounting Policies & Notes on Account	16		

The schedules referred to above and statement on Significant Accounting Policies form an integral part of the Balance Sheet.

As per our report of even date  
For **M.Anandam & Co.,**  
Chartered Accountants.

On behalf of the Board of Directors

P. Samantha Reddy  
Managing Director

**B.V.Suresh Kumar**  
Partner  
M.No.212187

V.V. Nagendra  
Executive Director

Place: Hyderabad  
Date: 11th August, 2010



**B2B SOFTWARE TECHNOLOGIES LIMITED****Profit and Loss Account for the Year ended March 31,2010**

	Schedule	Year ended 31.03.2010	Year ended 31.03.2009
<b>I. INCOME</b>			
Sales	11	41,958,333	51,375,495
Other Income	12	1,170,335	693,349
Increase/(Decrease) in WIP		71,406	901,824
		<b>43,200,074</b>	<b>52,970,668</b>
<b>II. EXPENDITURE</b>			
Purchases of Software Products	13	7,036,467	10,389,816
Payments and Benefits to Employees	14	24,412,760	28,883,279
Operating and Administrative Expenses	15	14,300,368	19,710,724
Interest Expenses		115,714	61,787
Depreciation		1,328,318	1,477,658
Prior Period Expenditure		-	4,918,500
		<b>47,193,627</b>	<b>65,441,763</b>
<b>III. Profit/(Loss) before Taxation</b>		<b>(3,993,553)</b>	<b>(12,471,096)</b>
Taxation			
- Current Tax		-	-
- Fringe Benefit tax		-	108,255
<b>IV. Profit/(Loss) after Taxation</b>		<b>(3,993,553)</b>	<b>(12,579,351)</b>
Brought forward Loss from Previous Year		<b>(41,567,050)</b>	<b>(28,987,699)</b>
Balance Carried to Balance Sheet		<b>(45,560,603)</b>	<b>(41,567,050)</b>
Basic and Diluted Earnings per Share		<b>(0.34)</b>	<b>(1.11)</b>
Significant Accounting Policies & Notes on Accounts	16		

The schedules referred to above and statement on Significant Accounting Polices form an integral part of the Profit and Loss Account.

As per our report of even date  
For **M.Anandam & Co.,**  
**Chartered Accountants.**

On behalf of the Board of Directors

**B.V.Suresh Kumar**  
**Partner**  
M.No.212187

P. Samantha Reddy  
Managing Director

V.V. Nagendra  
Executive Director

Place: Hyderabad  
Date: 11th August, 2010


**Schedules forming part of the Balance Sheet**

	Amount in Rupees	
	As at 31.03.2010	As at 31.03.2009
<b>1. Capital</b>		
Authorised :		
1,20,00,000 Equity Shares of Rs.10 each	120,000,000	120,000,000
Issued, Subscribed and Paid up:		
11,585,400 Equity Shares of Rs.10 each fully paid up	115,854,000	115,854,000
Add : Shares Forfeited	77,000	77,000
	<b>115,931,000</b>	<b>115,931,000</b>
<b>2. Secured Loans</b>		
Hire Purchase Loan (Refer Note IX of Schedule 16)	601,476	935,078
	<b>601,476</b>	<b>935,078</b>
<b>4. Investments</b>		
<b>A. Long Term (at cost)</b>		
<b>a. Quoted Investment</b>		
Pentamedia Graphics Limited 10450 Equity Shares of Rs.100 each, fully paid-up	11,517,369	11,517,369
Less : Investment Written off	(11,517,369)	(11,502,948)
	-	<b>14,421</b>
<b>b. Unquoted Investment in Subsidiary Companies</b>		
<b>B2B Infotech Pte Ltd</b>		
200,000 Equity Shares of Singapore Dollar 1 each, fully paid-up	5,510,797	5,510,797
Less: Provision for Diminution in the Value of Investment	(5,510,797)	(5,510,797)
<b>B2B Softech Inc.,</b>		
72,000 Equity Shares of US Dollar 1 each, fully paid-up	3,381,120	3,381,120
<b>B2B Software Technologies Kassel GmbH</b> ( 121,431 Euro)*	6,250,862	6,250,862
Advances for Addl investment in Subsidiary Companies - Pending allotment B2B Software Technologies Kassel GmbH - Euro 5556	286,877	286,877
Less: Advance received against sale of investment in subsidiary	(1,292,636)	-
Less: Provision for Loss on Sale of Investment	(3,937,554)	-
Less: Provision for Diminution in the Value of Investment (Refer Note XI of Schedule 16)	(1,307,549)	-
	-	<b>6,537,739</b>
<b>B2B Enterprise Solutions Limited</b>		
100,000 Equity Shares of Rs.10/-each fully Paid Up	1,000,000	1,000,000
Less: Provision for Diminution in the Value of Investment	(1,000,000)	(1,000,000)
<b>B2B Infotech SDN BHD</b>		
(2,50,000 Equity Shares of Malaysian RM 1 each fully paid up)	548,856	548,856
Less: Provision for Diminution in the Value of Investment	(548,856)	(548,856)
<b>Total of Long term Investments (a + b)</b>	<b>3,381,120</b>	<b>9,933,280</b>
<b>B. Current Investment (at cost)</b>		
Investment in UTI Mutual Fund (Refer Note X of Schedule 16)	519,513	2,531,251
	<b>519,513</b>	<b>2,531,251</b>
<b>Total Investments (A + B)</b>	<b>3,900,633</b>	<b>12,464,531</b>



**B2B SOFTWARE TECHNOLOGIES LIMITED**

Schedules forming part of the Balance Sheet 2009-10

**3. Fixed Assets**

Amount in Rupees

Sl. No.	Description	Gross Block				Depreciation				Net Block	
		As at 01.04.2009	Additions during the year	Deletions/ Discarded during the year	As at 31.03.2010	As at 01.04.2009	For the year	Deletions/ Discarded during the year	As at 31.03.2010	As at 31.03.2010	As at 31.03.2009
1.	Computers	9,007,910	-	-	9,007,910	7,555,472	580,975	-	8,136,447	871,463	1,452,438
2.	Furniture and Fixtures	4,866,275	-	-	4,866,275	3,933,689	168,798	-	4,102,487	763,788	932,586
3.	Office Equipment	3,381,257	-	-	3,381,257	2,015,254	190,011	-	2,205,265	1,175,992	1,366,003
4.	Vehicles	2,187,266	-	-	2,187,266	700,919	384,815	-	1,085,734	1,101,532	1,486,347
5.	Copy Rights	18,600	-	-	18,600	-	3,720	-	3,720	14,880	18,600
	<b>Total</b>	19,461,308	-	-	19,461,308	14,205,334	1,328,319	-	15,533,653	3,927,655	5,255,974
	Previous Year	23,625,818	2,411,832	6,576,342	19,461,308	14,236,785	1,477,658	1,509,109	14,205,334	5,255,974	9,389,033

**Schedules forming part of the Balance Sheet**

Amount in Rupees

	<b>Year ended 31.03.2010</b>	<b>Year ended 31.03.2009</b>
<b>5 Work in Progress</b>	1,568,430	1,497,024
	<b>1,568,430</b>	<b>1,497,024</b>
<b>6 . Sundry Debtors</b>		
(Unsecured, considered good)		
(a) Debts outstanding for a period exceeding six months	3,950,373	3,722,023
(b) Other debts	5,069,466	3,582,936
Less: Provision for Doubtful Debts	(2,207,857)	(2,207,857)
	<b>6,811,982</b>	<b>5,097,102</b>
<b>7. Cash and Bank Balances</b>		
Cash on hand	2,414	10,642
Balances with scheduled banks		
- On Current accounts	2,900,230	1,322,416
- On EEFC accounts	1,634,860	2,807,608
- On Deposit accounts	2,000	124,789
	<b>4,539,503</b>	<b>4,265,455</b>
<b>8. Loans and Advances</b>		
(Unsecured, considered good)		
Loans to Companies (Refer Note I of Schedule 16)	49,103,406	49,103,406
Loan to B2B ESOP Trust	6,000,000	6,000,000
Advances recoverable in cash or in kind for value to be received	1,235,799	969,688
Tax Deducted at Source	4,026,725	2,309,223
	<b>60,365,930</b>	<b>58,382,318</b>
<b>9. Liabilities</b>		
<b>Sundry Creditors</b>		
Dues to MSMED	-	-
Dues to Others	5,844,140	4,622,912
Advance from Customers	403,830	975,089
Other Liabilities	177,143	857,757
Security Deposits	1,942,119	2,135,118
	<b>8,367,231</b>	<b>8,590,877</b>
<b>10. Provisions</b>		
Provision for Gratuity	1,722,694	1,235,198
Provision for Annual KRA	53,266	1,856,158
	<b>1,775,960</b>	<b>3,091,356</b>



**Schedules forming part of the Profit and Loss Account**

	Amount in Rupees	
	Year ended 31.03.2010	Year ended 31.03.2009
<b>11. Sales</b>		
Income from Software Development, Sales & Services	41,958,333	51,375,495
	<b>41,958,333</b>	<b>51,375,495</b>
<b>12. Other Income</b>		
Interest on Debtors	-	135,801
Appreciation in Value of Investment	-	(81,666)
Interest/Dividend on Deposits & Mutual Fund(Gross)	79,525	13,012
Miscellaneous Income	500	229,984
Written Bank of KRA Provision	1,090,310	-
Profit on Sale of Fixed Assets	-	85,338
Profit on Sale of Mutual Fund	-	6,464
Prior Period Income	-	5,163
	<b>1,170,335</b>	<b>394,096</b>
<b>13. Purchases of Software Products</b>		
Software Products	7,036,467	10,389,816
	<b>7,036,467</b>	<b>10,389,816</b>
<b>14. Payments and Benefits to Employees</b>		
Salaries, Wages and Bonus	20,395,443	24,977,905
Contribution to Provident Fund and other Funds	676,088	688,419
Gratuity	487,496	938,004
Food & Beverage	106,202	106,289
Staff Welfare Expenses	33,239	66,353
Managerial Remuneration	2,208,980	1,859,695
Food Coupons	505,312	246,614
	<b>24,412,760</b>	<b>28,883,279</b>
<b>15. Operating and Administrative Expenses</b>		
Rent	2,229,412	2,457,190
Rates and Taxes	294,580	353,640
Insurance	62,148	90,329
<b>Travelling Expenses</b>		
- Local Conveyance	219,030	242,671
- Travelling Expenses	314,890	775,925
- Per diem Expenses	241,710	242,205
<b>Communication Expenses</b>		
- Internet Charges	560,722	751,862
- Telephone	299,996	376,916
- Postage & Courier	37,659	60,482
Training Fee	32,076	270,207
Printing and Stationery	70,282	133,025
Electricity Charges	677,648	663,116
Advertisement	53,124	147,289
<b>Repairs and Maintenance</b>		
- Machinery	211,378	472,344
- Vehicles-Directors	209,617	81,430
- Vehicles-Employees	365,662	244,500
Professional and Consultancy Charges	402,259	565,898
Consultancy Charges for Implementation of Projects	107,143	-
Commission & Brokerage	153,000	-
Auditors' remuneration	160,000	160,000
Directors Sitting Fee	255,000	125,000
Bad Debts	-	2,812,945
Dimunition in value of Investment in Subsidiary Companies	1,307,549	7,059,653
Provision for loss on sale of Shares in Subsidiary Companies	3,937,554	-
Membershipfee,Meeting&Seminar Charges	486,845	720,837
Investment Written off (Pentamedia)	14,421	-
Security Charges	236,594	199,989
Office Maintenance	383,113	592,128
Miscellaneous Expenses	96,214	111,143
Exchange Fluctuation Loss (Others)	189,752	299,253
Exchange Fluctuation Loss (EEFC Accounts)	340,487	-
Exchange Fluctuation Loss (WOS-Germany)	338,766	-
Loss on Sale of Mutual Funds	11,738	-
	<b>14,300,368</b>	<b>20,009,976</b>

**B2B SOFTWARE TECHNOLOGIES LIMITED****16. Notes to Accounts:**

I. The Company changed its business and its name in the year 1999-2000 and changed its object to become a software company from a Non-Banking Finance Company (NBFC). Loans amounting to Rs. 62,966,472 was extended to related companies, when the company was a NBFC. The loan extended is neither secured nor guaranteed. The Company has not provided interest on loan outstanding during the year as there exists uncertainty as to the recoverability of the Principal and Interest. In the current year the company has not received any amount either in the form of Principal or in the form of Interest from the said related party. The amount outstanding as at 31st March, 2010 is Rs. 49,103,406 (Previous Year Rs. 49,103,406)

**II. Directors' Remuneration (included in Schedule 14).**

	<u>March 31, 2010</u>	( Amount in Rupees ) <u>March 31, 2009</u>
Salaries, Allowances & Perquisites *	2,208,980	1,945,320
Directors' sitting fees	255,000	125,000

\*As the company is not in profits remuneration to directors is paid as per the amount eligible under the provisions of Schedule XIII

**III. Auditors' Remuneration**

Towards Statutory Audit Fee	120,000	120,000
Towards Tax Audit Fee	40,000	40,000
Service Tax	16,480	16,480

**IV. Earnings in Foreign Exchange during the Year ( on receipt basis )**

Software Development Services- Export	16,132,354	19,214,983
---------------------------------------	------------	------------

**V. Expenditure in Foreign Currency ( on payment basis )**

Traveling	37,925	582,339
Conference, Meetings & Seminars	192,416	417,200
Purchase of Software Products	-	204,741
International Telephone Charges (Vonage)	124,736	-

**VI. Related Party Transactions during the Year:****Particulars****(A) Companies:****(a) Subsidiary Companies**

B2B Infotech Pte Ltd.  
B2B Softech Inc.  
B2B Software Technologies Kassel GmbH  
B2B Infotech SDN BHD  
B2B Enterprise Solutions Ltd

**Nature of Transactions**

	<u>March 31, 2010</u>	( Amount in Rupees ) <u>March 31, 2009</u>
Sales -B2B Software Technologies Kassel GmbH	-	3,367,923
Disinvestments made during the year	1,227,886	64,750
Other receipts	-	-
Outstanding:		
- Receivables	4,287,988	4,653,096

**B2B SOFTWARE TECHNOLOGIES LIMITED****16. Notes to Accounts:****(b) Related Companies (where key management personnel or their relatives have significant influence)**

( Amount in Rupees )

	<u>March 31, 2010</u>	<u>March 31, 2009</u>
<b>(i). Ravileela Granites Limited</b>		
Amount outstanding	49,103,406	49,103,406
Maximum amount outstanding during the Year	49,103,406	49,103,406
<b>(ii). Exotic Granite &amp; Marble, Inc.</b>		
<b>(iii). Genius Doc Inc</b>		
Sales	12,343,459	13,384,078
- Receivables	927,586	780,353
<b>(iv). MTAR Technologies Ltd</b>		
Sales	5,073,255	7,590,574
- Receivables	421,897	840,982

**(B) Key Management Personnel**

**P.Samantha Reddy, Managing Director**  
**V.V.Nagendra, Executive Director**

Nature of Transactions	<u>March 31, 2010</u>	<u>March 31, 2009</u>
Remuneration as detailed in Note III above (other than Directors sitting Fees)	2,208,980	1,945,320

**VII. Earning Per Share**

Earning per share is computed based on the following:

( Amount in Rupees )

	<u>March 31, 2010</u>	<u>March 31, 2009</u>
Profit/(Loss) after Tax	(3,993,553)	(12,579,351)
Weighted average number of equity shares	11,593,100	11,285,400
Basic and diluted Earning Per Share	(0.34)	(1.11)
(Nominal value of equity shares: Rs. 10 each)		

**VIII. Taxation**

Provision for income tax has not been made for the current year since there is no taxable profits further The benefit of tax losses has not been brought to account as related benefits are not considered virtually certain. Hence the value of deferred tax is not determined and accounted as per the provisions of Accounting Standard 22 on Accounting for taxes on Income, issued by The Institute of Chartered Accountants of India.

**IX. Investment in Mutual Funds of Unit Trust of India**

( Amount in Rupees )

	<u>March 31, 2010</u>	<u>March 31, 2009</u>
	Amount	Amount
Opening Balance	2,531,251	3,506,195
Add: Purchases	-	10,037,096
Less: Sale	(2,011,738)	(11,012,040)
Closing Balance	519,513	2,531,251

\* Net Asset Value as on 31.03.2010 is Rs. 519,904.11

- X** The Company has purchased Motor Car on Hire Purchase basis from Kotak Mahindra in the year 2008. The same has been secured against the hypothecation and personal guarantee of the directors.
- XI.** The Company has received Rs. 12,92,636/- equivalent to Euros 20,000 towards advance for the sale of 80% shareholding in its wholly owned subsidiary B:B Software Technologies Kassel GmbH. The shares have not been transferred pending approval from RBI. The company has made a provision of Rs. 39,37,54 towards loss on sale of investment and a provision for Rs. 13,07,549 for diminution in the value of investment.
- XII.** The Wholly Owned Subsidiaries of the company at Malaysia, B2B Infotech SDN BHD and at Singapore, B2B Infotech Pte Ltd are under liquidation. The Company has made a provision for diminution in the value of investment to the extent of 100% of the carrying amount.
- XIII.** The Company is primarily engaged in Information Technology and related services. There are no other reportable segments in terms of Accounting Standard 17 on Segment Reporting issued by The Institute of Chartered Accountants of India.

**B2B SOFTWARE TECHNOLOGIES LIMITED****16. Notes to Accounts:****XIV. Employee Benefits**

During the year the company has made a provision of Rs.487,496/- for gratuity based on Actuarial Valuation. The company has not created any assets to meet this obligation Disclosure as required by Accounting Standard - 15 'Employee Benefits'

<b>Particulars</b>	<b>March 31, 2010</b>
<b>1 Changes in Present Value of Obligation</b>	
Present value of obligation as at the beginning of the year	1,392,712
Interest Cost	111,416
Current service cost	85,542
Benefits paid	-
Actuarial gain/(loss) on obligations	133,024
Present value of obligations at the end of the year	1,722,694
<b>2 Changes in Fair Value of Plan Assets</b>	
Fair value of plan assets at the beginning of the year	-
Expected return on plan assets	-
Contributions	-
Benefits Paid	-
Actuarial gain/(loss) on plan assets	-
Fair value of plan assets at the end of the year	-
<b>3 Assets Recognised in Balance Sheet</b>	
Present value of obligation as at the end of the year	1,722,694
Fair value of plan assets at the end of the year	-
Funded Status	1,722,694
Net asset/(liability) recognised in balance sheet	1,722,694
<b>4 Expenses Recognised in Statement of Profit &amp; Loss</b>	
Current service cost	85,542
Interest Cost	111,416
Expected return on plan assets	-
Net Actuarial (gain)/loss recognised in the year	133,024
Expenses Recognised in Statement of Profit & Loss	329,982
<b>5 Assumptions</b>	
Discount	8%
Escalation	9%

\* As the company is providing for gratuity on actuarial basis for the first time previous year's figures have not been provided

XV. Previous year figures have been regrouped to conform with the current year presentation.

As Per our Report of Even Date  
for. **M.Anandam & Co.,**  
Chartered Accountants.

On behalf of the Board of Directors

**B.V.Suresh Kumar**  
Partner  
M.No.212187  
Place : Hyderabad  
Date : August 11, 2010

**P Samantha Reddy**  
Managing Director

**V.V.Nagendra**  
Executive Director





**Statement on Significant Accounting Policies**

**Basis of Presentation :**

The financial statements of the Company are prepared under the historical cost convention in accordance with the Generally Accepted Accounting Principles (GAAP) applicable in India and the relevant provisions of the Companies Act, 1956.

The preparation of the financial statements in conformity with the GAAP requires that the management makes estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period.

**REVENUE RECOGNITION:**

Revenue from professional services consists of revenue earned from services performed on a time and material basis and time bound fixed - price engagements. In respect of Time and Material Contracts, revenue is recognised as and when the services are performed. In respect of time bound fixed-price engagements, revenue is recognised using the percentage of completion method of accounting, unless work completed cannot be reasonably estimated. The cumulative impact of any revision in estimates of the percentage of work completed is reflected in the period in which the change becomes known. In respect of trading activities, revenue is recognised on transfer of ownership to the customers.

**Fixed Assets**

Fixed assets are stated at cost less accumulated depreciation. The cost capitalised includes material cost, freight, installation cost, duties and taxes, finance charges and other incidental expenses incurred during the constructions/installation stage. Depreciation on fixed assets is computed on the written down value method at the rates prescribed under Schedule XIV of the Companies Act, 1956. Individual assets costing less than Rs.5, 000 are depreciated in full in the year of purchase. Costs of application software for internal use are generally charged to revenue as incurred due to its estimated useful lives being relatively short. Capital work in progress includes all direct expenditure incurred in connection with the acquisition of fixed assets and also the advances paid therefore.

**Investments**

Investments are classified into current investments and long-term investments. Current investments are carried at the lower of cost or fair value. Any reduction in carrying amount and any reversals of such reductions are charged or credited to the Profit and Loss account. Long-term investments are carried at cost less provision made to recognise any decline, other than temporary, in the value of such investments.

**Foreign Currency Transactions**

Transactions in foreign currency are recorded for at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currency are translated at the rates of exchange at the balance sheet date and resultant gain or loss is recognized in the profit and loss account.

**Retirement Benefits**

Contributions to defined schemes such as Provident Fund, Employees State Insurance scheme are charged as incurred on accrual basis. Provision for gratuity is made on the basis auctorial valuation.



Cash Flow Statement for the year ended March 31, 2009	Amount in Rupees	
	31.03.2010	31.03.2009
<b>A. Cash Flows from Operating Activities</b>		
Net profit/(loss) before tax	(3,993,553)	(12,471,096)
<b>Adjustments for :</b>		
Interest	115,714	61,787
Depreciation	1,328,318	1,477,658
Provision for Diminution in value of Investment in Subsidiary companies	1,307,549	7,059,653
Income from Investment - Dividends	(79,525)	(13,012)
(Appreciation)/deminution in value of investment	-	81666
Exchange differences on translation of foreign currency cash and cash equivalents	869,005	(299,253)
Profit (Loss) on Sale of Mutual Funds	11,738	(6,464)
Profit on Sale of Fixed Assets	-	(85,338)
Prior Period Income	-	-
Operating profit before working capital changes	(440,755)	(4,194,399)
<b>Adjustments for changes in working capital :</b>		
(Increase)/Decrease in Accounts Receivables	(1,714,880)	5,141,300
(Increase)/Decrease in Other Current Assets	17,927	35,354
(Increase)/Decrease in Loans and Advances	(1,983,612)	(118,020)
(Increase)/Decrease in Work in Progress	(71,406)	(901,824)
Increase / (Decrease) in Trade and Other Payables	(223,646)	(1,828,334)
Increase / (Decrease) in Provision	3,914,794	-
Cash generated from operations	(501,577)	(1,865,923)
Interest received from loans, deposits etc.	-	13,012
Prior Period Income	-	5,163
<b>Net Cash from Operating Activities</b>	(501,577)	(1,847,748)
<b>B. Cash Flows from Investing Activities</b>		
Purchase of Fixed Assets	-	2,411,832
Purchase of Mutual Funds	2,000,000	981,408
Sale of Fixed Assets	-	234,069
Share Application	-	-
Income from Investment - Dividends	79,525	-
<b>Net Cash used in Investing Activities</b>	2,079,525	3,627,309
<b>C. Cash Flows from Financing Activities</b>		
Increase/(Decrease) in Secured Loans	(333,602)	861,013
Proceeds of Short Term Borrowings	-	(61,787)
Interest paid	(115,714)	-
<b>Net Cash from/(used in) Financing Activities</b>	(449,316)	799,226
<b>D. Exchange differences on translation of foreign currency cash and cash equivalents</b>	(869,005)	299,253
Net Increase in Cash and Cash equivalents during the year (A + B + C + D)	259,627	2,878,040
Cash and Cash equivalents at the beginning of the year	4,265,455	1,387,416
<b>Cash and Cash equivalents at the end of the year</b>	4,525,082	4,265,456

Note :

- The above cash flow statement has been prepared using the 'Indirect method' as set out in Accounting Standard-3 on Cash Flow Statement issued by the Institute of Chartered Accountants of India.

As per our report of even date  
For **M.Anandam & Co.,**  
**Chartered Accountants.**

**B.V.Suresh Kumar.**  
**Partner**  
M.No.212187

On behalf of the Board of Directors

P Samantha Reddy      V.V.Nagendra  
Managing Director      Executive Director

Place: Hyderabad  
Date : August 11, 2010



**BALANCE SHEET ABSTRACT & COMPANY'S GENERAL BUSINESS PROFILE**

**I. Registration Details**

Registration No. 

1	8	3	5	1
---	---	---	---	---

State code 

0	1
---	---

Balance Sheet date 

3	1	0	3	2	0	1	0
---	---	---	---	---	---	---	---

**II. Capital Raised during the year (Amount in Rs. Thousands)**

Public Issue  

			N	I	L
--	--	--	---	---	---

Rights Issue  

			N	I	L
--	--	--	---	---	---

Bonus Issue  

			N	I	L
--	--	--	---	---	---

Private placement  

			N	I	L
--	--	--	---	---	---

**III. Position of mobilisation and Development of Funds (Amount in Rs. Thousands)**

Total Liabilities  

1	1	6	5	3	2
---	---	---	---	---	---

Total Assets  

1	1	6	5	3	2
---	---	---	---	---	---

Sources of Funds

Paid-up-Capital  

1	1	5	9	3	1
---	---	---	---	---	---

Reserves & Surplus  

			N	I	L
--	--	--	---	---	---

Secured Loans  

			6	0	1
--	--	--	---	---	---

Unsecured Loans  

			N	I	L
--	--	--	---	---	---

Application of Funds

Net Fixed Assets  

		3	9	2	7
--	--	---	---	---	---

Investments  

		3	9	0	0
--	--	---	---	---	---

Net Current Assets  

	6	3	1	4	3
--	---	---	---	---	---

Miscellaneous Exp  

			N	I	L
--	--	--	---	---	---

Accumulated Losses  

	4	5	5	6	0
--	---	---	---	---	---

**IV. Performance of the Company:(Amount in Rs. Thousands)**

Turnover  

	4	3	2	0	0
--	---	---	---	---	---

Total Expenditure  

	4	7	1	9	3
--	---	---	---	---	---

Profit/Loss Before Tax  

	-	3	9	9	3
--	---	---	---	---	---

Profit/Loss After Tax  

	-	3	9	9	3
--	---	---	---	---	---

Earning Per Share in Rs.  

	-	0	.	3	4
--	---	---	---	---	---

Dividend Rate  

			N	I	L
--	--	--	---	---	---

**V. Generic Names of three Principal Products of Company (as per monetary terms)**

Item Code : 85429009.1  
Product Description : Software Development  
IT Solutions

On behalf of the Board of Directors

Place : Hyderabad  
Date : August 11, 2010

P Samantha Reddy  
Managing Director

V V Nagendra  
Executive Director

**Statement relating to Subsidiary Companies Pursuant to Section 212(1)(e) of the Companies Act, 1956**



S.No.	Name of the Subsidiary Companies	Financial Year of the Subsidiary Companies ended on	Date from which it became Subsidiary Companies	No of shares held by B2B Software Technologies Limited with its nominees in the Subsidiaries as at 31- March 2007	Extent of interest of Holding Company as at 31.03.2007	Net aggregate amount of profit / (loss) so far as it concerns the members of the Holding Company
1.	B2B Infotech Pte Limited 163, Tras Street, # 03-05, Lian Huat Building Singapore – 079024	1- April 2009 to 31- March 2010	11-07-2000	2,00,000 Shares of SGD 1/- each	100%	(S\$ 2,356)
2.	B2B Softech Inc., 9001, San Fernando Rd, Sun Valley, CA 91352 USA	1- April 2009 to 31st March 2010	17-07-2001	72,000 Shares of USD 1/- each	100%	\$ 618
3.	B2B Software Technologies Kassel GmbH, Ludwig-Erhard-Str.12 34134 Kassel, Germany	1st April 2009 to 31st March 2010	31-10-2001	EURO 121,431.64	20%	EURO —
4.	B2B Infotech SDN BHD (Step down subsidiary of B2B Infotech Pte Ltd) Unit T)3, Third Floor, Block 2320, Century Square, Jalan Usahawan, 63000, Cyberjaya, Selangor Darul Ehsan Malaysia	1st April 2009 to 31st March 2010	18-04-2006	2,50,000 Shares of RM 1/- each	100%	RM —
5.	B2B Enterprise Solutions Limited 6-3-1112, 3&4th Flr, AVR Tower, Begumpet, Hyd-16	1st April 2009 to 31st March 2010	09-05-2005	1,00,000 Shares of INR 10/- each	100%	(INR142,717)



**AUDITORS' REPORT ON CONSOLIDATED ACCOUNTS**

To  
The Board of Directors  
B2B Software Technologies Limited  
Hyderabad

1. We have examined the attached Consolidated Balance Sheet of B2B Software Technologies Limited, its subsidiaries B2B Software GmbH, B2B Infotech Pte Limited, B2B Softech Inc, B2B Enterprise Solutions Limited as at 31<sup>st</sup> March, 2010, the Consolidated Profit & Loss Account and the Consolidated Cash Flow statements for the year ended.
2. These financial statements are the responsibility of the B2B Software Technologies Limited's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the 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. We did not audit the financial statements of the subsidiaries B2B Infotech Pte Limited, B2B Softech Inc, B2B Enterprise Solutions Limited, whose financial statements reflect total assets of Rs.42.85 Lakhs as at March 31, 2010 and total revenues of Rs.71.55 Lakhs for the year then ended. These financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of the subsidiaries, is based solely on the reports of the other auditors. Reference is invited to Note No. II and III of Schedule 16 of Notes to Accounts regarding B2B Infotech SDN. BHD., Malaysia and B2B Software Technologies Kassel GmbH which is not considered for consolidation of accounts.
4. We further report as under:  
  
We are unable to comment on the extent of the recoverability of the loan amounting to Rs.4,91,03,406/- as at the end of the year extended to a related party in view of the irregularity in the repayments of principal and interest during the year. (Refer to Note 2, of Schedule 18).
5. 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 the B2B Software Technologies Limited and its subsidiaries included in the consolidated financial statements.
6. We report that, considering the audit qualification made by us under Para 4, the  
- Loss after Taxation for the year would have been Rs. 5,35,82,699 as against Rs. 44,79,293 reported.  
- Profit and Loss Account Debit Balance would have been Rs 10,25,62,324 as against Rs. 5,34,58,918 reported.  
- Loans & Advances would have been Rs. 1,11,73,160 as against Rs. 6,02,76,566 reported in Schedule 8
7. 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 the B2B Software Technologies Limited and its subsidiaries, and subject to our comments given in Para 4 and the consequent effect thereof on the accounts to the extent quantified, as stated in Para 6 above, we are of the opinion that the said consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India.
  - a. In the case of the Consolidated Balance Sheet, of the State of Affairs of B2B Software Technologies Limited and its subsidiaries as at 31<sup>st</sup> March, 2010;
  - b. In the case of the Consolidated Profit & Loss Account, of the Consolidated results of operations of B2B Software Technologies Limited and its subsidiaries for the year ended on that date; and
  - c. In the case of the Consolidated Cash Flow Statement, of the consolidated Cash Flows of B2B Software Technologies Limited and its subsidiaries for the year ended on that date.

Place : Hyderabad  
Date : 11th August, 2010

For M. Anandam & Co.,  
Chartered Accountants  
(Firm Regn. No. 0001255)

B.V. Suresh Kumar  
Partner  
M.No. 212187

**B2B SOFTWARE TECHNOLOGIES LIMITED  
Consolidated Balance Sheet as at March 31, 2010**

		Amount in Rupees	
	Schedule	As at 31.03.2010	As at 31.03.2009
<b>I. SOURCES OF FUNDS</b>			
<b>1 Shareholders Funds</b>			
Capital	1	115,931,000	115,931,000
Foreign Currency Translation Reserve		879,884	1,416,859
<b>2 Loan Funds</b>			
Secured Loans	2	601,476	935,078
Deffered tax		49,331	49,331
		117,461,691	118,332,268
<b>II. APPLICATION OF FUNDS</b>			
<b>1 Fixed assets</b>			
(a) Gross block	3	24,200,243	24,174,208
(b) Less : Depreciation		19,173,549	18,050,659
(c) Net block		5,026,694	6,123,549
<b>2 Investments</b>			
	4	519,513	9,083,411
<b>3 Current assets , loans and advances</b>			
(a) Work in Progress	5	1,568,430	1,497,024
(b) Sundry debtors	6	5,381,512	6,425,561
(c) Cash and bank balances	7	8,200,764	6,139,858
(d) Other Current Assets		930	18,857
(e) Loans and advances	8	60,586,566	58,602,953
		75,738,202	72,684,253
<b>Less: Current liabilities and provisions</b>			
(a) Liabilities	9	8,715,160	8,955,449
(b) Provisions	10	8,286,757	9,602,153
		17,001,917	18,557,602
<b>Net current assets</b>		58,736,285	54,126,651
<b>Miscellaneous Expenditure ( to the extend not written off or adjusted)</b>		15,860	19,032
<b>4 Profit and Loss account (Debit)</b>		53,163,339	48,979,625
		117,461,691	118,332,268
Significant Accounting Policies & Notes on Accounts	16		

The schedules referred to above and statement on Significant Accounting Polices form an integral part of the Balance Sheet.

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

As per our report of even date  
**For M.Anandam & Co.,  
Chartered Accountants.**

**B.V.Suresh Kumar**  
**Partner**  
M.No.212187

Place :Hyderabad  
Date : August 11, 2010

On behalf of the Board of Directors

P Samantha Reddy  
Managing Director

V.V.Nagendra  
Executive Director

**B2B SOFTWARE TECHNOLOGIES LIMITED****Consolidated Profit and Loss Account for the Year ended March 31, 2010**

	Schedule	Year ended	Year ended
		31.03.2010	31.03.2009
<b>I. INCOME</b>			
Sales	11	49,113,279	66,389,202
Other income	12	1,170,335	775,015
Increase/(Decrease) in WIP		71,406	901,824
		<b>50,355,020</b>	<b>68,066,041</b>
<b>II. EXPENDITURE</b>			
Purchases of Software Products	13	7,036,467	10,389,816
Payments and benefits to employees	14	31,096,519	42,673,908
Operating and administrative expenses	15	14,705,524	20,730,372
Interest Expenses		115,714	61,787
Depreciation		1,476,949	1,917,794
Prior Period Expenditure		-	4,918,500
		<b>54,431,173</b>	<b>80,692,177</b>
<b>III. Profit/(Loss) before Taxation</b>		<b>(4,076,153)</b>	<b>(12,626,137)</b>
Taxation			
- Current(Including FBT)		107,561	204,052
- Deferred		-	-
<b>IV. Profit/(Loss) after Taxation</b>		<b>(4,183,714)</b>	<b>(12,830,189)</b>
Add : Brought forward from previous year		(48,979,625)	(36,149,437)
Balance carried to Balance Sheet		<b>(53,163,339)</b>	<b>(48,979,625)</b>
Basic and diluted earnings per Share		<b>(0.36)</b>	<b>(0.94)</b>
Significant Accounting Policies & Notes on Accounts	16		

The schedules referred to above and statement on Significant Accounting Policies form an integral part of the Profit and Loss Account.

As per our report of even date

**For M.Anandam & Co.,  
Chartered Accountants.**

**B.V.Suresh Kumar  
Partner  
M.No.212187**

Place : Hyderabad  
Date : August 11, 2010

On behalf of the Board of Directors

P Samantha Reddy  
Managing Director

V.V.Nagendra  
Executive Director



**B2B SOFTWARE TECHNOLOGIES LIMITED**  
Schedules forming part of the Balance Sheet

	Amount in Rupees	
	As at 31.03.2010	As at 31.03.2009
<b>1. Capital</b>		
Authorised :		
1,20,00,000 Equity Shares of Rs.10 each	<u>120,000,000</u>	120,000,000
Issued, Subscribed and Paid up:		
11,585,400 Equity Shares of Rs.10 each fully paid up	<u>115,854,000</u>	115,854,000
Add : Shares Forfeited	<u>77,000</u>	77,000
	<u><b>115,931,000</b></u>	<u>115,931,000</u>
<b>2. Secured Loans</b>		
Hire Purchase Loan	<u>601,476</u>	935,078
	<b>601,476</b>	935,078
<b>4. Investments</b>		
Long Term (at cost)		
Trade (Quoted)		
Pentamedia Graphics Limited		
10450 Equity Shares of Rs.100 each, fully paid-up	<u>11,517,369</u>	11,517,369
Less : Provision for Diminution in Value of Investment	<u>(11,517,369)</u>	(11,502,948)
	<u>-</u>	14,421
<b>Investment in Mutual Funds</b>	<b>519,513</b>	2,531,251
<b>B2B Software Technologies Kassel GmbH</b>		
( 121,431 Euro)	<u>6,250,862</u>	6,250,862
Advances for Addl investment in Subsidiary Companies - Pending allotment	<u>286,877</u>	286,877
Less: Advance against sale of investment in subsidiary	<u>(1,292,636)</u>	-
Less: Provision for Loss on sale of Investment	<u>(3,937,554)</u>	-
Less: Provision for Diminution in Value of Investment	<u>(1,307,549)</u>	-
	-	6,537,739
<b>B2B Infotech SDN BHD</b>		
(2,50,000 Equity Shares of Malaysian RM 1 each fully paid up)	<u>548,856</u>	548,856
Less: Provision for Diminution in the Value of Investment	<u>(548,856)</u>	(548,856)
	-	-
	-	6,537,739
	<u><b>519,513</b></u>	<u>9,083,411</u>





Schedules forming part of the Balance Sheet

3. Fixed Assets

Amount in Rupees

Sl. No.	Description	Gross Block				Depreciation				Net Block	
		As at 01.04.2009	Additions during the Year	Deletions/ Adjustments during the Year	As at 31.03.2010	As at 01.04.2009	For the Year	Deletions/ Adjustments during the Year	As at 31.03.2010	As at 31.03.2010	As at 31.03.2009
1.	Computers	9,103,035	-	-	9,103,035	7,632,114	588,371	-	8,220,485	882,550	1,470,921
2.	Furniture and Fixtures	5,050,343	57,238	10,045	5,097,536	4,061,087	177,142	10,277	4,227,952	869,584	989,256
3.	Office Equipment	5,548,162	337,467	614,235	5,271,394	3,906,467	219,344	599,392	3,526,419	1,744,975	1,641,695
4.	Vehicles	2,187,266	-	-	2,187,266	700,919	384,816	-	1,085,735	1,101,531	1,486,347
5.	Software Product-QC, ERP	2,660,074	-	185,662	2,474,412	2,191,344	103,558	185,662	2,109,240	365,172	468,730
6.	Software Product -SMART	48,000	-	-	48,000	-	-	-	-	48,000	48,000
7.	Copy Right	18,600	-	-	18,600	-	3,718	-	3,718	14,882	18,600
	<b>Total</b>	<b>24,615,480</b>	<b>394,704</b>	<b>809,941</b>	<b>24,200,243</b>	<b>18,491,931</b>	<b>1,476,949</b>	<b>795,331</b>	<b>19,173,549</b>	<b>5,026,694</b>	<b>6,123,549</b>



<b>5 Work in Progress</b>	<b>1,568,430</b>	<b>1,497,024</b>
	<b>1,568,430</b>	<b>1,497,024</b>
<b>6. Sundry Debtors</b>		
(Unsecured, considered good)		
(a) Debts outstanding for a period exceeding six months	<b>3,950,373</b>	<b>3,722,023</b>
(b) Other debts	<b>5,807,596</b>	<b>7,049,940</b>
Less: Provision for Doubtful Debts	<b>(2,207,857)</b>	<b>(2,207,857)</b>
Less: Mutual Indebtness	<b>(2,168,600)</b>	<b>(2,138,545)</b>
	<b>5,381,512</b>	<b>6,425,561</b>
<b>7. Cash and Bank Balances</b>		
Cash on hand	<b>2,414</b>	<b>10,642</b>
Balances with scheduled banks		
- On Current accounts	<b>6,561,490</b>	<b>3,196,819</b>
- On EEFC accounts	<b>1,634,860</b>	<b>2,807,608</b>
- On Deposit accounts	<b>2,000</b>	<b>124,789</b>
	<b>8,200,764</b>	<b>6,139,858</b>
<b>8. Loans and Advances</b>		
(Unsecured, considered good)		
Loans to Companies (Refer Note I on Schedule 16)	<b>49,103,406</b>	<b>49,103,406</b>
Loan to B2B ESOP Trust	<b>6,000,000</b>	<b>6,000,000</b>
Advances recoverable in cash or in kind for value to be received	<b>1,235,799</b>	<b>969,688</b>
Tax Deducted at Source	<b>4,247,361</b>	<b>2,529,859</b>
	<b>60,586,566</b>	<b>58,602,953</b>
<b>9. Liabilities</b>		
Sundry Creditors	<b>8,328,169</b>	<b>7,089,235</b>
Advance from Customers	<b>403,830</b>	<b>975,089</b>
Other Liabilities	<b>177,143</b>	<b>862,052</b>
Security Deposits	<b>1,974,619</b>	<b>2,167,618</b>
Less: Mutual Indebtedness	<b>(2,168,600)</b>	<b>(2,138,545)</b>
	<b>8,715,160</b>	<b>8,955,449</b>
<b>10. Provisions</b>		
Provision for Gratuity	<b>1,722,694</b>	<b>1,235,198</b>
Provision for Annual KRA	<b>53,266</b>	<b>1,856,158</b>
Provision for Dimunition in Value of Subsidiary	<b>6,510,797</b>	<b>6,510,797</b>
	<b>8,286,757</b>	<b>9,602,153</b>



**Schedules forming part of the Profit and Loss Account**

	Year ended 31.03.2010	Year ended 31.03.2009
<b>11. Sales</b>		
Income from Software Development, Sales & Services	49,113,279	66,389,202
	<b>49,113,279</b>	<b>66,389,202</b>
<b>12. Other Income</b>		
Interest on Debtors	-	135,801
Interest/Dividend on Deposits & Mutual Fund(Gross)	79,525	13,012
Miscellaneous Income	500	229,984
Written Bank of KRA Provision	1,090,310	-
Exchange Fluctuation Gain / Loss (Others)	-	299,253
Profit on Sale of Fixed Assets	-	85,338
Profit/(Loss) on Sale of Mutual Funds	-	6,464
Prior Period Income	-	5,163
	<b>1,170,335</b>	<b>775,015</b>
<b>13. Purchases &amp; Development Costs</b>		
Software Products	7,036,467	10,389,816
	<b>7,036,467</b>	<b>10,389,816</b>
<b>14. Payments and Benefits to Employees</b>		
Salaries, Wages and Bonus	27,079,202	37,702,483
Contribution to Provident Fund and other Funds	676,088	685,484
Gratuity	487,496	938,004
Food & Beverage	106,202	106,289
Staff Welfare Expenses	33,239	1,135,339
Managerial Remuneration	2,208,980	1,859,695
Food Coupons	505,312	246,614
	<b>31,096,519</b>	<b>42,673,908</b>
<b>15. Operating and Administrative Expenses</b>		
Rent	2,401,204	2,817,273
Rates and Taxes	216,267	468,347
Insurance	62,148	354,526
<b>Travelling Expenses</b>		
- Local Conveyance	219,030	242,671
- Travelling Expenses	314,889	775,925
- Per dim Expenses	241,710	242,205
<b>Communication Expenses</b>		
- Internet Charges	560,722	751,862
- Telephone	329,964	415,063
- Postage & Courier	37,659	60,482
Training Fee	32,076	270,207
Printing and Stationery	70,282	133,025
Electricity Charges	677,648	663,116
Advertisement	53,124	147,289
<b>Repairs and Maintenance</b>		
- Machinery	211,378	472,344
- Vehicles-Directors	209,617	81,430
- Vehicles-Employees(Part of CTC)	365,662	244,500
Professional and Consultancy Charges	479,116	660,271
Consultancy Charges for Implementation of Projects	107,143	-
Commission & Brokerage	153,000	-
Auditors' remuneration	204,941	223,304
Directors Sitting Fee	255,000	125,000
Bad Debts	-	2,812,945
Dimunition in value of Investment in Subsidiary Companies	1,307,549	7,141,319
Loss on Sale of Shares in Subsidiary Companies	3,937,554	-
Membership fee, Meeting & Seminar Charges	486,845	676,033
Security Charges	236,594	199,989
Office Maintenance	383,113	592,128
Miscellaneous Expenses	99,457	159,119
Loss on sale of mutual fund	11,738	-
Investment written off	14,421	-
Bank Charges	156,669	-
Exchange Fluctuation Loss	869,005	-
	<b>14,705,524</b>	<b>20,730,372</b>



**B2B SOFTWARE TECHNOLOGIES LIMITED**

**16. Notes to Accounts:**

**I. List of subsidiaries considered for consolidation :**

S.No.	Name of the Subsidiary Company	Country of Incorporation	Extent of Holding (%) as on March 31, 2010
1.	B2B Infotech Pte Ltd.	Singapore	100
2.	B2B Softech Inc.	USA	100
3.	B2B Enterprise Solutions Limited	India	100

The reporting date for all the above companies is March 31

- II. As the management having decided to disinvest shares in B2B Software Technologies Kassel GmbH to the extent of 80% of its current shareholding and having received an advance of 20,000 Euros in pursuance of the same, the control in the subsidiary is treated as temporary and hence not considered for consolidation.
- III As B2B Infotech SDN BHD, Malaysia, the wholly owned subsidiary of the company is under liquidation it has not been considered for the purpose of consolidation
- IV. The Company changed its business and its name in the year 1999-2000 and changed its object to become a software company from a Non-Banking Finance Company (NBFC). Loans amounting to Rs. 62,966,472 was extended to related companies, when the company was a NBFC. The loan is not a secured loan in the current year. The Company has not provided interest on loan outstanding during the year as there exists uncertainty as to the recoverability of the Principal and Interest. The current year. The company has not received any amount either in the form of Principal or in the form of Interest during the year from the said related party. The amount outstanding as at 31st March, 2010 is Rs. 49,103,406 (Previous Year Rs. 49,103,406)

**V. Related Party Transactions during the year:**

	Year ended <u>31-Mar-10</u>	( Amount in Rupees ) Year ended <u>31-Mar-09</u>
<b>(A) Related Companies (where key management personnel or their relatives have significant influence)</b>		
Ravileela Granites Limited		
Outstandings:		
- Receivables *	49,103,406	49,103,406
* Includes balance of unsecured loan for which repayment schedule is beyond seven years.		
Amount outstanding	49,103,406	49,103,406
Maximum amount outstanding during the year	49,103,406	49,103,406
<b>Genius Doc Inc</b>		
Sales	12,343,459	13,384,078
Outstandings:		
- Receivables	927,586	780,353
<b>MTAR Technologies Ltd</b>		
Sales	5,073,255	7,590,574
Outstandings:		
- Receivables	421,897	840,982
<b>(B) Key Management Personnel</b>		
P.Samantha Reddy, Managing Director		
V.V.Nagendra, Executive Director		
Nature of Transactions		
Remuneration as detailed in Note IV above (other than Directors sitting Fees)	2,208,980	1,945,320

**B2B SOFTWARE TECHNOLOGIES LIMITED****16. Notes to Accounts:****VI. Earning Per Share**

Earning per share is computed based on the following:

	31-Mar-10	( Amount in Rupees ) 31-Mar-09
Profit(Loss) after Taxation and Minority Interest	(4,479,293)	(12,830,189)
Weighted average number of equity shares	11,585,400	11,285,400
Basic and diluted Earning Per Share	(0.36)	(1.14)

*(Nominal value of equity shares: Rs. 10 each)***VI. Deferred Tax**

Deferred Tax Asset	Nil	Nil
Accumulated losses brought forward		
Deferred Tax Liability		
Depreciation	<u>49331</u>	<u>49331</u>
Deferred Tax Asset (Net)	<u>49331</u>	<u>49331</u>

VII. The Company has purchased Motor Car on Hire Purchase basis from Kotak Mahindra in the year 2008. The same has been secured against the hypothecation and personal guarantee of the directors.

VIII The Company has received Rs. 12,92,636/- equivalent to Euros 20,000 towards advance for the sale of 80% shareholding in its wholly owned subsidiary B2B Software Technologies Kassel GmbH. The shares have not been transferred pending approval from RBI. The company has made a provision of Rs. 39,37,554 towards loss on sale of investment and a provision for Rs.13,07,549 for diminution in the value of investment.

IX. The Wholly Owned Subsidiaries of the company at Malaysia, B2B Infotech SDN BHD and at Singapore, B2B Infotech Pte Ltd are under liquidation. The Company has made a provision for diminution in the value of investment to the extent of 100% of the carrying amount.

X. The Company is primarily engaged in Information Technology and related services. of Accounts Standards 17 on Segment Reporting issued by the Institute of Chartered Accountants of India.

XI. Previous year figures have been regrouped to confirm with the current year presentation.

As Per our Report of Even Date

**For and on behalf of****M.Anandam & Co**  
**Chartered Accountants**

B.V.Suresh Kumar

Partner

M.No.212187

Place : Hyderabad

Date : August 11 2009

**On behalf of the Board of Directors**P Samantha Reddy  
Managing DirectorV.V.Nagendra  
Executive Director



## **Statement on Significant Accounting Policies**

### **Basis of Presentation :**

The financial statements of the Company are prepared under the historical cost convention in accordance with the Generally Accepted Accounting Principles (GAAP) applicable in India and the relevant provisions of the Companies Act, 1956.

The preparation of the financial statements in conformity with the GAAP requires that the management makes estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period.

### **REVENUE RECOGNITION:**

Revenue from professional services consists of revenue earned from services performed on a time and material basis and time bound fixed - price engagements. In respect of Time and Material Contracts, revenue is recognised as and when the services are performed. In respect of time bound fixed-price engagements, revenue is recognised using the percentage of completion method of accounting, unless work completed cannot be reasonably estimated. The cumulative impact of any revision in estimates of the percentage of work completed is reflected in the period in which the change becomes known. In respect of trading activities, revenue is recognised on transfer of ownership to the customers.

### **Fixed Assets**

Fixed assets are stated at cost less accumulated depreciation. The cost capitalised includes material cost, freight, installation cost, duties and taxes, finance charges and other incidental expenses incurred during the constructions/installation stage. Depreciation on fixed assets is computed on the written down value method at the rates prescribed under Schedule XIV of the Companies Act, 1956. Individual assets costing less than Rs.5,000 are depreciated in full in the year of purchase. Costs of application software for internal use are generally charged to revenue as incurred due to its estimated useful lives being relatively short.

Capital work in progress includes all direct expenditure incurred in connection with the acquisition of fixed assets and also the advances paid therefore.

### **Investments**

Investments are classified into current investments and long-term investments. Current investments are carried at the lower of cost or fair value. Any reduction in carrying amount and any reversals of such reductions are charged or credited to the Profit and Loss account. Long-term investments are carried at cost less provision made to recognise any decline, other than temporary, in the value of such investments.

### **Foreign Currency Transactions**

Transactions in foreign currency are recorded for at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currency are translated at the rates of exchange at the balance sheet date and resultant gain or loss is recognized in the profit and loss account.

### **Retirement Benefits**

Contributions to defined schemes such as Provident Fund, Employees State Insurance scheme are charged as incurred on accrual basis. Provision for gratuity is made on the basis auctorial valuation.



**Cash Flow Statement for the year ended March 31, 2010**

	Year Ended 31.03.2010	Year Ended 31.03.2009
<b>A. Cash Flows from Operating Activities</b>		
<b>Net Profit(Loss) Before Tax</b>	(4,076,153)	(10,319,503)
Adjustments for :		
Depreciation	1,476,949	2,046,798
Interest/Income Received	(79,525)	(13,463)
Interest Paid	115,714	-
Miscellaneous Expenditure Written off	3,172	3,172
Profit/Loss on Sale/Write off/Disposal of Assets	-	85,338
Exchange Fluctuation	869,005	299,253
Provision for Increase/Decrease in Value of Investment	1,307,549	7,141,319
Provision for Loss on Sale of Shares in Subsidiary	3,937,554	-
Exchange Difference on Translation of Foreign Currency Cash and Equivalents	879,884	977,953
Profit/(Loss) on Sale of Investments	11,738	(6,464)
Prior Period Income	-	(5,163)
Bad Debts	-	605,088
Investment written off	14,421	-
Income Tax	(107,561)	(246,031)
<b>Operating Profit Before Working Capital Changes</b>	4,352,746	568,297
<b>Adjustments for Changes in Working Capital</b>		
(Increase)/Decrease in Trade and Other Receivables	521,683	(578,469)
(Increase)/Decrease in other current assets	17,927	-
(Increase)/Decrease in Loans and Advances	(1,983,612)	-
(Increase)/Decrease in Work in Progress	(71,406)	-
Increase/(Decrease) in Trade and Other Payables	(1,555,685)	332,922
<b>Cash Generated From Operations</b>	(3,071,093)	(245,547)
<b>Net Cash Flow from Operating Activities</b>	1,281,653	322,750
<b>B. Cash Flows from Investing Activities</b>		
Income From Investments	79,525	18,626
Purchase of Fixed Assets	(394,704)	(3,545,130)
Sale of Fixed Assets	-	-
Sale of Investments	2,000,000	981,408
Advance received Against sale of subsidiary	1,292,636	(548,856)
<b>Net Cash used for Investing Activities</b>	2,977,457	(3,093,952)
<b>C. Cash Flow from Financing Activities</b>		
Interest Paid	(115,714)	-
Proceeds/(Repayment) of Unsecured Loan	(333,602)	861,563
Proceeds/(Repayment) of Secured Loan	-	356,459
<b>Net Cash from/(used in) Financing Activities</b>	(449,316)	1,218,022
<b>D. Exchange Differences on Translation of Cash and Equivalents</b>		
	(1,748,889)	(1,277,206)
<b>Net Increase in Cash and Cash equivalents during the year (A + B + C + D)</b>	2,060,905	(2,830,386)
Cash and Cash equivalents at the beginning of the year	6,139,858	5,863,443
<b>Cash and Cash equivalents at the end of the year</b>	8,200,763	3,033,057

Note :

- The above cash flow statement has been prepared using the 'Indirect method' as set out in Accounting Standard - 3 on Cash Flow Statement issued by the Institute of Chartered Accountants of India.

As per our report of even date  
**For M.Anandam & Co.,**  
**Chartered Accountants.**

On behalf of the Board of Directors

**B.V.Suresh Kumar**  
**Partner**  
M.No.212187  
Place : Secunderabad  
Date : August 11, 2010

P Samantha Reddy  
Managing Director

V.V.Nagendra  
Executive Director



**REPORT OF THE DIRECTORS**

The Directors have pleasure in presenting their report to the members together with the audited financial statements of the Group and of the Company for the financial year ended March 31, 2010.

**1 Directors**

The Directors in office at the date of this report are:-

- Dr Ramchandra Rao Nemani
- Kadiyala Venugopal
- Parvatha Samantha Reddy

**2 Arrangements To Enable Directors To Acquire Shares And Debentures**

Neither during nor at the end of the financial year was the Company a party to any arrangement whose object was to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

**3 Directors' Interest In Shares And Debentures**

The Directors holding office at the end of the financial year had no interest in the shares or debentures/warrants/share options of the Company corporations as recorded in the Register of Directors' shareholdings kept by the Company under Section 164 of the Companies Act except as follows:-

Name of Directors	At the beginning of the year	At the end of the year
<b>Deemed Interest</b>		
<b>Ordinary Shares of INR10</b>		
<b>B2B Software Technologies Ltd</b>		
Dr Ramchandra Rao Nemani	2,458,760	2,458,760
Parvatha Samantha Reddy	15,900	15,900

**4 Directors' Receipt and Entitlement to Contractual Benefits**

Since the beginning of the financial year, no director has received or become entitled to receive a benefit which is required to be disclosed under Section 201(8) of the Companies Act, by reason of a contract made by the Company or a related corporation with the Director or with a Firm of which he is a member, or with a Company in which he has a substantial financial interest.

**5 Share Options**

No options were granted during the financial year to take up unissued shares of the company.

No shares were issued by virtue of the exercise of options.

There were no unissued shares under option at the end of the financial year.

**6 Auditors**

The auditors, M/s Natarajan & Swaminathan, have expressed their willingness to accept re-appointment.

Place : Singapore  
Date: 07-07-2010

On behalf of the Board  
Ramchandra Rao Nemani  
Parvatha Samantha Reddy

**STATEMENT OF DIRECTORS**

Dr. Ramchandra Rao Nemani and Parvatha Samantha Reddy, being two of the directors of B2B Infotech Pte Ltd, do hereby state that, in the opinion of the directors,

- (i) the accompanying statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows together with the notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Company as at March, 31, 2010 and of the results, changes in equity and the cash flows of the Company for the year ended on that date, and
- (ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Place : Singapore  
Date: 07-07-2010

On behalf of the Board  
Ramchandra Rao Nemani  
Parvatha Samantha Reddy

**AUDITOR'S REPORT**

**TO THE MEMBERS OF B2B INFOTECH PTE LTD**

*(Incorporated in the Republic of Singapore)*

We have audited the accompanying financial statements of **B2B INFOTECH PTE LTD** which comprise the balance sheets as at March 31, 2010, and the profit and loss statements, the statements of changes in equity and cash flow statement for the year then ended and the notes thereto.

The Company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 ("the Act") and Singapore Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, 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 internal control relevant to the entity'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 accounting estimates made by directors, 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.

In our opinion,

- a) the financial statements are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company as at March 31, 2010 and the results, changes in equity and cash flows of the Company for the year ended on that date; and
- (b) the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Place : Singapore  
Date: 07-07-2010

Natarajan & Swaminathan  
Certified Public Accountants





**BALANCE SHEET AS AT MARCH 31, 2007**

Note	Group 2010 S\$	Company 2009 S\$
<b>Assets</b>		
<b>Current Assets</b>		
Cash at bank	-	1,545
Total Current assets	-	1,545
Total assets		1,545
<b>Equity and Liabilities</b>		
<b>Equity</b>		
Share Capital	4 203,358	203,358
Accumulated losses	(214,705)	(212,349)
Total equity	(11,347)	(8,991)
<b>Current Liabilities</b>		
Accrued expenses	5,892	5,081
Other payable	5,455	5,455
Total Current Liabilities	5 11,347	10,536
Total Liabilities	11,347	10,536
Total equity and liabilities	-	1,545

The annexed accounting policies and explanatory notes form an integral part of the financial statements

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2007**

Note	2010 S\$	2009 S\$
<b>Revenue</b>		
-	-	-
<b>Other Operating Expenses</b>		
Audit fees	(803)	(803)
Bank Charges	(45)	(200)
Filing fee	-	-
- Current year	(20)	(341)
- Prior year under provision	-	(321)
Registered office	(300)	(300)
Secretarial fees	(600)	(600)
Tax fees	(267)	(267)
XBRL fees	(321)	-
<b>Loss Before Income Tax</b>	<b>(2,356)</b>	<b>(2,832)</b>
Income tax expense	6 -	-
<b>Loss after income tax</b>	<b>(2,356)</b>	<b>(2,832)</b>
Other comprehensive income	-	-
<b>Total comprehensive loss for the year</b>	<b>(2,356)</b>	<b>(2,832)</b>

**Statement of Changes in Equity - COMPANY**

	Share Capital S\$	Accumulated (Losses) / Profit S\$	Total S\$
Balance as at 01.04.2008	203,358	(209,517)	(6,159)
Total comprehensive loss for the year	-	(2,832)	(2,832)
<b>Balance as at 31.03.2009</b>	<b>203,358</b>	<b>(212,249)</b>	<b>(8,991)</b>
Total comprehensive loss for the year	-	(2,356)	(2,356)
<b>Balance as at 31.03.2010</b>	<b>203,358</b>	<b>(214,705)</b>	<b>(11,347)</b>

The annexed accounting policies and explanatory notes form an integral part of the financial statements

**Cash Flow From Operating Activities**

	2010 S\$	2009 S\$
<b>Cash Flow From Operating Activities</b>		
Loss before income tax	(2,356)	(2,832)
Operating loss before working capital changes	(2,356)	(2,832)
Accrued expenses	811	342
Net cash used in operating activities	(1,545)	(2,490)
<b>Net decrease in cash and cash equivalents</b>	<b>(1,545)</b>	<b>(2,490)</b>
Cash and cash equivalents brought forward	1,545	4,035
<b>Cash and cash equivalents carried forward</b>	<b>-</b>	<b>1,545</b>
Cash and cash equivalents comprise :-		
Cash at bank	-	1,545
	-	1,545

The annexed accounting policies and explanatory notes form an integral part of the financial statements

**NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2010**

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

**1 Corporate Information**

The Company (Registration No. 200006060M) is a private limited company incorporated and domiciled in Singapore.

The registered office of the Company is located at 1 North Bridge Road, #19-04/05 High Street Centre, Singapore 179094.

The principal activities of the company are to provide on-site consultancy services and maintenance and support of software systems.

There have been no significant changes in the nature of these activities during the financial year.

**Holding Company**

The Company is a wholly-owned subsidiary of **B2B Software Technologies Ltd**, a listed company in India, which is also the ultimate holding company.

**2 Going Concern**

The company incurred a loss after tax of S\$2,356 during the financial year ended March 31, 2010 and as of that date, the current and total liabilities exceeded its current and total assets by S\$11,347. The financial statements have been prepared on a going concern basis on the assumption that financial support from the holding company will be available as and when required. In the event that there is no continued financial support, the going concern basis would be invalid and provision would have to be made for any loss on realisation of the Company's assets and further liabilities and costs, which might arise. The directors are satisfied that financial support from holding company will be available when required.

**3 Significant Accounting Policies**

a) **Basis of Preparation**

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") As required by the Singapore Companies at Chapter 50. The financial statements are expressed in Singapore Dollars (S\$) and are prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS

**NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2010**

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

**1 Corporate Information**

The Company (Registration No. 200006060M) is a private limited company incorporated and domiciled in Singapore.

The registered office of the Company is located at 1 North Bridge Road, #19-04/05 High Street Centre, Singapore 179094.

The principal activities of the company are to provide on-site consultancy services and maintenance and support of software systems.

There have been no significant changes in the nature of these activities during the financial year.

**Holding Company**

The Company is a wholly-owned subsidiary of **B2B Software Technologies Ltd**, a listed company in India, which is also the ultimate holding company.

**2 Going Concern**

The company incurred a loss after tax of S\$2,356 during the financial year ended March 31, 2010 and as of that date, the current and total liabilities exceeded its current and total assets by S\$11,347. The financial statements have been prepared on a going concern basis on the assumption that financial support from the holding company will be available as and when required. In the event that there is no continued financial support, the going concern basis would be invalid and provision would have to be made for any loss on realisation of the Company's assets and further liabilities and costs, which might arise. The directors are satisfied that financial support from holding company will be available when required.

**3 Significant Accounting Policies****a) Basis of Preparation**

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") As required by the Singapore Companies at Chapter 50. The financial statements are expressed in Singapore Dollars (S\$) and are prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process or applying the Company's accounting policies. It also requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the financial year.

These estimates and assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances (refer to **Note 2(b)** to the financial statements).

The company adopted the new or revised FRS that are mandatory for application on that date. This includes the following FRS, which are relevant to the Company as a single entity:

FRS1	: Presentation of Financial Statements (Revised 2008)
FRS7	: Cash Flow Statements
FRS16	: Property, Plant and Equipment
FRS19	: Employee Benefits
FRS36	: Impairment of Assets

FRS 39 & FRS 107 : Amendment to FRS 39 Financial Instruments : Recognition and Measurement and FRS 107 Financial Instruments Disclosures - Reclassification of Financial Assets

FRS 107 : Amendment to FRS 107 Financial Instruments : Disclosures - Improving Disclosures about Financial Instruments.

Changes to the Company's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS. The adoption of this did not result in significant changes to the Company's accounting policies or have any substantial impact on the financial statements.

**FRS 1 - Presentation of Financial Statements (Revised 2008)**

FRS 1 (Revised 2008) requires an entity to present, in a statement of changes in equity, all owners' changes in equity. All non-owner changes in equity (i.e. comprehensive income) are required to be presented in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). Components of comprehensive income are not permitted to be presented in the statement of changes in equity. In addition, a statement of financial position is required at the beginning of the earliest comparative period following a retrospective application of an accounting policy, a retrospective restatement of items in its financial statements or a reclassification of items in the financial statements. FRS 1 (Revised 2008) does not have any impact on the company's financial positions or results.

**b) Critical Judgements in Applying the Entity's Accounting Policies**

In the process of applying the entity's accounting policies, management is of opinion that there are no critical judgements that have significant effect on the amounts recognised in the financial statements.

**c) Foreign currency transactions****i) Functional currency**

The functional currency of the Company is Singapore Dollars, being the currency of the primary economic environment in which it operates.

**ii) Transactions and balances**

Transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing of the date of transaction. At each statement of financial position date, recorded monetary balances that are denominated in foreign currencies are retranslated at the rates prevailing on the statement of financial position date.

All exchange differences are included in the income statement for the year.

**d) Financial instrument**

Financial instruments comprise financial assets and liabilities and they are recognised on the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

**Effective interest method**

The effective interest method is a method of calculating the authorised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument, or where appropriate a shorter period. Income is recognised on an effective interest basis for debt instruments other than those financial instruments "at fair value through profit or loss".

**NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2010**

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

**1 Corporate Information**

The Company (Registration No. 200006060M) is a private limited company incorporated and domiciled in Singapore.

The registered office of the Company is located at 1 North Bridge Road, #19-04/05 High Street Centre, Singapore 179094.

The principal activities of the company are to provide on-site consultancy services and maintenance and support of software systems.

There have been no significant changes in the nature of these activities during the financial year.

**Holding Company**

The Company is a wholly-owned subsidiary of **B2B Software Technologies Ltd.**, a listed company in India, which is also the ultimate holding company.

**2 Going Concern**

The company incurred a loss after tax of S\$2,356 during the financial year ended March 31, 2010 and as of that date, the current and total liabilities exceeded its current and total assets by S\$11,347. The financial statements have been prepared on a going concern basis on the assumption that financial support from the holding company will be available as and when required. In the event that there is no continued financial support, the going concern basis would be invalid and provision would have to be made for any loss on realisation of the Company's assets and further liabilities and costs, which might arise. The directors are satisfied that financial support from holding company will be available when required.

**3 Significant Accounting Policies****a) Basis of Preparation**

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") As required by the Singapore Companies Act Chapter 50. The financial statements are expressed in Singapore Dollars (S\$) and are prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the financial year.

These estimates and assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances (refer to **Note 2(b)** to the financial statements).

The company adopted the new or revised FRS that are mandatory for application on that date. This includes the following FRS, which are relevant to the Company as a single entity:

FRS1	: Presentation of Financial Statements (Revised 2008)
FRS7	: Cash Flow Statements
FRS16	: Property, Plant and Equipment

FRS19 : Employee Benefits

FRS36 : Impairment of Assets

FRS 39 & FRS 107 : Amendment to FRS 39 Financial Instruments : Recognition and Measurement and FRS 107 Financial Instruments Disclosures - Reclassification of Financial Assets

FRS 107 : Amendment to FRS 107 Financial Instruments : Disclosures - Improving Disclosures about Financial Instruments.

Changes to the Company's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS. The adoption of this did not result in significant changes to the Company's accounting policies or have any substantial impact on the financial statements.

**FRS 1 - Presentation of Financial Statements (Revised 2008)**

FRS 1 (Revised 2008) requires an entity to present, in a statement of changes in equity, all owners' changes in equity. All non-owner changes in equity (i.e. comprehensive income) are required to be presented in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). Components of comprehensive income are not permitted to be presented in the statement of changes in equity. In addition, a statement of financial position is required at the beginning of the earliest comparative period following a retrospective application of an accounting policy, a retrospective restatement of items in its financial statements or a reclassification of items in the financial statements. FRS 1 (Revised 2008) does not have any impact on the company's financial positions or results.

**b) Critical Judgements in Applying the Entity's Accounting Policies**

In the process of applying the entity's accounting policies, management is of opinion that there are no critical judgements that have significant effect on the amounts recognised in the financial statements.

**c) Foreign currency transactions****i) Functional currency**

The functional currency of the Company is Singapore Dollars, being the currency of the primary economic environment in which it operates.

**ii) Transactions and balances**

Transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing of the date of transaction. At each statement of financial position date, recorded monetary balances that are denominated in foreign currencies are retranslated at the rates prevailing on the statement of financial position date.

All exchange differences are included in the income statement for the year.

**d) Financial instrument**

Financial instruments comprise financial assets and liabilities and they are recognised on the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

**Effective interest method**

The effective interest method is a method of calculating the authorised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument,

**NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2010**

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

**1 Corporate Information**

The Company (Registration No. 200006060M) is a private limited company incorporated and domiciled in Singapore.

The registered office of the Company is located at 1 North Bridge Road, #19-04/05 High Street Centre, Singapore 179094.

The principal activities of the company are to provide on-site consultancy services and maintenance and support of software systems.

There have been no significant changes in the nature of these activities during the financial year.

**Holding Company**

The Company is a wholly-owned subsidiary of **B2B Software Technologies Ltd**, a listed company in India, which is also the ultimate holding company.

**2 Going Concern**

The company incurred a loss after tax of S\$2,356 during the financial year ended March 31, 2010 and as of that date, the current and total liabilities exceeded its current and total assets by S\$11,347. The financial statements have been prepared on a going concern basis on the assumption that financial support from the holding company will be available as and when required. In the event that there is no continued financial support, the going concern basis would be invalid and provision would have to be made for any loss on realisation of the Company's assets and further liabilities and costs, which might arise. The directors are satisfied that financial support from holding company will be available when required.

**3 Significant Accounting Policies****a) Basis of Preparation**

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") As required by the Singapore Companies at Chapter 50. The financial statements are expressed in Singapore Dollars (S\$) and are prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process or applying the Company's accounting policies. It also requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the financial year.

These estimates and assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances (refer to **Note 2(b)** to the financial statements).

The company adopted the new or revised FRS that are mandatory for application on that date. This includes the following FRS, which are relevant to the Company as a single entity:

FRS1	: Presentation of Financial Statements (Revised 2008)
FRS7	: Cash Flow Statements
FRS16	: Property, Plant and Equipment
FRS19	: Employee Benefits

FRS36 : Impairment of Assets

FRS 39 &FRS 107 : Amendment to FRS 39 Financial Instruments : Recognition and Measurement and FRS 107 Financial Instruments Disclosures - Reclassification of Financial Assets

FRS 107 : Amendment to FRS 107 Financial instruments : Disclosures - Improving Disclosures about Financial Instruments.

Changes to the Company's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS. The adoption of this did not result in significant changes to the Company's accounting policies or have any substantial impact on the financial statements.

FRS 1 - Presentation of Financial Statements (Revised 2008)

FRS 1 (Revised 2008) requires an entity to present, in a statement of changes in equity, all owners' changes in equity. All non-owner changes in equity (i.e. comprehensive income) are required to be presented in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). Components of comprehensive income are not permitted to be presented in the statement of changes in equity. In addition, a statement of financial position is required at the beginning of the earliest comparative period following a retrospective application of an accounting policy, a retrospective restatement of items in its financial statements or a reclassification of items in the financial statements. FRS 1 (Revised 2008) does not have any impact on the company's financial positions or results.

**b) Critical Judgements in Applying the Entity's Accounting Policies**

In the process of applying the entity's accounting policies, management is of opinion that there are no critical judgements that have significant effect on the amounts recognised in the financial statements.

**c) Foreign currency transactions****i) Functional currency**

The functional currency of the Company is Singapore Dollars, being the currency of the primary economic environment in which it operates.

**ii) Transactions and balances**

Transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing of the date of transaction. At each statement of financial position date, recorded monetary balances that are denominated in foreign currencies are retranslated at the rates prevailing on the statement of financial position date.

All exchange differences are included in the income statement for the year.

**d) Financial instrument**

Financial instruments comprise financial assets and liabilities and they are recognised on the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

**Effective interest method**

The effective interest method is a method of calculating the authorised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument, or where appropriate a shorter period, income is recognised on an effective interest basis for debt instruments other than those

**DIRECTORS' REPORT**

To,  
The Members,  
B2B Softech Inc.,

Your Directors present this Annual Report for the financial year ended March 31, 2010

**OPERATIONS:**

The company has incurred a profit of \$ 5,631 during the year under review. The company is in process of developing and marketing a new product, which will be completed and sold in the future.

**FINANCIAL RESULTS**

(in USD)

<b>PARTICULARS:</b>	<b>2009 – 2010</b>	<b>2008 – 2009</b>
Total Income	<b>363,395</b>	936,677
Expenditure	<b>357,764</b>	929,084
Profit / (Loss) before tax	<b>5,631</b>	7,593
Less: Provision for tax	-	-
Profit / (Loss) after tax	<b>5,631</b>	7,593
Minority interest in subsidiary's losses	-	-
Net Income / (Loss)	<b>5,631</b>	7,593

**DIRECTORS**

Dr. Ram Nemani and Mrs. P. Samantha Reddy are the Directors of the Company.

**DIRECTORS' RESPONSIBILITY STATEMENT**

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

- i) in the preparation of the Annual Accounts for the year ended March 31<sup>st</sup>, 2010, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;

(ii) the directors had selected such accounting policies and applied them consistently and made 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 at the end of the financial year and of the profits of the Company for the year ended on March 31, 2010;

(iii) the directors had taken proper and sufficient care 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;

(iv) annual accounts have been prepared on a going concern basis.

**AUDITORS**

Jagtiani & Kommareddy, Statutory Auditors of the Company retire at the conclusion of this Annual General Meeting and are eligible for re-appointment. The Board recommends their re-appointment.

**ACKNOWLEDGEMENTS**

Your Directors thank all the Customers, Members and Employees for their valuable support and confidence in reposed in the Company.

For and on behalf of the Board

Place : California  
DATE : April 21, 2010

**DR. RAM NEMANI**  
Director

**AUDITORS REPORT****JAGTIANI & KOMMAREDDY**  
CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors  
B2B Softech Inc.  
9001 San Fernando Rd  
Sun Valley, Ca. 91352

We have audited the accompanying balance sheet of B2B Softech Inc. as of March 31, 2010 and the related statements of operations, stockholders' equity and cash flows of the year ended March 31, 2010. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. 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 consolidated 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 audits provide a reasonable basis for our opinion.

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the financial position of B2B Softech Inc. as of March 31, 2010 and the results of its operations and its cash flows for the year ended March 31, 2010 in conformity with generally accepted accounting principles.

**Jagtiani & Kommareddy**  
Certified Public Accountants

Chatsworth, California  
April 21, 2010

**BALANCE SHEET MARCH 31, 2010****ASSETS**

<b>Current Assets:</b>	
Cash	\$ 81,109
Accounts receivable	<u>4,181</u>
Total Current Assets	\$ 85,290
<b>Property and Equipment, net of</b>	
Accumulated Depreciation & Amortization	10,989
<b>Total Assets</b>	<b><u>\$ 96,279</u></b>

**LIABILITIES AND STOCKHOLDERS' EQUITY**

<b>Current Liabilities:</b>	
Accounts payable	\$ <u>1,360</u>
Total Current Liabilities	1,360
<b>Stockholders Equity:</b>	
Common stock; \$1.00 par value, 1,000,000 shares authorized, 72,000 shares issued and outstanding	72,000
Retained Earnings	<u>22,919</u>
Total stockholders' equity	\$ 94,919
<b>Total Liabilities and stockholders equity</b>	<b><u>\$ 96,279</u></b>

See accompanying independent auditors' report and notes to consolidated financial statements.



**STATEMENT OF INCOME FOR THE  
YEAR ENDED MARCH 31, 2010**

	Amount	Percent
Net Revenues	\$ 149,936	100.0%
Cost of Revenues	58,865	39.3
<b>Gross Profit</b>	<b>91,071</b>	<b>60.7</b>
Operating Expenses	90,453	60.3
<b>Net Income</b>	<b>\$ 618</b>	<b>0.4%</b>

**STATEMENT OF STOCKHOLDERS' EQUITY FOR THE  
YEAR ENDED MARCH 31, 2010**

Balance at April 1, 2009	\$ 94,301
Net Income for the year ended March 31, 2010	618
Balance at March 31, 2010	<u>\$ 94,919</u>

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED MARCH 31, 2010  
INCREASE/ (DECREASE) IN CASH AND CASH  
EQUIVALENTS**

<b>Cash flow provided by (used for) operating activities:</b>	
Net income	\$ 618
<b>Adjustments to reconcile net income to net cash</b>	
<b>Provided by (used for) operating activities –</b>	
Depreciation and amortization	\$ 480
<b>Changes in assets and liabilities:</b>	
<b>(Increase) decrease in assets:</b>	
Accounts receivable	53,119
<b>Increase (decrease) in liabilities –</b>	
Accounts payable	(167)
Total adjustments	53,432
Net cash used for operating activities	54,050
<b>Cash Flows provided from investing activities:</b>	
Purchase of Property and Equipment	(8,744)
Net cash used by investing activities	(8,744)
<b>Net Increase in Cash</b>	<b>45,306</b>
<b>Cash and Cash equivalents, beginning of period</b>	<b>35,803</b>
<b>Cash and Cash equivalents, end of period</b>	<u><b>\$ 81,109</b></u>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2010**

**1) Summary of Significant Accounting Policies:**

**General:**

B2B Softech Inc (the "Company") was incorporated under the laws of state Of California, on June 19, 2000.

The Company is a 100% owned subsidiary of B2B Software Technologies Ltd, a company in India.

**Business Activity:**

The company designs, develops, markets, and exports proprietary software products to customers worldwide. The Company also provides training and consulting services in exchange for fees from customers. The company also imports Hardware & Other products for sale.

**Use of Estimates:**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Fair Value:**

Unless otherwise indicated, the fair values of all reported assets and liabilities which represent financial instruments, none of which are held for trading purposes, approximate carry values of such amounts.

**Cash Equivalents:**

For purposes of the statement of cash flows, cash equivalents include all highly liquid debt instruments with original maturities of three months or less which are not securing any corporate obligations.

**2) Major Customers:**

During the year ended March 31, 2010, three customers accounted for 100% of the total sales of \$149,936, these customers owed approximately \$4,181 as of March 31, 2010.

**3) Property and Equipment:**

A Summary is as follows:

Office Equipment	\$ 37,248
Furniture & Fixtures	2,994
Software	1,956
Capitalized costs of new product line	30,000
	<u>72,198</u>
Less accumulated depreciation and amortization	61,209
	<u>\$ 10,989</u>

Depreciation amortization expenses related to property and equipment is \$8,867 for the year ended March 31, 2010.



4) **Stockholders' equity:**

The company is authorized to issue 1,000,000 shares with a par value of \$1.00. The company has 72,000 shares issued to B2B Software Technologies Ltd., (the parent company in India)

5) **Commitments:**

The following is a schedule by years of future minimum rental payments required under operating leases that have noncancellable lease terms in excess of one year as of March 31, 2010.

Year ended March 31,	
2011	\$ 3,600
2012	3,600
2013	3,600
	<u>\$ 10,800</u>

Rent expense amounted to \$3,600 for the year ended March 31, 2010

**SCHEDULE OF COST OF SALES AND OPERATING EXPENSES FOR THE YEAR ENDED MARCH 31, 2010**

	<u>Amount</u>	<u>Percent</u>
<b>Cost of Sales:</b>		
Contract Labor	\$ 58,865	39.3%
<b>General and administrative:</b>		
Salaries & Payroll Taxes	81,197	54.2
Bank Charges	1,094	0.7
Depreciation	480	0.3
Legal & Accounting	1,200	0.8
Rent	3,600	2.4
Taxes	2,254	1.5
Telephone	628	0.4
	<u>\$ 90,453</u>	<u>60.3%</u>

Board of Directors  
B2B Softech Inc.  
9001 San Fernando Rd  
Sun Valley, CA. 91352

The supplemental information for the year ended March 31, 2010 shown above is presented only for supplementary analysis purposes and is the representation of the Board of Directors and management of B2B Softech Inc. Such information has been subjected to the generally accepted accounting principles applied in the audit of the basic financial statements, and we are not aware of any material modification that should be made to the supplemental information in order for it to be in conformity with accounting principles generally accepted in the United States of America.

Jagtiani & Kommareddy  
**CERTIFIED PUBLIC ACCOUNTANTS**

**Chatsworth, California**  
**April 21, 2010**

**DIRECTORS' REPORT**

To,  
The Members,  
B2B Enterprise Solutions Limited

Your Directors hereby present the First Annual Report of your Company together with the Audited Accounts for the financial year ended March 31, 2010 and the report of the Auditors thereon.

**FINANCIAL RESULTS:**

PARTICULARS:	(In Rupees)	
	2009 – 2010	2008 – 2009
Total Income	-	-
Expenditure	142,717	211,662
Profit / (Loss) before tax	(142,717)	(211,662)
Less: Provision for tax	-	-
Current Tax	-	-
Deferred Tax	-	-
Profit / (Loss) after tax	(142,717)	(211,662)
Add: Brought forward from previous year	(1,607,086)	(1,395,424)
Transfer to Balance Sheet	(1,749,803)	(1,607,086)

**OPERATIONS & FUTURE PROSPECTS:**

The management of your Company has strong hope about the future wherein the Company would make an indelible mark in the industry growing from strength to strength.

**DEPOSITS:**

During the year under review the Company has not invited/accepted any deposits from the public as defined in Section 58A read with Companies (Acceptance of Deposit) Rules, 1975.

**BOARD OF DIRECTORS:**

Dr. Y. Satyanarayana, Director retires by rotation at the ensuing Annual General Meeting in accordance with the provisions of the Articles of Association of the Company and the provisions of the Companies Act, 1956 and being eligible offer herself for re-appointment.

**DIRECTORS' RESPONSIBILITY STATEMENT:**

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

- (i) in the preparation of the Annual Accounts for the year ended March 31, 2010, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;
- (ii) the directors had selected such accounting policies and applied them consistently and made 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 at the end of the financial year and of the profit of the Company for the year ended on March 31, 2010;
- (iii) the directors had taken proper and sufficient care 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;
- (iv) annual accounts have been prepared on a going concern basis.

**AUDITORS:**

M/s Venkat Malli & Associates, Chartered Accountants, the Statutory Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. The Board recommends their re-appointment

**PERSONNEL:**

During the period under report, there were no employees drawing remuneration in excess of the limits laid down in Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employee's) Rules, 1975.

**TECHNOLOGY ABSORPTION, ENERGY CONSERVATION & FOREIGN EXCHANGE EARNINGS AND OUTGO:**

The disclosures required under Section 217(1) (e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988, for the year ended March 31, 2010 are as follows:

**A. Conservation of energy:**

Adequate measures have been taken to conserve energy wherever possible.

**B. Technology Absorption:**

The Company is making continuous efforts to upgrade and automise the present Quality Management System Process. This is to ensure improvement in the process and maximize customer satisfaction.

Foreign Exchange Earnings and Outgo: NIL

**ACKNOWLEDGEMENTS**

Your Directors place on record their appreciation for the assistance and co-operation extended by the Bankers, and various State and Central Government Agencies. Your Directors also thank all the Customers, Members and Employees for their valuable support and confidence in the Company.

For and on behalf of the Board

Place : Hyderabad

Date : 26-06-2010

P. SAMANTHA REDDY  
MANAGING DIRECTOR

Dr. Y. SATYANARAYANA  
DIRECTOR



Balance Sheet as at March 31, 2010

	Schedule Reference	Amount in Rupees	
		As at 31.03.2010	As at 31.03.2009
<b>I. SOURCES OF FUNDS</b>			
<b>1 Shareholders Funds</b>			
Capital	1	1,000,000	1,000,000
Loan Funds			
Unsecured Loan from Holding Company	2	418,570	383,570
Deferred Tax		49,331	49,331
		<u>1,467,901</u>	<u>1,432,901</u>
<b>II. APPLICATION OF FUNDS</b>			
<b>1 Fixed assets</b>			
(a) Gross block	3	1,479,918	1,479,918
(b) Less : depreciation		876,923	751,198
(c) Net block		602,995	728,720
<b>2 Current assets ; loans and advances</b>			
(a) Sundry debtors	4,	549,400	549,400
(b) Cash and bank balances	5a	-	(1,251)
(c) Loans and advances	5b	220,636	220,636
		<u>770,036</u>	<u>768,785</u>
<b>Less: Current liabilities and provisions</b>			
(a) Liabilities	6 a	1,670,793	1,690,722
	6 b	<u>1,670,793</u>	<u>1,690,722</u>
<b>Net current assets</b>		<u>(900,757)</u>	<u>(921,937)</u>
<b>3 Miscellaneous expenditure (Preliminary expenses to the extent not written off or adjusted)</b>	7	15,860	19,032
<b>4 Profit and Loss Account</b>	12	1,749,803	1,607,086
		<u>1,467,901</u>	<u>1,432,901</u>
Notes to Accounts	13		

The schedules referred to above and statement on Significant Accounting Policies form an integral part of the Balance Sheet.

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

On behalf of the Board of Directors

For and on behalf of Venkat Malli and Associates Chartered Accountants

P Samantha Reddy Director

Y.Mallikarjuna Reddy Proprietor Member ship No:25122

Dr.Y.Satyanarayana Director

Place : Hyderabad 2/Aug/2010

Profit and Loss Account for the Period ended March 31, 2010

	Schedule Reference	Period ended	
		31.03.2010	31.03.2009
<b>I. INCOME</b>			
Sales	8	-	-
<b>II. EXPENDITURE</b>			
Purchases & Development Costs	9	-	-
Payments and benefits to employees	10	-	-
Operating and administrative expenses	11	13,820	41,144
Depreciation		125,725	167,346
Miscellaneous expenditure written off		3,172	3,172
		<u>142,717</u>	<u>211,662</u>
<b>III. Profit/(Loss) before Taxation</b>		<u>(142,717)</u>	<u>(211,662)</u>
- Current Year Tax		-	-
- Provision for Deferred Tax		-	-
<b>IV. Profit/(Loss) after Taxation</b>		<u>(142,717)</u>	<u>(211,662)</u>
Add : Brought forward from previous year		(1,607,086)	(1,395,424)
Balance carried to Balance Sheet		<u>(1,749,803)</u>	<u>(1,607,086)</u>
Basic earnings per Share (Rs.)		(1.43)	(2.12)
Notes to Accounts	13		

The schedules referred to above and statement on Significant Accounting Policies form an integral part of the Profit and Loss Account.

This is the Profit and Loss Account referred to in our report of even date.

On behalf of the Board of Directors

For and on behalf of Venkat Malli and Associates Chartered Accountants

P Samantha Reddy Director

Y.Mallikarjuna Reddy Proprietor Member ship No:25122

Dr.Y.Satyanarayana Director

Place : Hyderabad 2/Aug/2010

Schedules forming part of the Balance Sheet

	Amount in Rupees	
	As at 31.03.2010	As at 31.03.2009
<b>1. Capital</b>		
<b>Authorised :</b>		
100,000 Equity Shares of Rs.10 each	1,000,000	1,000,000
<b>Issued &amp; Subscribed:</b>		
1,00,000 Equity Shares of Rs.10 each fully paid up (Out of the above 1,00,000 shares 1,00,000 shares are held by the Holding Company)	1,000,000	1,000,000
<b>Called &amp; Paid up Capital :</b>		
1,00,000 Shares of Rs.10/- each fully paid	1,000,000	1,000,000
	<u>1,000,000</u>	<u>1,000,000</u>
<b>2.Unsecured Loan from Holding Company</b>	418,570	383,570
	<u>418,570</u>	<u>383,570</u>
<b>4. Sundry Debtors</b> (Unsecured, considered good)		
(a) Debts outstanding for a period more than six months	549,400	549,400
(b) Other debts	-	-
	<u>549,400</u>	<u>549,400</u>

	Amount in Rupees	
	As at 31.03.2010	As at 31.03.2009
<b>5a. Cash and Bank Balances</b>		
Cash on hand	-	-
Balances with scheduled banks	-	(1,251)
- On Current accounts	-	<u>(1,251)</u>
<b>5b. Loans and Advances</b> (Advances recoverable in cash or in kind for value to be received TDS)	220,636	220,636
	<u>220,636</u>	<u>220,636</u>
<b>6. Liabilities</b>		
<b>(a) Sundry Creditors</b>		
- Dues to Others	1,638,293	1,655,203
(Due to Holding Company Rs.1,573,269)		
Other Liabilities	-	3,019
Security Deposits	32,500	32,500
	<u>1,670,793</u>	<u>1,690,722</u>
<b>7. Miscellaneous Expenditure</b> (to the extent not written off or adjusted)		
Deferred Revenue Expenditure	15,860	19,032
	<u>15,860</u>	<u>19,032</u>



**B2B ENTERPRISE SOLUTIONS LIMITED****Cash Flow Statement for the Year ended March 31, 2010**

Amount in Rupees

	Year ended 31.03.2010	Year ended 31.03.2009
<b>A. Cash Flows from Operating Activities</b>		
Net profit/(loss) before tax	(142,717)	(211,662)
<b>Adjustments for :</b>		
Depreciation	125,725	167,346
Miscellaneous Expenditure written off	3,172	3,172
<b>Operating profit before working capital changes</b>	<b>(13,820)</b>	<b>(41,144)</b>
<b>Adjustments for changes in working capital :</b>		
(Increase)/Decrease in Trade and Other Receivables	-	-
(Increase)/Decrease in Loans and Advances	-	-
Increase / (Decrease) in Trade and Other Payables	(19,929)	37,500
Less: Provision for Tax	-	-
<b>Cash generated from operations</b>	<b>(33,749)</b>	<b>(3,644)</b>
<b>Net Cash from Operating Activities</b>	<b>(33,749)</b>	<b>(3,644)</b>
<b>B. Cash Flows from Investing Activities</b>		
Purchase of Fixed Assets	-	-
Preliminary Expences	-	-
<b>Net Cash used in Investing Activities</b>	<b>-</b>	<b>-</b>
<b>C. Cash Flows from Financing Activities</b>		
Share capital	-	-
Un Secured Loan from Holding Company	35,000	-
<b>Net Cash from/(used in) Financing Activities</b>	<b>35,000</b>	<b>-</b>
<b>Net Increase in Cash and Cash equivalents during the year (A + B + C)</b>	<b>1,251</b>	<b>(3,644)</b>
Cash and Cash equivalents at the beginning of the year	(1,251)	2,393
<b>Cash and Cash equivalents at the end of the year</b>	<b>(0)</b>	<b>(1,251)</b>

Note :

1. The above cash flow statement has been prepared using the 'Indirect method' as set out in Accounting Standard - 3 on Cash Flow Statement issued by the Institute of Chartered Accountants of India.

This is the Cash Flow Statement referred to  
in our report of even date

On behalf of the Board of Directors

Y.MalliKarjuna Reddy  
Proprietor

For and on behalf of  
Venkat Malli and Associates  
Chartered Accountants

P Samantha Reddy  
Director

Place : Hyderabad  
2/Aug/2010

Dr.Y.Satyanarayana  
Director



## **Report of the Auditors to the members of B2B Enterprise Solutions Limited.**

We have audited the attached Balance Sheet of 'B2B Enterprise Solutions Limited,' Hyderabad as on 31st March, 2010 and also the Profit and Loss Account and cash flow, statement for the year ended on that date annexed thereto which we have signed with reference to this report. These financial statement are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statement based on our audit.

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 prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatement. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the over all financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. 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 and on the basis of such checks of the books and records of the Company as we consider appropriate and according to the information and explanations given to us. We give in the annexure a statement on the matters specified in paragraph 4 and 5 of the said order.
2. Subject to our observations in the annexure referred in paragraph above 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 purpose of our audit.
  - b) In our opinion proper books of accounts as required by law have been kept by the Company so far as it appears from our examination of such books.
  - c) The Balance Sheet and Profit and Loss Account referred to in this report are in agreement with Books of Accounts.
  - d) In our opinion the Balance Sheet and Profit and Loss Account are in compliance with the Accounting Standards referred to in Sec. 211 (3C) of the Companies Act. 1956.
  - e) On the basis of the written representation received from the Directors as on 31st March, 2007 and taken on record by the Board of Directors, none of the Directors of the Company are disqualified as on 31st March, 2007 from being appointed as a Director under clause (g) of sub - section (1) of section 274 of the Companies Act, 1956.
  - f) In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and Profit and Loss Account read together with the significant accounting policies and notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view :
    - i). In so far as it relates to the balance sheet of the state of affairs of the Company as on 31st of March 2010.
    - ii). In so far it related to the Profit and Loss Account, of the Loss of the Company for the year ended 31st of March 2010; and
    - iii) In the case of Cash Flow Statement, of the Cash Flows of the company for the year ended 31st of March, 2010.

**Y. MALLIKARJUNA REDDY**  
Proprietor  
for VENKATMALLI & ASSOCIATES  
CHARTERED ACCOUNTANTS

**Place : Hyderabad.**  
**Date : August 2, 2010**



**1. annexure referred to in paragraph (1) of the report of even date :**

- (i). (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 and no material discrepancies between the book records and physical inventory were noticed on such verification. In our opinion the frequency of verification is reasonable.  
(c) In our opinion, the Company has not disposed of substantial part of fixed assets during the year and the going concern status of the company is not affected.
- (ii) In My Opinion and according to the information and explanations given to us the Company neither granted nor taken the loans from the parties to be entered in the register maintained under section 301 of the Companies Act, 1956.
- (iii) In our opinion and according to the information and explanations given to us there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of fixed assets and with regard to the sale of goods. During the course of our audit, We have not observed any major weaknesses in internal control.
- (iv) (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.  
(b) In our opinion and according to the information and explanations given to us, the transaction made in pursuance of contract or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding a value of Rupees Five Lakhs in the respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time
- (v). The Company has not accepted any deposits from the Public with in the meaning of sections 58A and 58AA of the Companies Act, 1956 and the rules framed there under,
- (vi) In our opinion, The Company has an internal audit system commensurate with its size and nature of its business,
- (vii) (a) The Company is generally regular in depositing with appropriate authorities undisputed Statutory dues including Sales Tax and other material Statutory dues applicable to it. According to the information given to us, Provident Fund, Employees State Insurance, Investor Education Protection Fund, Wealth Tax, Customs Duty, Excise Duty and cess are not applicable to the Company for the year under consideration.  
(b) According to the information and explanations given to us no undisputed amounts payable in respective of Wealth Tax, Sales Tax, Customs Duty, Excise Duty, and cess were in arrears, as at 31<sup>st</sup> March 2007 for 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, Custom Duty, Excise Duty, Wealth tax, and cess which have not been deposited on account of any disputes.
- (viii). The accumulated loss as on 31.03.2010 is more than 50% of the net worth and the company has incurred a cash loss of Rs. 13,820/- during the year and Rs. 41,144/- in the immediately preceding financial year.
- (ix). In our opinion and according to the information and explanation given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares debentures and other securities.
- (x). In our opinion the Company is not a chit fund or a nidhi/mutual benefit fund/society, therefore clause 4(xiii) of the companies (Auditor's Report) order 2003 is not applicable to the company
- (xi). In our opinion and according to the information and explanation given to us the Company is not dealing in shares and securities.
- (xii). In our opinion and according to the information and explanations given to us the Company has not given guarantees for the loans taken by others from Banks or Financial Institutions
- (xiii). The Company has not raised any new term loans during the year.
- (xiv) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the company, there are no funds raised on a short term basis which have been used for long term investments.
- (xv) The Company has not made any preferential allotment of shares to party and the Companies covered in the register maintained under section 301 of the Companies Act, 1956 during the year.
- (xvi) The Company has not raised any money by way of Public issue during the year.
- (xvii) During the course of the examination of the books and records of the company carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instances of fraud on or by the company noticed or reported during the year nor have we been informed of such case by the management.
- (xviii) In Our Opinion the other clauses (II), (VIII), (X), (XI), (XIX) of paragraph 4 of the Companies Auditors Report Order 2003 are not applicable in the case of the company for the current year.



**B2B SOFTWARE TECHNOLOGIES LIMITED**

Regd. Office: 6-3-1112, 3rd and 4th Floor, Behind Westside Showroom,  
Near Somajiguda Circle, Begumpet, Hyderabad - 500 016.

**ATTENDANCE SLIP**

I hereby record my presence at the Sixteenth Annual General Meeting of B2B SOFTWARE TECHNOLOGIES LIMITED being held at its Registered Office : 6-3-1112, 3rd and 4th Floor, Behind Westside Showroom, Near Somajiguda Circle Begumpet, Hyderabad - 500 016. on Thursday the 30th day of September, 2010 at 10.30 a.m.

Name of the Member : \_\_\_\_\_  
(In Capital Letters)

Name of the Proxy : \_\_\_\_\_  
(In Capital Letters)

Member's/Proxy signature : \_\_\_\_\_

Registered Folio No: \_\_\_\_\_ Client ID : \_\_\_\_\_ DP ID : \_\_\_\_\_

**NOTE:**

Shareholder/Proxy holder wishing to attend the meeting must bring this Attendance Slip to the meeting and hand over the same at the entrance duly signed.

*[Handwritten signature]*



**B2B SOFTWARE TECHNOLOGIES LIMITED**

Regd. Office: 6-3-1112, 3rd and 4th Floor, Behind Westside Showroom,  
Near Somajiguda Circle, Begumpet, Hyderabad - 500 016.

**PROXY FORM**

I/We \_\_\_\_\_ of \_\_\_\_\_ in  
the district of \_\_\_\_\_

\_\_\_\_\_ being a Member/Members of the  
above named

Company, hereby appoint \_\_\_\_\_ of \_\_\_\_\_ in  
the district of \_\_\_\_\_ failing him \_\_\_\_\_  
of \_\_\_\_\_ in the district of \_\_\_\_\_

as my/our proxy to attend on my/our behalf at the Sixteenth Annual General Meeting of B2B SOFTWARE TECHNOLOGIES LIMITED being held at its Registered Office : 6-3-1112, 3rd and 4th Floor, Behind Westside Showroom, Near Somajiguda Circle, Begumpet, Hyderabad - 500 016. on Thursday the 30th day of September, 2010 at 10.30 a.m. and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2010.

Signature \_\_\_\_\_

Registered Folio No. \_\_\_\_\_ Client ID : \_\_\_\_\_

No. of Shares \_\_\_\_\_ DP ID : \_\_\_\_\_

Affix  
Re. 1/-  
Revenue  
Stamp

**NOTE:** This Proxy form duly completed should be deposited at the Registered Office of the Company not later than 48 (Forty-Eight) hours before the time fixed for holding the Meeting.

**Book Post  
(Printed Matter)**



If Undelivered please return to :

**B2B Software Technologies Ltd.**

6-3-1112, 3rd & 4th Floor, AVR Towers, Behind Westside Showroom,  
Near Somajiguda Circle, Begumpet, Hyderabad - 500 016. Andhra Pradesh. INDIA.

Phone : +91-40-23375926, 2522 / 8802, Fax: +91-40-23322385.

Email : [info@b2bsoftech.com](mailto:info@b2bsoftech.com)

**[www.b2bsoftech.com](http://www.b2bsoftech.com)**