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DIRECTORS

1. Dr. Ram Nemani	Chairman
2. Dr. Satyanarayana Y	Director
3. Dr. Murthy Mutyala	Director
4. Mr. M. Rambabu	Director
5. Mr. A. Rambabu	Director
6. Mr. Ch. Suresh	Director
7. Mr. V.V. Nagendra	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
email: investorservice@b2bsoftech.com

STATUTORY AUDITORS:

NIRANJAN & NARAYAN
Chartered Accountants,
#103, Surabhi Nest,
3-6-361/16, Street No.20
Himayatnagar,
Hyderabad - 500 029.

BANKERS:

ICICI Bank Ltd.
Khairtabad, 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 : rta@cilsecurities.com



NOTICE

Notice is hereby given that the Seventeenth Annual General Meeting of the members of B2B Software Technologies Limited will be held on Friday the 30th of September, 2011 at the registered office of the Company situated at 3rd & 4th Floor, AVR Towers, 6 – 3 – 1112, Behind West Side Showroom, Near Somajiguda, Begumpet, Hyderabad – 500016 at 10.00 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, 2011 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. Y. Satyanarayana who retires by rotation and being eligible offers himself for reappointment.
3. To consider and appoint Dr. Murthy Muthyala who retires by rotation and being eligible offers himself for reappointment.
4. To consider and appoint M/s Niranjana & Narayan, 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 an Ordinary Resolution:

“**RESOLVED THAT** pursuant to the provisions of Section 257 read with Section 255 & 256 and other applicable provisions, if any, of the Companies Act, 1956 and pursuant to Regulation 96 of the Articles of Association of the Company Mr. A. Rambabu be and is hereby appointed as Director to liable to retire by rotation.”
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 257 read with Section 255 & 256 and other applicable provisions, if any, of the Companies Act, 1956 and pursuant to Regulation 96 of the Articles of Association of the Company Mr. M. Rambabu be and is hereby appointed as Director to liable to retire by rotation.”
7. 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 257 read with Section 255 & 256 and other applicable provisions, if any, of the Companies Act, 1956 and pursuant to Regulation 96 of the Articles of Association of the Company Mr. Ch. Suresh be and is hereby appointed as Director to liable to retire by rotation.”

By order of the Board
For B2B Software Technologies Limited

Date: 11.08.2011
Place: Hyderabad

V. V. NAGENDRA
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 24th September, 2011 to 30th September, 2011 (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 ROTATION AS REQUIRED UNDER CLAUSE 49 OF THE LISTING AGREEMENT:

PROFILE OF Dr. Y. SATYANARAYANA:

Dr. Y. Satyanarayana is a doctor in general medicine and specialization in dermatology. He has vast experience in the field of medicine in successful practice. He does not hold any shares in the Company.

PROFILE OF Dr. MURTHY MUTYALA:

Dr. Murthy Mutyala is a well know doctor in USA also he had been awarded Gold medal from Chief Minister of A.P in Jan 2008 for community service, Special contribution award from V.A Hospital, Marlin, and Texas for changing the status of Hospital From Long term Care to Acute care Hospital and also Silver Medal from Rangaraya Medical College for acting as a Liaison for old students association and for setting up a new Library on the campus.

Also Dr Murthy Mutyala is involved in Philanthropic Services and Pivotal role in several community projects like started a Physical Therapy unit and **ICU** at Govt general Hospital, Kakinada to help stroke victims and patients with late complications of pregnancy, Built High school in Karapa to improve education in rural areas, Built bathrooms in Artlakatta village to improve sanitation, built a Primary Hospital in Medapadu to provide primary care to the poor and needy, Involved in purified drinking water projects in several rural areas. These are to name few.

PROFILE OF DIRECTORS NEWLY APPOINTED

PROFILE OF Mr. M RAM BABU:

Mr. M Ram Babu is a Post Graduate. He started his career in Marketing Field. Presently he is working as Regional Manager in Coco-Cola India, Hyderabad.

He is having good marketing skills and also he is having good relationships with small and medium industries. He would be big asset to our company and we can utilise his experience to our company benefit. He would be guiding us in the field of Market Analysys and latest changes in market.



PROFILE OF Mr. A RAM BABU:

Mr. A Ram Babu is a Graduate. He started his career in SRMT and was a Incharge of Operations. Also he holds vast experience in the field of Operations and Sales in different domain industries.

Presently he holds own Distribution Agency. He is well reputed in the market of sales and distribution agencies. He is handling multi industries products in the market. Our company would benefit with his vast experience and suggestions. He will introduce us to different industries where the present market is growing and IT services is required.

PROFILE OF Mr. CH SURESH:

Mr. Ch Suresh is a Post Graduate. He is working as Manager in Metro Cash & Carry which is well known as Metro Mall in Hyderabad.

He is well talented in his academic and well versed with latest technologies. He also has knowledge of analysing the market in FMCG & Consumer Goods Sector. He will guide us with his valuable suggestions.

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

Item No. 5:

Mr. A. Rambabu was appointed as Additional Director of the Company in the Board Meeting held on 14th February, 2011 and holds office till the date of the ensuing Annual General Meeting. The management is of the opinion that continuation of Mr. A. Rambabu as Director would immensely benefit the Company from his rich experience and expertise of four decades in administration and management of Companies. The Company has received a notice from the member of the Company along with a deposit of Rs.500/- under Section 257 of the Companies Act, 1956 proposing the appointment of Mr. A. Rambabu as Director of the Company liable to retire by rotation. Appointment of Mr. A. Rambabu as Director liable to retire by rotation requires the approval of members by way of Ordinary Resolution. Hence this resolution is placed before you for approval

None of the Directors other than Mr. A. Rambabu is concerned or interested in this resolution.

Item No. 6:

Mr. M. Rambabu was appointed as Additional Director of the Company in the Board Meeting held on 14th February 2011, and holds office till the date of the ensuing Annual General Meeting. The Company has received a notice from the member of the Company along with a deposit of Rs.500/- under Section 257 of the Companies Act, 1956 proposing the appointment of Mr. M. Rambabu as Director of the Company liable to retire by rotation. Appointment of Mr. M. Rambabu as Director liable to retire by rotation requires the approval of members by way of Ordinary Resolution. Hence this resolution is placed before you for approval

None of the Directors other than Mr. M. Rambabu is concerned or interested in this resolution.

Item No. 7:

Mr. Ch. Suresh was appointed as Additional Director of the Company in the Board Meeting held on 14th February 2011 and holds office till the date of the ensuing Annual General Meeting. The Company has received a notice from the member of the Company along with a deposit of Rs.500/- under Section 257 of the Companies Act, 1956 proposing the appointment of Mr. Ch. Suresh as Director of the Company liable to retire by rotation. Appointment of Mr. Ch. Suresh as Director liable to retire by rotation requires the approval of members by way of Ordinary Resolution. Hence this resolution is placed before you for approval

None of the Directors other than Mr. Ch. Suresh is concerned or interested in this resolution.

By order of the Board
For B2B Software Technologies Limited

Date: 11.08.2011
Place: Hyderabad

V. V. NAGENDRA
Managing Director



DIRECTORS' REPORT

To,

The Members,
B2B Software Technologies Limited

Your Directors hereby present the Seventeenth Annual Report of your Company together with the Audited Accounts including Consolidated Accounts for the financial year ended March 31, 2011 and the report of the Auditors thereon.

FINANCIAL RESULTS:

(In Rupees)
Consolidated

PARTICULARS :	2010-2011	2009-2010	2010-2011
Total Income	4,359,969	43,200,074	48,041,930
Expenditure	78,000,904	47,193,627	82,957,488
Loss before tax	(34,408,935)	(3,993,553)	(34,915,558)
Less: Provision for Tax (Including MAT)	-	-	44,098
Profit / Loss after Tax	(34,408,935)	(3,993,553)	(34,959,656)
Add: Brought forward from previous year	(45,560,603)	(41,567,050)	(46,274,248)
Transfer to Balance Sheet	(79,969,539)	(45,560,603)	(81,233,904)

OPERATIONS & FUTURE PROSPECTS:

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

MATERIAL CHANGES:

There are no material changes after the date of balance sheet affecting the business and financial position of the Company.

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.

The status of subsidiaries is as follows:

B2B Enterprise Solutions Limited – Application has been made to the Registrar of Companies, Andhra Pradesh for strike off under Section 560 and the same has been accepted. The name of the Company has been struck off from the Register maintained by the Registrar of Companies, Andhra Pradesh with effect from 10th June 2011. Only the balance sheet of the subsidiary is attached

B2B Infotech Pte Limited, Singapore – The Company already received voluntary liquidation order from the Registrar of Companies, Singapore. Hence the balance sheet of the subsidiary has not been attached.

B2B Softech Inc., USA – The Subsidiary is functional and the financial statements for the year 2010 – 2011 are attached.

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. Y. Satyanarayana and Dr. Murthy Muthyala, Directors of the company retire by rotation and being eligible offer themselves for re appointment. The Board recommends their re appointment.

During the year under review the following Directors have resigned:

1. Mr. Anil Kumar V Epur
2. Mr. M. Gopala Krishna
3. Dr. Ashok Kumar Agarwal
4. Mr. J. Sharath Reddy

The Board places on record its appreciation for the services rendered by them during their tenure as Directors. Mrs. P. Samantha Reddy resigned as Director as well as Managing Director for pursuing her further studies, the Board places on record its appreciation for the services rendered by her.

During the year Mr. A. Rambabu, Mr. M. Rambabu and Mr. Ch. Suresh were appointed as Additional Directors of the Company and hold office till the date of the ensuing Annual General Meeting. The Company has received notice from a member proposing them to be appointed as Directors.

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 31st, 2011, 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 31st, 2011;
- (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:

AUDITORS:

M/s. Niranjana & Narayan, 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, 2011 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 - NIL
- b. Year of Import - NIL
- c. Has technology fully absorbed areas where this has not been taken place, reasons thereof and plan of action - NIL

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:

Approaching local marketing agencies who are working specific to Microsoft Dynamic Clients & Partners, reaching Microsoft Partner Accounts Manager with specific to region to promote our company products & services, contacting Microsoft Partner Network Portal to expand our partner network for our products and services. We have targeted to add 5 new countries in our international partner network to increase our products & services sales.

b. Total Foreign Exchange used and earned:

Sl. No.	Particulars of the transaction	2010 – 2011 (in Rs.)	2009 – 2010 (in Rs.)
1.	Total Foreign Exchange earnings	17,989,699	16,132,354
2.	Foreign Exchange outgo		
a.	on account of Purchase of Software Licenses	189,531	-
b.	on account of Conference, Seminars	-	192,416
c.	on account of Travel	-	37,925
d.	on account of International Telephone Charges	64,468	124,736
	Total Foreign Exchange outgo	254,179	355,077

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.

Place : Hyderabad
Date : 11.08.2011

For and on behalf of the Board
V. V. NAGENDRA Y. SATYANARAYANA
Managing Director Director



MANAGEMENT DISCUSSION AND ANALYSIS

Snap shot of Performance:

B2B India has ended the financial year 2009-10 with revenue of 435 lacs and consolidated revenue of 480 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 India's leading provider of business consulting services delivering exceptional service and sustainable value through consulting, software and IT implementation in Microsoft Dynamics World. Our diverse clientele includes mid-sized companies and larger enterprises.

As a Microsoft partner – B2B advances and adds value to Microsoft's leading business solutions and client relationships by ensuring that companies get the highest level of attention, expertise and results from Microsoft technology.

With more than 150+ client engagements, B2B leverages its deep expertise in Microsoft Dynamics and Microsoft technology to deliver a competitive edge to organizations worldwide.

B2B LIFT is certified by Third Party Consulting Company for GMP.

B2B has registered Tower Vertical on Microsoft Dynamics NAV.

B2B has bagged two International projects one of Microsoft Dynamics NAV and another on Microsoft Dynamics AX.

Our Reseller base is consistently increasing with more than 125 add-on sales in India and Abroad. Our Reseller base abroad spreads across, Singapore, Philippines, Malaysia, Vietnam, Sri Lanka, Australia, South Africa, UAE and Middle East.

B2B development team has developed HR & Payroll add-ons specific to different countries for Microsoft Dynamics Partners. Development team has started developing Life Sciences Vertical on Microsoft Dynamics AX.

- Our expertise and understanding of Microsoft's suite of products combined with our industry knowledge and consulting experience enables us to quickly focus on selling and providing services related to Microsoft business management solutions
- Our relationship with Microsoft has contributed to our ability to expand and maintain our worldwide presence, enabled us to provide input on product enhancement and gain access to Microsoft resources that facilitate product placement and services opportunities in the market

B2B has again successfully renewed its Microsoft Gold Partner Status in the ERP and Microsoft Silver Partner Status in the CRM Competencies. This highest level of certification under Microsoft's Partner Network, demonstrates our level of expertise and client satisfaction.

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 2011 Annual Meeting in Chicago, ILL. GD was one of ten EHR vendors selected to demonstrate ASCO's EHR Guidelines and quality initiatives during the 2011 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 picked up in the market with the recent International Projects as well as growth in domestic market. This year's company budget and projects are moderate. We hope that we can improve our company financials & performance by the turnaround in the market.

Risk 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 level of economic value by continuing to build IP and offer value added services around verticals and add-on's 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.

2. BOARD OF DIRECTORS:

Composition and Functions:

The Board consists of 7 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-independent Chairman, the Board's composition meets the stipulated requirement of at least one-half 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:

Five (5) Board Meetings were held during the financial year 2010 – 2011 on the following dates:

- a. 14.05.2010
- b. 11.08.2010
- c. 12.11.2010
- d. 17.12.2010
- e. 14.02.2011

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 2010 to March 2011), 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) – Ceased to be a Director with effect from 17.12.2010	4	Yes	2	3
Dr. Ashok Kumar Agarwal (Independent and Non-Executive Director) – Ceased to be a Director with effect from 17.12.2010	3	No	3	3
Dr. Murthy Mutyala (Promoter and Non-Executive Director)	1	No	Nil	Nil
Dr. Ram Nemani (Promoter and Non-executive Director)	0	No	5	1
Dr. Y. Satyanarayana (Promoter and Non-Executive Director)	2	No	2	1
Mr. M. Gopala Krishna (Independent and Non-Executive Director) – Ceased to be a Director with effect from 17.12.2010	4	Yes	7	2
Mr. J. Sharath Reddy (Promoter and Non Executive Director) – Ceased to be a Director with effect from 09.02.2011	3	No	1	Nil
Mr. V. V. Nagendra (Non Promoter and Executive Director)	5	Yes	1	Nil
Mrs. P. Samantha Reddy (Promoter and Executive Director) – Ceased to be a Director with effect from 09.02.2011	4	Yes	4	1
Mr. A. Rambabu (Non Promoter and Independent Director) – Appointed as Director with effect from 14.02.2011	1	No	Nil	Nil
Mr. M. Rambabu (Non Promoter and Independent Director) – Appointed as Director with effect from 14.02.2011	1	No	Nil	Nil
Mr. Ch. Suresh (Non Promoter and Independent Director) – Appointed as Director with effect from 14.02.2011	1	No	Nil	Nil



Name of the Director and category of Directorship	Other Directorship
Mr. Anil Kumar V. Epur, Director (Independent and Non-Executive Director) – Ceased to be a Director with effect from 17.12.2010	1. Rane Brake Linings Limited 2. Rane Diecast Limited
Dr. Ashok Kumar Agarwal, Director (Independent and Non-Executive Director) – Ceased to be a Director with effect from 17.12.2010	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. Gopala Krishna, Director (Independent and Non – Executive Director) – Ceased to be a Director with effect from 17.12.2010	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
Mr. J. Sharath Reddy, Director (Promoter and Non – Executive Director) – Ceased to be a Director with effect from 09.02.2011	B2B Enterprise Solutions Limited
Mrs. P. Samantha Reddy, resigned as Managing Director w.e.f. 27.12.2010(Promoter and Executive Director)- Ceased to be a Director w.e.f 09.02.2011	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 upto 13.02.2011 and appointed as Managing Director w.e.f. 14.02.2011 (Non Promoter and Whole Time Director)	Rupesh Granite Exports Private Limited.
Mr. A. Rambabu (Non Promoter and Independent Director) – Appointed as Director with effect from 14.02.2011	NIL
Mr. M. Rambabu (Non Promoter and Independent Director) – Appointed as Director with effect from 14.02.2011	NIL
Mr. Ch. Suresh (Non Promoter and Independent Director) – Appointed as Director with effect from 14.02.2011	NIL



Details of Shares held by the Non-Executive Directors as on 31.03.2011 are as follows

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. Gopala Krishna	NIL
7.	Mr. J. Sharath Reddy	NIL
8.	Mr. A. Rambabu	NIL
9.	Mr. M. Rambabu	NIL
10.	Mr. Ch. Suresh	NIL

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.b2bsoftech.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 was the Chairman of the Audit Committee. The Audit Committee was reconstituted on 14.02.2011 to include the new Independent Directors. As on date the members of the Audit Committee are:

Sl. No	Name of the Member	Designation
1.	Dr. Y. Satyanarayana	Chairman
2.	Dr. Ram Nemani	Member
3.	Dr. Murthy Mutyala	Member
4.	Mr. A. Rambabu	Member
5.	Mr. M. Rambabu	Member
6.	Mr. Ch. Suresh	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.

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

1. 14.05.2010
2. 11.08.2010
3. 12.11.2010
4. 04.12.2010
5. 14.02.2011



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

Sl. No	Name of the Director	No. of Meetings Attended
1.	Mr. Anil Kumar V. Epur	4
2.	Dr. Ashok Kumar Agarwal	3
3.	Dr. Y. Satyanarayana	1
4.	Dr. Ram Nemani	Nil
5.	Mr. M. Gopala Krishna	4
6.	Dr. Murthy Mutyala	1
7.	Mr. A. Rambabu	1
8.	Mr. M. Rambabu	1
9.	Mr. Ch. Suresh	1

4. REMUNERATION COMMITTEE:

The Remuneration Committee was reconstituted in the Board Meeting held on 14.02.2011 with Dr. Ram Nemani, Dr. Murthy Muthyala and Mr. A. Rambabu 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 14.02.2011 to approve the appointment of Mr. V. V. Nagendra as the Managing Director of the Company and to fix the remuneration payable to him.

Details of Remuneration paid to the Directors for the year 2010 – 2011 .

Particulars	P. Samantha Reddy Managing Director	V. V. Nagendra Executive Director
Remuneration 01.04.2010- 31.12.2010	Rs.1,75,000/- per month	Rs.88,000/- per month
Remuneration 01.01.2011- 28.02.2011	NIL	Rs.88,000/- per month
Remuneration 01.03.2011 - 31.03.2011	Not Applicable	Rs. 1,25,000/- per month

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

5. SHAREHOLDERS COMMITTEE:

The Shareholders Committee was reconstituted in the meeting held on 14.02.2011 and the members of the Committee are as follows:

Sl. No	Name of the Member	Designation
1.	Mr. A. Rambabu	Chairman
2	Mr. Ch. Suresh	Member
3.	Mr. V. V. Nagendra	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, Manager – Administration & Commercial.

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
2009 - 2010	Registered Office at 3 rd & 4 th Floor, AVR Towers, 6 – 3 – 1112, Behind West Side Showroom, Near Somajiguda, Begumpet, Hyderabad – 500016	30 th September, 2010	10.30 A. M.
2008 – 2009	Registered Office at 6-3-906/A/2, Somajiguda, Hyderabad – 500 082	30 th September, 2009	11.00 A. M.
2007 – 2008	Registered Office at 6-3-906/A/2, Somajiguda, Hyderabad – 500 082	30 th September, 2008	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.b2bsoftech.com

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
30.09.2011	Friday	10.00 a. m.	Registered Office

B. Financial Calendar: 1st April, 2011 to 31st March, 2012

1 st Quarterly results	Half yearly results	3 rd Quarter	4 th Quarter
August, 2011	November, 2011	February, 2012	May, 2012

C. Date of Book Closure:

24th September, 2011 to 30th September, 2011 (both days inclusive).

D. Dividend Payment Date:

No Dividend is recommended for the financial year 2010 – 2011.

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.

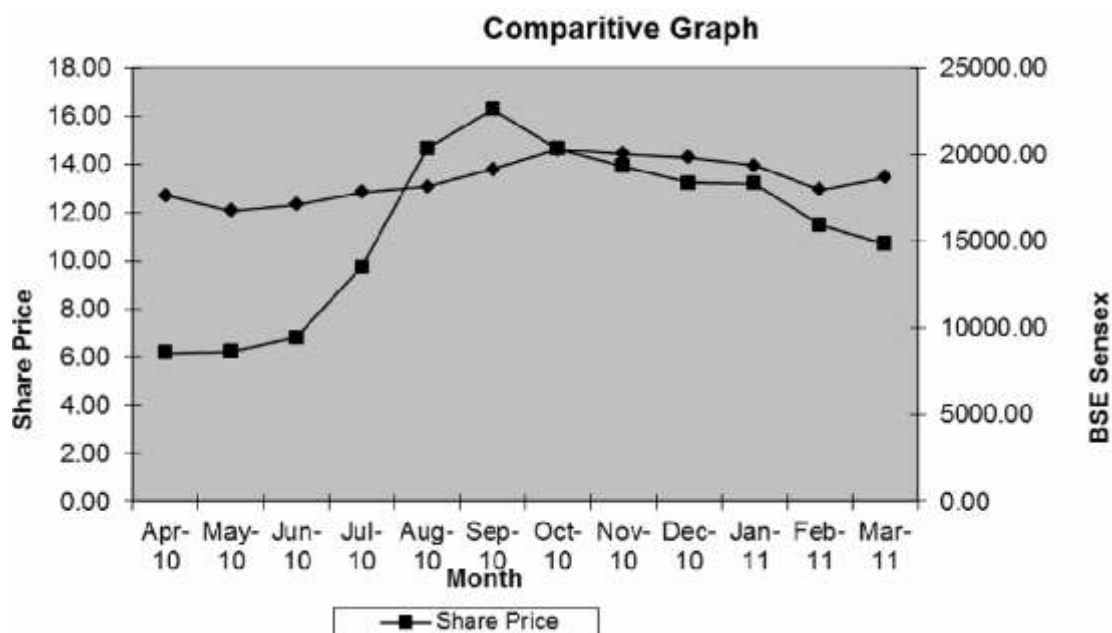


F. Market Price Date: High/Low during each month in last financial year (2010 – 2011)

In Rupees

Period	The Bombay Stock Exchange Limited, Mumbai	
	High	Low
April 2010	6.90	5.43
May 2010	7.24	5.20
June 2010	7.97	5.66
July 2010	13.51	5.95
August 2010	17.39	11.92
September 2010	19.29	13.25
October 2010	16.28	13.01
November 2010	15.45	12.40
December 2010	14.99	11.45
January 2011	14.53	11.88
February 2011	13.16	9.78
March 2011	12.35	9.01

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



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.23203156 and 23202465
Fax: 66661277 and 23203028 e-mail: rta@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 31.03.2011 is furnished below:

Category		No of Holders	No of Shares	% of shares to Total Equity
From	To			
01	5000	1554	582643	5.03%
5001	10000	19	150989	1.30%
10001	20000	14	201266	1.74%
20001	30000	4	96687	0.83%
30001	40000	1	33511	0.29%
40001	50000	2	83426	0.72%
50001	100000	4	309988	2.68%
100001	ABOVE	16	10126890	87.41%
TOTAL		1614	11585400	100.00%

Shareholding pattern as on 31st March 2011

Sl. No.	Category	No. of shares	%
1	Promoters & Associates	8586536	74.12
2	Private Body Corporates	180761	1.56
3	Indian Public	2620101	22.61
4	Non-resident individuals & OCBs	198002	1.71
TOTAL		11,585,400	100%

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.23203156 and 23202465
Fax: 66661277 and 23203028
e-mail: rta@cilsecurities.com



International Securities Identification Number (ISIN): INE151B01011

The Company has entered into Agreements with NSDL and CDSL, and as on 31.03.2011, 38,18,029 Equity Shares have been dematerialized, constituting 32.95% 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,
3rd and 4th Floor, AVR Towers, 6-3-1112,
Behind West Side Showroom, Near Somajiguda Circle,
Begumpet, Hyderabad – 500016
investorservice@b2bsofttech.com

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

CHIEF EXECUTIVE OFFICER (CEO) CERTIFICATION

I, V. V. Nagendra, 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.

V. V. NAGENDRA
Managing Director

Place: Hyderabad
Date: 11.08.2011



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, 2011 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, 2011, 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 Niranjana & Narayan
Chartered Accountants
(Firm Regn.No.005899S)

Place: Hyderabad
Date: 11th August, 2011

M.Niranjana
Partner
M.No.029552



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, 2011 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:
 - 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 those 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 Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956.
 - e) On the basis of written representations received from the Directors of the Company, as on 31st March, 2011 and taken on record by the Board of Directors, we report that none of the Director is disqualified as at 31st March, 2011 from being appointed as a Director in terms of Clause (g) of the Sub-Section (1) 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 accounts give the information required by the Companies Act, 1956 in the manner so required and 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, 2011;
 - 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 Statement, of the Cash Flows for the year ended on that date.

For Niranjana & Narayan
Chartered Accountants
(Firm Regn.No.005899S)

Place: Hyderabad
Date: 11th August, 2011

M.Niranjana
Partner
M.No.029552



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.Nil- as at the balance sheet date. Pursuant to the One Time Settlement accepted by Board of Directors, the Company has received Rs.1,61,45,000/- towards the loan. The balance amount of loan i.e., Rs.3,29,58,406/- has been written off, included in other expenditure.
- 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 an amount of loan Rs.3,29,58,406/- has been written off during the year.
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 31st March, 2011 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 Financial Year	Forum where dispute is pending
APGST/CST	Disputed Turnover	2.63	2004-05	ADC (Appeals)
Income Tax Act, 1961	TDS on payment Made to Travel	NIL	2007-08	COMMISSIONER OF INCOME TAX Agents (Appeals)
8. The accumulated losses of the company are more than Fifty Percent of its Net worth. The Company has incurred cash losses during the financial year covered by our audit and not incurred cash losses 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.

Place: Hyderabad
Date: 11th August, 2011

For Niranjana & Narayan
Chartered Accountants
(Firm Regn.No.005899S)
M.Niranjana
Partner
M.No.029552



B2B SOFTWARE TECHNOLOGIES LIMITED

Balance Sheet as at March 31, 2011

Amount in Rupees

	Schedule	As at 31.03.2011	As at 31.03.2010
I SOURCES OF FUNDS			
1 Shareholders Funds			
Capital	1	115,931,000	115,931,000
2 Loan Funds			
Secured Loans	2	215,323	601,476
		116,146,323	116,532,476
II. APPLICATION OF FUNDS			
1 Fixed assets			
(a) Gross block	3	9,774,185	19,461,308
(b) Less : Depreciation		7,725,261	15,533,652
(c) Net block		2,048,924	3,927,656
2 Investments	4	10,400,633	3,900,633
3 Current assets , loans and advances			
(a) Work in Progress	5	480,644	1,568,430
(b) Sundry debtors	6	4,614,814	6,811,982
(c) Cash and bank balances	7	17,499,646	4,539,503
(d) Other Current Assets		1,125	930
(e) Loans and advances	8	12,273,997	60,365,930
		34,870,226	73,286,775
Less: Current liabilities and provisions			
(a) Liabilities	9	7,646,110	8,367,231
(b) Provisions	10	3,496,890	1,775,960
		11,142,999	10,143,191
Net current assets		23,727,226	63,143,584
4 Profit and Loss account (Debit)		79,969,540	45,560,603
		116,146,323	116,532,476
Significant Accounting Policies & Notes on Accou	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 **Niranjan & Narayan**
Chartered Accountants
FRN : 005899S

On behalf of the Board of Directors

M.Niranjan
Partner
M.No.029552

V.V.Nagendra
Managing Director

Dr.Y.Satyanarayana
Director

Date: 11th August 2011
Place: Hyderabad



B2B SOFTWARE TECHNOLOGIES LIMITED

Profit and Loss Account for the Year ended March 31,2011

	Schedule	Year ended	Year ended
		31.03.2011	31.03.2010
I. INCOME			
Sales	11	44,203,005	41,958,333
Other Income	12	476,749	1,170,335
Increase/(Decrease) in WIP		(1,087,786)	71,406
		43,591,968	43,200,074
II. EXPENDITURE			
Purchases of Software Products	13	9,290,109	7,036,467
Payments and Benefits to Employees	14	27,469,040	24,412,760
Operating and Administrative Expenses	15	40,408,112	14,300,368
Interest Expenses		63,163	115,714
Depreciation		770,481	1,328,318
			-
		78,000,905	47,193,627
III. Loss before Taxation		(34,408,937)	(3,993,553)
Less: Provision for Taxation		-	-
IV. Loss after Taxation		(34,408,937)	(3,993,553)
Brought forward Loss from Previous Year		(45,560,603)	(41,567,050)
Balance Carried to Balance Sheet		(79,969,540)	(45,560,603)
Basic and Diluted Earnigs per Share		(2.97)	(0.34)
Significant Accounting Policies & Notes on Accounts			

The Schedule 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 **Niranjan & Narayan**
Chartered Accountants
FRN : 005899S

On behalf of the Board of Directors

M.Niranjan
Partner
M.No.029552

V.V.Nagendra
Managing Director

Dr.Y.Satyanarayana
Director

Date: 11th August 2011
Place : Hyderabad



Schedules forming part of the Accounts

	Amount in Rupees	
	As at 31.03.2011	As at 31.03.2010
1. Capital		
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
	115,931,000	115,931,000
2. Secured Loans		
Hire Purchase Loan (Refer Note X of Schedule 16)	215,323	601,476
	215,323	601,476
4. Investments		
A. Long Term (at cost)		
a. Quoted Investment		
Pentamedia Graphics Limited 10450 Equity Shares of Rs.100 each, fully paid-up (Market Value Nil)	-	11,517,369
Less : Investment Written off	-	(11,517,369)
	-	-
b. Unquoted Investment in Subsidiary Companies		
B2B Infotech Pte Ltd 200,000 Equity Shares of Singapore Dollar 1 each, fully paid-up Less: Provision for Diminution in the Value of Investment	5,510,797 (5,510,797)	5,510,797 (5,510,797)
	-	-
B2B Softech Inc., 72,000 Equity Shares of US Dollar 1 each, fully paid-up	3,381,120	3,381,120
B2B Software Technologies Kassel GmbH (121,431 Euro) Advances for Addl investment in Subsidiary Companies - Pending allotment B2B Software Technologies Kassel GmbH - Euro 5556 Less: Advance received against sale of investment in subsidiary Less: Provision for Loss on Sale of Investment Less: Provision for Diminution in the Value of Investment (Refer Note XI of Schedule 16)	6,250,862 286,877 (1292636) (3937554) (1307549)	6,250,862 286,877 (1292636) (3937554) (1307549)
	-	-
B2B Enterprise Solutions Limited 100,000 Equity Shares of Rs.10/-each fully Paid Up Less: Provision for Diminution in the Value of Investment	1,000,000 (1,000,000)	1,000,000 (1,000,000)
	-	-
B2B Infotech SDN BHD (2,50,000 Equity Shares of Malaysian RM 1 each fully paid up) Less: Provision for Diminution in the Value of Investment	548,856 (548,856)	548,856 (548,856)
	-	-
Total of Unquoted Investments	3,381,120	3,381,120
Total of Long term Investments (A)	3,381,120	3,381,120
B. Current Investment (at cost)		
Quoted Investment in UTI Mutual Fund UTI Fixed Income Interval Plan (51825.6 Units @ 10.02) Market Value Rs.521,174/-	519,513	519,513
UTI Treasury Advantage Plan (6307.92 Units @ 1030.45) Market Value Rs.65,97,299/-	6,500,000	
Total Quoted Current Investments (B)	7,019,513	519,513
Total Investments (A+B)	10,400,633	3,900,633



Schedules forming part of the Accounts (Contd...)

3. Fixed Assets

		Amount in Rupees									
Sl. No.	Description	Gross Block			Depreciation		Net Block				
		As at 01.04.2010	Additions during the period	Deletions/ Discarded during the period	As at 31.03.2011	As at 01.04.2010	For the period	Deletions/ Discarded during the period	As at 31.03.2011	As at 31.03.2010	
1.	Computers	9,007,910	94,200	3,835,456	5,266,654	8,136,447	327,695	3,773,443	4,690,699	575,955	871,463.05
2.	Furniture and Fixtures	4,866,275	-	4,154,875	711,400	4,102,487	53,683	3,566,982	589,188	122,212	763,787.91
3.	Office Equipment	3,381,257	6,552	1,797,544	1,590,265	2,205,265	100,941	1,238,447	1,067,759	522,506	1,175,992.13
4.	Vehicles	2,187,266	-	-	2,187,266	1,085,734	285,187	-	1,370,921	816,345	1,101,531.76
5	Copy Rights	18,600	-	-	18,600	3,720	2,976	-	6,696	11,904	14,880.00
	Total	19,461,308	100,752	9,787,875	9,774,185	15,533,653	770,481	8,578,872	7,725,262	2,048,923	3,927,655
	Previous Year	19,461,308	-	-	19,461,308	14,205,334	1,328,319	-	15,533,653	-	-



Schedules forming part of the Accounts (Contd...)

Amount in Rupees

	As at 31.03.2011	As at 31.03.2010
5 Work in Progress	480,644	1,568,430
	480,644	1,568,430
6 . Sundry Debtors (Unsecured, considered good)		
(a) Debts outstanding for a period exceeding six months	2,769,063	3,950,373
(b) Other debts	2,385,028	5,069,466
Less: Provision for Doubtful Debts	(539,277)	(2,207,857)
	4,614,814	6,811,982
7. Cash and Bank Balances		
Cash on hand	520	2,414
Balances with scheduled banks		
- On Current accounts	16,551,996	2,900,230
- On EEFC accounts	945,131	1,634,860
- On Deposit accounts	2,000	2,000
	17,499,646	4,539,503
8. Loans and Advances (Unsecured, considered good)		
Loans to Companies (Refer Note I of Schedule 16)	-	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	1,563,354	1,235,799
Tax Deducted at Source	4,696,580	4,026,725
Advance Tax paid for Assessment Year 2009-10	14,063	
	12,273,997	60,365,930
9. Liabilities		
Sundry Creditors		
Dues to Medium & Small Scale	-	-
Dues to Others	4,046,745	5,844,140
Advance from Customers	599,792	403,830
Other Liabilities	1114626	177,143
Security Deposits	1,884,946	1,942,119
	7,646,110	8,367,231
10. Provisions		
Provision for Gratuity	3,422,695	1,722,694
Provision for Annual Key Result Area	74,195	53,266
	3,496,890	1,775,960



Schedules forming part of the Accounts (Contd...)

	Year ended 31.03.2011	Year ended 31.03.2010
11. Sales		
Export Income		
Sale of Software Products	619,750	842,510
Income from Consultancy Services	16,836,617	16,934,074
Domestic Income		
Sale of Software Products	16,290,903	10,997,623
Income from Consultancy Services	10,455,736	13,184,126
	44,203,005	41,958,333
12. Other Income		
Dividend from Mutual Fund(Gross)	25,173	79,525
Interest on Deposits(Gross)	195	-
Miscellaneous Income	246,790	500
Interest TDS Refund	204,591	-
Written Bank of KRA Provision	-	1,090,310
	476,749	1,170,335
13. Purchases of Software Products		
Software Products	9,290,109	7,036,467
	9,290,109	7,036,467
14. Payments and Benefits to Employees		
Salaries, Wages and Bonus	22,184,013	20,395,443
Contribution to Provident Fund and other Funds	886,237	676,088
Gratuity	1,700,000	487,496
Food & Beverage	65,367	106,202
Staff Welfare Expenses	154,795	33,239
Director's Remuneration	2,323,092	2,208,980
Food Coupons	155,536	505,312
	27,469,040	24,412,760
15. Operating and Administrative Expenses		
Rent	1,629,456	2,229,412
Rates and Taxes	311,122	294,580
Insurance	34,555	62,148
Travelling Expenses		
- Local Conveyance	170,010	219,030
- Travelling Expenses	309,660	314,890
- Per dim Expenses	143,950	241,710
Communication Expenses		
- Internet Charges	434,502	560,722
- Telephone	294,438	299,996
- Postage & Courier	33,660	37,659
Training Fee	-	32,076
Printing and Stationery	28,791	70,282
Electricity Charges	714,810	677,648
Advertisement	91,243	53,124
Repairs and Maintenance		
- Machinery	220,009	211,378
- Vehicles-	192,487	575,279
Professional and Consultancy Charges	392,900	509,402
Commission & Brokerage	-	153,000
Auditors' remuneration	80,000	160,000
Directors Sitting Fee	165,000	255,000
Bad Debts	33,287,636	-
Dimunution in value of Investment in Subsidiary Companies	-	1,307,549
Provision for loss on sale of Shares in Subsidiary Companies	-	3,937,554
Membershipfee,Meeting&Seminar Charges	169,117	486,845
Investment written off	-	14,421
Security Charges	149,992	236,594
Office Maintenance	496,323	383,113
Miscellaneous Expenses	50,347	96,214
Exchange Fluctuation Loss	187,600	869,005
Loss on Sale of Mutual Funds	-	11,738
Loss on Sale of Fixed Assets	820,503	-
	40,408,112	14,300,368



Schedules forming part of the Accounts (Contd...)

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. Pursuant to the One Time Settlement accepted by Board of Directors, the Company has received Rs.1,61,45,000/- towards the loan. The balance amount of loan i.e., Rs.3,29,58,406/- has been written off, included in other expenditure. The amount outstanding as at 31st March, 2011 is Rs. Zero (Previous Year Rs. 49,103,406)

II. Directors' Remuneration (included in Schedule 14).	<u>March 31, 2011</u>	<u>(Amount in Rupees)</u> <u>March 31, 2010</u>
Salaries, Allowances & Perquisites *	2,323,092	2,208,980
Directors' sitting fees	165,000	255,000

*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	60,000	120,000
Towards Tax Audit Fee	20,000	40,000
Service Tax	8,240	16,480

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

Software Development Services- Export	16,132,354
---------------------------------------	------------

V. Expenditure in Foreign Currency (on payment basis)

Traveling	-	37,925
Conference, Meetings & Seminars	-	192,416
International Telephone Charges	64,468	124,736

VI. Disclosure is made as per the requirement of the Accounting Standard 18 on related Party Transactions during the Year:

Particulars

(A) Companies:

(Amount in Rupees)

(a) Subsidiary Companies

March 31, 2011

March 31, 2010

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

Nature of Transactions

Sales -B2B Software Technologies Kassel GmbH	-	-
Disinvestments made during the year	-	1,227,886
Other receipts		
Outstanding:		
- Receivables	2,689,217	4,287,988

(b) Related Companies (where key management personnel or their relatives have significant influence)

(i). Ravileela Granites Limited

Amount outstanding	-	49,103,406
Maximum amount outstanding during the Year	49,103,406	49,103,406
One Time Settlement Received	16,145,000	-
Amount written off	32,958,406	-

(ii). Exotic Granite & Marble, Inc.

-

-

(iii). Genius Doc Inc

Sales	12,857,814	12,343,459
- Receivables	983,813	927,586

(iv). MTAR Technologies Ltd

Sales	3,471,567	5,073,255
- Receivables	-	421,897



(B) Key Management Personnel

P.Samantha Reddy, Managing Director up to 27-12-2010
V.V.Nagendra, Executive Director up to 13-02-2010
and Managing Director from 14-02-2010

(Amount in Rupees)

Nature of Transactions	<u>March 31, 2011</u>	<u>March 31, 2010</u>
Remuneration as detailed in Note III above (other than Directors sitting Fees)	2,323,092	2,208,980

VII. Earning Per Share as per Accounting Standard 20

Earning per share is computed based on the following:

(Amount in Rupees)

	<u>March 31, 2011</u>	<u>March 31, 2010</u>
(Loss) / Profit after Tax	(34,408,935)	(3,993,553)
Weighted average number of equity shares	11,585,400	11,593,100
Basic and diluted Earning Per Share	(2.97)	(0.34)
(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

IX. Investment in Mutual Funds of Unit Trust of India

(Amount in Rupees)

	<u>March 31, 2011</u>		<u>March 31, 2010</u>	
	Units (Nos)	Amount	Units (Nos)	Amount
Opening Balance		519,513		2,531,251
Add: Purchases		6,900,000		-
Less: Sale		400,000		2,011,738
Closing Balance		7,019,513		519,513

* Net Asset Value as on 31.03.2011 is Rs. 7,019,958/- (Previous year Rs,5,19,904.11)

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) during the financial year 2009-10 towards advance for the sale of 80% shareholding in its wholly owned subsidiary B2B 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.

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 provisionfor 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 The Institute of Chartered Accountants of India.

XIV. Employee Benefits

During the year the company has made a provision of Rs.17,00,000/- 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'

Particulars	(Amount in Rupees)	
	<u>March 31, 2011</u>	<u>March 31, 2010</u>
1 Changes in Present Value of Obligation		
Present value of obligation as at the beginning of the year	1,722,694	1,392,712
Interest Cost	138,000	111,416
Current service cost	206,000	85,542
Benefits paid	-	-
Actuarial gain/(loss) on obligations	1,356,000	133,024
Present value of obligations at the end of the year	3,422,694	1,722,694
2 Changes in Fair Value of Plan Assets		
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	-	-
3 Assets Recognised in Balance Sheet		
Present value of obligation as at the end of the year	3,422,694	1,722,694
Fair value of plan assets at the end of the year	-	-
Funded Status	3,422,694	1,722,694
Net asset/(liability) recognised in balance sheet	3,422,694	1,722,694
4 Expenses Recognised in Statement of Profit & Loss		
Current service cost	206,000	85,542
Interest Cost	138,000	111,416
Expected return on plan assets	-	-
Net Actuarial (gain)/loss recognised in the year	1,356,000	133,024
Expenses Recognised in Statement of Profit & Loss	1,700,000	329,982
5 Assumptions		
Discount	8%	8%
Escalation	5%	9%



XV. Consolidated financial Statements - Accounting Standard 21

Consolidated financial statements of the company and its wholly owned subsidiaries viz., B2B Enterprise solutions Limited, India and B2B Softech inc, USA are enclosed

XVI. Interim Financial Reporting - Accounting Standard 25

Quarterly financial result are published in accordance with the requirement of the listing agreement with Stock Exchange. The recognition and measurement principle as laid down in the standard have been followed in the preparation of these results.

XVII. Intangible Assets - Accounting Standard 26

The company owns Intellectual Property Right relating to its service business and the carrying amount thereof is disclosed in the schedule of Fixed Assets. This would be amortised on a written down value method @ 20 % per annum.

XVIII. 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.

XIV. 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.

XVV. 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 therefor.

XVVI. 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.

XVVII. 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.

XVVIII. 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 actuarial valuation.

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

As per our report of even date
for **Niranjan & Narayan**
Chartered Accountants.
FRN : 005899S

Partner - M.No. : 029552
M.Niranjan

On behalf of the Board of Directors

V.V.Nagendra
Managing Director

Dr.Y.Satyanarayana
Director

Place : Hyderabad
Date: 11th August 2011



Amount in Rupees

Cash Flow Statement for the year ended March 31, 2011	31.03.2011	31.03.2010
A. Cash Flows from Operating Activities		
Net profit/(loss) before tax	(34,408,935)	(3,993,553)
Adjustments for :		
Interest	63,163	115,714
Depreciation	770,481	1,328,318
Provision for Diminution in value of Investment in Subsidiary companies	-	1,307,549
Income from Investment - Dividends	(25173)	(79,525)
Interest of Fixed Deposit	(195)	-
Written off of Investment in shares	-	14,421
Exchange differences on translation of foreign currency cash and cash equivalents	187,600	869,005
Profit (Loss) on Sale of Mutual Funds	-	11,738
Profit (Loss) on Sale of Fixed Assets	820,503	-
Profit on Sale of Fixed Assets	-	-
Prior Period Income	-	-
Operating profit before working capital changes	(32,592,556)	(426,334)
Adjustments for changes in working capital :		
(Increase)/Decrease in Accounts Receivables	2,197,168	(1,714,880)
(Increase)/Decrease in Other Current Assets	(195)	17,927
(Increase)/Decrease in Loans and Advances	48,091,933	(1,983,612)
(Increase)/Decrease in Work in Progress	1,087,786	(71,406)
Increase / (Decrease) in Trade and Other Payables	(721,121)	(223,646)
Increase / (Decrease) in Provision	1,720,929	3,914,794
Cash generated from operations	19,783,943	(487,156)
Interest received from Fixed Deposit	195	-
Net Cash from Operating Activities	19,784,138	(487,156)
B. Cash Flows from Investing Activities		
Purchase of Fixed Assets	100,752	-
Purchase of Mutual Funds	6,500,000	2,000,000
Sale of Fixed Assets	(388,500)	-
Share Application	-	-
Income from Investment - Dividends	(25,173)	79525.23
Net Cash used in Investing Activities	6,187,079	2,079,525
C. Cash Flows from Financing Activities		
Increase/(Decrease) in Secured Loans	(386,153)	(333602)
Interest paid	(63163)	(115714)
Net Cash from/(used in) Financing Activities	(449,316)	(449,316)
D. Exchange differences on translation of foreign currency cash and cash equivalent	(187,600)	(869,005)
Net Increase in Cash and Cash equivalents during the year (A+B+C+D)	12,960,143	274,048
Cash and Cash equivalents at the beginning of the year	4,539,503	4,265,455
Cash and Cash equivalents at the end of the year	17,499,646	4,539,503

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 **Niranjan & Narayan**
Chartered Accountants
FRN : 005899S

On behalf of the Board of Directors

M.Niranjan
Partner
M.No.029552

V.V.Nagendra
Managing Director

Dr.Y.Satyanarayana
Director

Date: 11th August 2011
Place : Hyderabad



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	1
---	---	---	---	---	---	---	---

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

Public Issue <table border="1" style="display: inline-table;"><tr><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>				N	I	L	Rights Issue <table border="1" style="display: inline-table;"><tr><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>				N	I	L
			N	I	L								
			N	I	L								
Bonus Issue <table border="1" style="display: inline-table;"><tr><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>				N	I	L	Private placement <table border="1" style="display: inline-table;"><tr><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>				N	I	L
			N	I	L								
			N	I	L								

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

Total Liabilities <table border="1" style="display: inline-table;"><tr><td>1</td><td>1</td><td>6</td><td>1</td><td>4</td><td>6</td></tr></table>	1	1	6	1	4	6	Total Assets <table border="1" style="display: inline-table;"><tr><td>1</td><td>1</td><td>6</td><td>1</td><td>4</td><td>6</td></tr></table>	1	1	6	1	4	6
1	1	6	1	4	6								
1	1	6	1	4	6								
Sources of Funds													
Paid-up-Capital <table border="1" style="display: inline-table;"><tr><td>1</td><td>1</td><td>5</td><td>9</td><td>3</td><td>1</td></tr></table>	1	1	5	9	3	1	Reserves & Surplus <table border="1" style="display: inline-table;"><tr><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>				N	I	L
1	1	5	9	3	1								
			N	I	L								
Secured Loans <table border="1" style="display: inline-table;"><tr><td> </td><td> </td><td> </td><td>2</td><td>1</td><td>5</td></tr></table>				2	1	5	Unsecured Loans <table border="1" style="display: inline-table;"><tr><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>				N	I	L
			2	1	5								
			N	I	L								
Application of Funds													
Net Fixed Assets <table border="1" style="display: inline-table;"><tr><td> </td><td> </td><td>2</td><td>0</td><td>4</td><td>9</td></tr></table>			2	0	4	9	Investments <table border="1" style="display: inline-table;"><tr><td> </td><td>1</td><td>0</td><td>4</td><td>0</td><td>0</td></tr></table>		1	0	4	0	0
		2	0	4	9								
	1	0	4	0	0								
Net Current Assets <table border="1" style="display: inline-table;"><tr><td> </td><td>2</td><td>3</td><td>7</td><td>2</td><td>8</td></tr></table>		2	3	7	2	8	Miscellaneous Exp <table border="1" style="display: inline-table;"><tr><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>				N	I	L
	2	3	7	2	8								
			N	I	L								
Accumulated Losses <table border="1" style="display: inline-table;"><tr><td> </td><td>7</td><td>9</td><td>9</td><td>6</td><td>9</td></tr></table>		7	9	9	6	9							
	7	9	9	6	9								

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

Turnover <table border="1" style="display: inline-table;"><tr><td> </td><td>4</td><td>3</td><td>5</td><td>9</td><td>2</td></tr></table>		4	3	5	9	2	Total Expenditure <table border="1" style="display: inline-table;"><tr><td> </td><td>7</td><td>8</td><td>0</td><td>0</td><td>0</td></tr></table>		7	8	0	0	0
	4	3	5	9	2								
	7	8	0	0	0								
Profit/Loss Before Tax <table border="1" style="display: inline-table;"><tr><td> </td><td>3</td><td>4</td><td>4</td><td>0</td><td>8</td></tr></table>		3	4	4	0	8	Profit/Loss After Tax <table border="1" style="display: inline-table;"><tr><td>-</td><td>3</td><td>4</td><td>4</td><td>0</td><td>8</td></tr></table>	-	3	4	4	0	8
	3	4	4	0	8								
-	3	4	4	0	8								
Earning Per Share in Rs. <table border="1" style="display: inline-table;"><tr><td> </td><td>-</td><td>2</td><td>.</td><td>9</td><td>7</td></tr></table>		-	2	.	9	7	Dividend Rate <table border="1" style="display: inline-table;"><tr><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>				N	I	L
	-	2	.	9	7								
			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, 2011

V V Nagendra
Managing Director

Dr. Y. Satyanarayana
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 st 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 Softech Inc., 9001, San Fernando Rd, Sun Valley, CA 91352 USA	1 st April 2010 to 31st March 2011	17-07-2001	72,000 Shares of USD 1/- each	100%	\$ 28969
2.	B2B Enterprise Solutions Limited 6-3-1112, 3&4th Flr, AVR Tower, Begumpet, Hyd-16	1st April 2010 to 31st March 2011	09-05-2005	1,00,000 Shares of INR 10/- each	100%	(INR749,803)

NOTE : B2B Enterprise Solutions Limited – Application has been made to the Registrar of Companies, Andhra Pradesh for strike off under Section 560 and the same has been accepted. The name of the Company has been struck off from the Register maintained by the Registrar of Companies, Andhra Pradesh with effect from 10th June 2011. Only the balance sheet of the subsidiary is attached



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 Softech Inc, USA and B2B Enterprise Solutions Limited as at 31st March, 2011, 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 Softech Inc, USA and B2B Enterprise Solutions Limited, whose financial statements reflect total assets of Rs.35.99 Lakhs as at March 31, 2011 and total revenues of Rs.44.49 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 of Schedule 16 of Notes to Accounts" regarding B2B Enterprises Kassel GmbH which is not considered for consolidation of accounts.
4. 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.
5. 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, 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 31st March, 2011;
 - 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, 2011

For Niranjana & Narayan
Chartered Accountants
(Firm Regn.No.005899S)

M.Niranjana
Partner
M.No.029552



Consolidated Balance Sheet as at March 31, 2011

Amount in Rupees

	Schedule	As at 31.03.2011	As at 31.03.2010
I SOURCES OF FUNDS			
1 Shareholders Funds			
Capital	1	115,931,000	115,931,000
Foreign Currency Translation Reserve		(172,091)	(5,643,432)
2 Loan Funds			
Secured Loans	2	215,323	601,476
Deffered Tax			49,331
		115,974,232	110,938,375
II. APPLICATION OF FUNDS			
1 Fixed assets			
(a) Gross block	3	13,373,285	24,200,243
(b) Less : Depreciation		10,541,760	19,173,549
(c) Net block		2,831,525	5,026,694
2 Investments	4	7,019,513	519,513
3 Current assets , loans and advances			
(a) Work in Progress	5	480,644	1,568,430
(b) Sundry debtors	6	6,776,877	5,558,273
(c) Cash and bank balances	7	17,534,810	8,200,764
(d) Other Current Assets		1,125	930
(e) Loans and advances	8	12,273,997	60,586,566
		37,067,453	75,914,963
Less: Current liabilities and provisions			
(a) Liabilities	9	8,681,274	8,526,145
(b) Provisions	10	3,496,889	8,286,757
		12,178,163	16,812,902
Net current assets		24,889,290	59,102,061
Miscellaneous Expenditure (to the extend not written off or adjusted)			15,860
4 Profit and Loss account (Debit)		81,233,904	46,274,248
		115,974,232	110,938,375
Significant Accounting Policies & Notes on Accounts	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 **Niranjan & Narayan**
Chartered Accountants
FRN : 005899S

On behalf of the Board of Directors

M.Niranjan
Partner
M.No.029552

V.V.Nagendra
Managing Director

Dr.Y.Satyanarayana
Director

Date: 11th August 2011
Place : Hyderabad



Consolidated Profit and Loss Account for the Year ended March 31,2011

	Schedule	Year ended	Year ended
		31.03.2011	31.03.2010
I. INCOME			
Sales	11	47,294,309	49,113,279
Other Income	12	1,835,407	1,170,335
Increase/(Decrease) in WIP		(1,087,786)	71,406
		48,041,930	50,355,020
II. EXPENDITURE			
Purchases of Software Products	13	9,290,109	7,036,467
Payments and Benefits to Employees	14	30,525,827	31,096,519
Operating and Administrative Expenses	15	42,130,908	14,628,589
Interest Expenses		63,163	115,714
Depreciation		947,481	1,476,949
		82,957,488	54,354,238
III. Loss before Taxation		(34,915,558)	(3,999,218)
Less: Provision for Taxation		44,098	107,561.00
IV. Loss after Taxation		(34,959,656)	(4,106,779)
Brought forward Loss from Previous Year		(46,274,248)	(42,167,469)
Balance Carried to Balance Sheet		(81,233,904)	(46,274,248)
Basic and Diluted Earnigs per Share		(3.02)	(0.35)
Significant Accounting Policies & Notes on Accounts			

The Schedule 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 **Niranjan & Narayan**
Chartered Accountants
FRN : 005899S

On behalf of the Board of Directors

M.Niranjan
Partner
M.No.029552

V.V.Nagendra
Managing Director

Dr.Y.Satyanarayana
Director

Date: 11th August 2011
Place : Hyderabad



Schedules forming part of the Consolidated Accounts

Amount in Rupees

	As at 31.03.2011	As at 31.03.2010
1. Capital		
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
	115,931,000	115,931,000
2. Secured Loans		
Hire Purchase Loan (Refer Note VII of Schedule 16)	215,323	601,476
	215,323	601,476
4. Investments		
A. Long Term (at cost)		
a. Quoted Investment		
Pentamedia Graphics Limited 10450 Equity Shares of Rs.100 each, fully paid-up (Market Value Nil)	-	11,517,369
Less : Investment Written off	-	(11,517,369)
	-	-
b. Unquoted Investment in Subsidiary Companies		
B2B Infotech Pte Ltd 200,000 Equity Shares of Singapore Dollar 1 each, fully paid-up Less: Provision for Diminution in the Value of Investment	5,510,797 (5,510,797)	5,510,797 (5,510,797)
	-	-
B2B Software Technologies Kassel GmbH (121,431 Euro) Advances for Addl investment in Subsidiary Companies - Pending allotment B2B Software Technologies Kassel GmbH - Euro 5556 Less: Advance received against sale of investment in subsidiary Less: Provision for Loss on Sale of Investment Less: Provision for Diminution in the Value of Investment (Refer Note XI of Schedule 16)	6,250,862 286,877 (1292636) (3937554) (1307549)	6,250,862 286,877 (1292636) (3937554) (1307549)
	-	-
B2B Infotech SDN BHD (2,50,000 Equity Shares of Malaysian RM 1 each fully paid up) Less: Provision for Diminution in the Value of Investment	548,856 (548,856)	548,856 (548,856)
	-	-
Total of Unquoted Investments	-	-
	-	-
Total of Long term Investments (A)	-	-
B. Current Investment (at cost)		
Quoted Investment in UTI Mutual Fund UTI Fixed Income Interval Plan (51825.6 Units @ 10.02) Market Value Rs.521,174/-	519,513	519,513
UTI Treasury Advantage Plan (6307.92 Units @ 1030.45) Market Value Rs.65,97,299/-	6,500,000	
Total Quoted Current Investments (B)	7,019,513	519,513
Total Investments (A+B)	7,019,513	519,513



Schedules forming part of the Consolidated Accounts (Continued...)

3. Fixed Assets		Amount in Rupees									
		Gross Block			Depreciation			Net Block			
Sl. No.	Description	As at 01.04.2010	Additions during the Year	Deletions/ Adjustments during the Year	As at 31.03.2011	As at 01.04.2010	For the Year	Deletions/ Adjustments during the Year	As at 31.03.2011	As at 31.03.2011	As at 31.03.2010
1.	Computers	9,103,035	94,200	3,930,581	5,266,654	8,220,485	331,767	3,861,552	4,690,700	575,954	882,550
2.	Furniture and Fixtures	5,097,536	129,842	4,252,424	974,954	4,227,952	68,902	3,614,395	682,459	292,495	869,584
3.	Office Equipment	5,271,394	252,172	2,024,590	3,498,976	3,526,419	179,739	1,342,007	2,364,151	1,134,825	1,744,975
4.	Vehicles	2,187,266	-	-	2,187,266	1,065,735	285,187	-	1,370,920	816,346	1,101,531
5.	Software Product-QC, ERP	2,474,412	-	1,047,577	1,426,835	2,109,240	78,921	761,326	1,426,835	-	365,172
6.	Software Product -SMART	48,000	-	48,000	-	-	-	-	-	-	48,000
7.	Copy Right	18,600	-	-	18,600	3,718	2,976	-	6,694	11,906	14,882
	Total	24,200,243	476,214	11,303,172	13,373,285	19,173,549	947,493	9,579,280	10,541,760	2,831,525	5,026,694



Schedules forming part of the Consolidated Accounts (Continued...)

Amount in Rupees

	As at 31.03.2011	As at 31.03.2010
5 Work in Progress	480,644	1,568,430
	480,644	1,568,430
6 . Sundry Debtors (Unsecured, considered good)		
(a) Debts outstanding for a period exceeding six months	2,769,063	3,950,373
(b) Other debts	4,547,091	5,807,596
Less: Provision for Doubtful Debts	(539,277)	(2,207,857)
Less: Mutual Indebtness		(1,991,839)
	6,776,877	5,558,273
7. Cash and Bank Balances		
Cash on hand	35,684	2,414
Balances with scheduled banks		
- On Current accounts	16,551,996	6,561,490
- On EEFC accounts	945,131	1,634,860
- On Deposit accounts	2,000	2,000
	17,534,810	8,200,764
8. Loans and Advances (Unsecured, considered good)		
Loans to Companies (Refer Note III of Schedule 16)	-	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	1,563,354	1,235,799
Tax Deducted at Source	4,696,580	4,247,361
Advance Tax paid for A.Y 2010-11	14,063	-
	12,273,997	60,586,566
9. Liabilities		
Sundry Creditors		
Dues to Medium & Small Scale	-	-
Dues to Others	5,046,745	7,962,393
Advance from Customers	599,792	403,830
Other Liabilities	114,979	177,143
Security Deposits	1,884,946	1,974,619
Less: Mutual Indebtness		(1,991,839)
	8,681,274	8,526,145
10. Provisions		
Provision for Gratuity	3,422,694	1,722,694
Provision for Annual Key Result Area	74,195	53,266
Provision for Dimunition in Value of Subsidiary		6,510,797
	3,496,889	8,286,757



Schedules forming part of the Consolidated Accounts (Continued...)

	Amount in Rupees	
	Year ended 31.03.2011	Year ended 31.03.2010
11. Sales		
Export Income		
Sale of Software Products	619,750	842,510
Income from Consultancy Services	19,927,920	24,089,020
Domestic Income		
Sale of Software Products	16,290,903	10,997,623
Income from Consultancy Services	10,455,736	13,184,126
	47,294,309	49,113,279
12. Other Income		
Dividend from Mutual Fund(Gross)	25,173	79,525
Interest on Deposits(Gross)	195	-
Miscellaneous Income	246,790	500
Interest TDS Refund	204,591	-
Written Bank of KRA Provision	-	1,090,310
Written Bank of liabilities	1,358,658	-
	1,835,407	1,170,335
13. Purchases of Software Products		
Software Products	9,290,109	7,036,467
	9,290,109	7,036,467
14. Payments and Benefits to Employees		
Salaries, Wages and Bonus	25,240,800	27,079,202
Contribution to Provident Fund and other Funds	886,237	676,088
Gratuity	1,700,000	487,496
Food & Beverage	65,367	106,202
Staff Welfare Expenses	154,795	33,239
Director's Remuneration	2,323,092	2,208,980
Food Coupons	155,536	505,312
	30,525,827	31,096,519
15. Operating and Administrative Expenses		
Rent	2,249,007	2,401,204
Rates and Taxes	421,886	350,535
Insurance	236,917	62,148
Travelling Expenses		
- Local Conveyance	219,412	219,030
- Travelling Expenses	390,326	314,890
- Per dim Expenses	143,950	241,710
Communication Expenses		
- Internet Charges	434,502	560,722
- Telephone	327,135	329,964
- Postage & Courier	33,660	37,659
Training Fee	-	32,076
Printing and Stationery	28,791	70,282
Electricity Charges	714,810	677,648
Advertisement	91,243	53,124
Repairs and Maintenance		
- Machinery	220,009	211,378
- Vehicles-	192,487	575,279
Professional and Consultancy Charges	446,774	566,666
Commission & Brokerage	-	153,000
Auditors' remuneration	82,000	170,000
Directors Sitting Fee	165,000	255,000
Bad Debts	33,287,636	-
Dimunition in value of Investment in Subsidiary Companies	-	1,307,549
Provision for loss on sale of Shares in Subsidiary Companies	-	3,937,554
Membershipfee,Meeting&Seminar Charges	169,117	486,845
Investment written off	-	14,421
Security Charges	149,992	236,594
Office Maintenance	608,073	383,113
Miscellaneous Expenses	50,347	99,457
Exchange Fluctuation Loss	187,600	869,005
Loss on Sale of Mutual Funds	-	11,738
Loss on Sale of Fixed Assets	945,985	-
Fixed Assets Written off	334,250	-
	42,130,908	14,628,590



Schedules forming part of the Consolidated Accounts (Continued...)

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, 2011
1.	B2B Softech Inc.	USA	100
2.	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 Enterprises 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. 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. Pursuant to the One Time Settlement accepted by Board of Directors, the Company has received Rs.1,61,45,000/- towards the loan. The balance amount of loan i.e., Rs.3,29,58,406/- has been written off, included in other expenditure. The amount outstanding as at 31st March, 2011 is Rs. Zero (Previous Year Rs. 49,103,406)

IV. Related Party Transactions during the year:

	Year ended <u>31-Mar-11</u>	(Amount in Rupees) Year ended <u>31-Mar-10</u>
(A) Related Companies (where key management personnel or their relatives have significant influence)		
Ravileela Granites Limited		
Outstandings:		
- Receivables *	-	49,103,406
* Includes balance of unsecured loan for which repayment schedule is beyond seven years.		
Amount outstanding	-	49,103,406
Maximum amount outstanding during the year	49,103,406	49,427,685
Genius Doc Inc		
Sales	12,857,814	12,343,459
Outstandings:		
- Receivables	983,813	927,586
MTAR Technologies Ltd		
Sales	3,471,567	5,073,255
Outstandings:		
- Receivables	-	421,897
(B) Key Management Personnel		
P.Samantha Reddy, Managing Director up to 27-12-2010		
V.V.Nagendra, Executive Director up to 13-02-2010 and Managing Director from 14-02-2010		
Nature of Transactions		
Remuneration as detailed in Note IV above (other than Directors sitting Fees)	2,323,092	2,208,980



(Amount in Rupees)

16. Notes to Accounts:**V. Earning Per Share**

Earning per share is computed based on the following:

	Year ended 31-Mar-11	Year ended 31-Mar-10
Profit(Loss) after Taxation and Minority Interest	(34,959,654)	(4,106,779)
Weighted average number of equity shares	11,585,400	11,593,100
Basic and diluted Earning Per Share	(3.02)	(0.35)

(Nominal value of equity shares: Rs. 10 each)

VI. Deferred Tax

	Year ended 31-Mar-11	Year ended 31-Mar-10
Deferred Tax Asset	Nil	Nil
Accumulated losses brought forward		
Deferred Tax Liability		
Depreciation	-	49331
Deferred Tax Asset (Net)	-	49331

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 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 The Institute of Chartered Accountants of India.

XI. 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.

XII. 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.

XIII. 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.

XIV. 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.

XV. 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.

XVI. 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 actuarial valuation.

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

As per our report of even date

for **Niranjan & Narayan**
Chartered Accountants.

FRN : 005899S

M.Niranjan

Place : Hyderabad

Date: 11th August 2011

On behalf of the Board of Directors

V.V.Nagendra
Managing Director

Dr.Y.Satyanarayana
Director



Cash Flow Statement for the year ended March 31, 2011

Amount in Rupees

	Year Ended 31.03.2011	Year Ended 31.03.2010
A. Cash Flows from Operating Activities		
Net Profit(Loss) Before Tax	(34,915,556)	(4,076,153)
Adjustments for :		
Depreciation	947,481	1,476,949
Dividend on Mutual Funds	(25,173)	(79,525)
Interest on Fixed Deposit	(195)	-
Interest Paid	63,163	115,714
Miscellaneous Expenditure Written off	15,860	3,172
Exchange Fluctuation	187,600	869,005
Provision for Increase/Decrease in Value of Investment	-	1,307,549
Provision for Loss on Sale of Shares in Subsidiary	-	3,937,554
Exchange Difference on Translation of Foreign Currency Cash and Equiv	-	879,884
Profit/(Loss) on Sale of Investments	945,985	11,738
Investment written off	-	14,421
Income Tax	-	(107,561)
Operating Profit Before Working Capital Changes	(32,780,835)	4,352,747
Adjustments for Changes in Working Capital		
(Increase)/Decrease in Trade and Other Receivables	(1,218,604)	521,683
(Increase)/Decrease in other current assets	(195)	17,927
(Increase)/Decrease in Loans and Advances	48,312,568	(1,983,612)
(Increase)/Decrease in Work in Progress	1,087,786	(71,406)
(Increase)/Decrease in Diffred Tax	49,331	-
Increase/(Decrease) in Trade and Othe Payables	(4,443,250)	(1,555,685)
Cash Generated From Operations	43,787,636	(3,071,093)
Interest on Fixed Depositi	195	
Net Cash Flow from Operating Activities	11,006,996	1,281,654
B. Cash Flows from Investing Activities		
Income From Investments	(25,173)	79,525
Purchase of Fixed Assets	476,214	(394,704)
Sale of Fixed Assets	(443,667)	
Purchase of Mutual funds	6,500,000	2,000,000
Advance received Against sale of subsidiary		1,292,636
Net Cash used for Investing Activities	6,507,373	2,977,457
C. Cash Flow from Financing Activities		
Interest Paid	(63,163)	(115,714)
Proceeds/(Repayment) of Unsecured Loan	(386,153)	(333,602)
Deffered Tax written off		
Net Cash from/(used in) Financing Activities	(449,316)	(449,316)
D. Exchange Differences on Translation of Cash and Equivalent		
	(5,283,740)	(1,748,889)
Net Increase in Cash and Cash equivalents during the year (A+B+C+D)	9,334,046	2,060,906
Cash and Cash equivalents at the beginning of the year	8,200,764	6,139,858
Cash and Cash equivalents at the end of the year	17,534,810	8,200,763

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 Niranjan & Narayan
Chartered Accountants.

On behalf of the Board of Directors

M.Niranjan
Partner
M.No.029552
Place : Hyderabad
Date: 11th August 2011

V.V.Nagendra Dr.Y.Satyanarayana
Managing Director Director



DIRECTORS' REPORT

To,
The Members,
B2B Softech Inc.,

Your Directors present this Annual Report for the financial year ended March 31, 2011

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

Table with 3 columns: PARTICULARS, 2010-2011, 2009-2010. Rows include Total Income, Expenditure, Profit/(Loss) before tax, Less: Provision for tax, Profit/(Loss) after tax, Minority interest in subsidiary's losses, Net Income/(Loss).

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 31st, 2011, 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, 2011;

(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

DR. RAM NEMANI

DATE : July 21, 2011

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, 2011 and the related statements of operations, stockholders' equity and cash flows of the year ended March 31, 2011. 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, 2011 and the results of its operations and its cash flows for the year ended March 31, 2011 in conformity with generally accepted accounting principles.

Jagtiani & Kommareddy
Certified Public Accountants

Chatsworth, California
July 21, 2011

BALANCE SHEET MARCH 31, 2011

ASSETS

Current Assets:

Table with 2 columns: Asset Name, Amount. Rows: Cash (\$ 44,312), Accounts receivable (4,111), Total Current Assets (\$ 48,423)

Property and Equipment, net of

Table with 2 columns: Asset Name, Amount. Row: Accumulated Depreciation & Amortization (17,527)

Table with 2 columns: Asset Name, Amount. Row: Total Assets (\$ 65,950)

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities:

Table with 2 columns: Liability Name, Amount. Rows: Accounts payable (\$ -), Total Current Liabilities (-)

Stockholders Equity:

Table with 2 columns: Equity Name, Amount. Rows: Common stock; \$1.00 par value, 1,000,000 shares authorized, 72,000 shares issued and outstanding (72,000), Retained Earnings (6,050), Total stockholders' equity (\$ 65,950)

Table with 2 columns: Equity Name, Amount. Row: Total Liabilities and stockholders equity (\$ 65,950)

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



**STATEMENT OF INCOME FOR THE
YEAR ENDED MARCH 31, 2011**

	<u>Amount</u>	<u>Percent</u>
Net Revenues	\$ 68,856	100.0%
Cost of Revenues	28,899	42.0
Gross Profit	<u>39,957</u>	<u>58.0</u>
Operating Expenses	68,926	100.0
Net Income/(Loss)	<u>(\$28,969)</u>	<u>(42.0%)</u>

**STATEMENT OF STOCKHOLDERS' EQUITY FOR
THE YEAR ENDED MARCH 31, 2011**

Balance at April 1, 2009	\$ 94,919
Net Income for the year ended March 31, 2010	(28,969)
Balance at March 31, 2010	<u>\$ 65,950</u>

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2011
INCREASE/ (DECREASE) IN CASH AND CASH
EQUIVALENTS**

Cash flow provided by (used for) operating activities:

Net income \$ (28,969)

Adjustments to reconcile net income to net cash

Provided by (used for) operating activities –

Depreciation and amortization \$ 1,871

Changes in assets and liabilities:

(Increase) decrease in assets:

Accounts receivable 70

Increase (decrease) in liabilities –

Accounts payable (1,360)

Total adjustments 581

Net cash used for operating activities (28,388)

Cash Flows provided from investing activities:

Purchase of Property and Equipment (8,409)

Net cash used by investing activities (8,409)

Net Increase in Cash (36,797)

Cash and Cash equivalents, beginning of period 81,109

Cash and Cash equivalents, end of period \$44,312

**NOTES TO CONSOLIDATED FINANCIAL
STATEMENTS FOR THE YEAR ENDED MARCH 31,
2011**

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, 2011, three customers accounted for 100% of the total sales of \$68,856, these customers owed approximately \$4,111 as of March 31, 2011.

3) Property and Equipment:

A Summary is as follows:

Office Equipment	\$ 42,749
Furniture & Fixtures	5,902
Software	1,956
Capitalized costs of new product line	<u>30,000</u>
	80,607
Less accumulated depreciation and amortization	63,080
	<u>\$ 17,527</u>

Depreciation amortization expenses related to property and equipment is \$1,871 for the year ended March 31, 2011.



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,	
2012	\$ 13,800
2013	13,800
2014	13,800
	<u>\$ 41,400</u>

Rent expense amounted to \$13,800 for the year ended March 31, 2011

SCHEDULE OF COST OF SALES AND OPERATING EXPENSES

FOR THE YEAR ENDED MARCH 31, 2011

	Amount	Percent
Cost of Sales:		
Contract Labor	\$ 28,899	42.0%
General and administrative:		
Salaries & Payroll Taxes	39,188	56.9
Bank Charges	1,175	1.7
Depreciation	1,871	2.7
Insurance	4,508	6.5
Legal & Accounting	1,200	1.7
Rent	13,800	20.0
Supplies	2,067	3.0
Taxes	1,492	2.2
Telephone	728	1.1
Travel	2,897	4.2
	<u>\$ 68,926</u>	<u>100.0%</u>

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

The supplemental information for the year ended March 31, 2011 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
July 21, 2011



Balance Sheet as at March 31, 2011

Amount in Rupees

	Schedule Reference	As at 31.03.2011	As at 31.03.2010
I SOURCES OF FUNDS			
1 Shareholders Funds			
Capital	1	1,000,000	1,000,000
Loan Funds			
Unsecured Loan from Holding Company	2	-	418,570
Deferred Tax		-	49,331
		1,000,000	1,467,901
II. APPLICATION OF FUNDS			
1 Fixed assets			
(a) Gross block	3	-	1,479,918
(b) Less : depreciation		-	876,923
(c) Net block		-	602,995
2 Current assets , loans and advances			
(a) Sundry debtors	4	-	549,400
(b) Cash and bank balances	5a	35,164	-
(c) Loans and advances	5b	-	220,636
		35,164	770,036
Less: Current liabilities and provisions			
(a) Liabilities	6 a	35,164	1,670,793
		35,164	1,670,793
Net current assets		-	(900,757)
3 Miscellaneous expenditure (Preliminary expences to the extent not written off or adjusted)	7	-	15,860
4 Profit and Loss Account		1,000,000	1,749,803
		1,000,000	1,467,901

B2B Enterprise Solutions Limited – Application has been made to the Registrar of Companies, Andhra Pradesh for strike off under Section 560 and the same has been accepted. The name of the Company has been struck off from the Register maintained by the Registrar of Companies, Andhra Pradesh with effect from 10th June 2011. Only the balance sheet of the subsidiary is attached