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DIRECTORS

1. Mr. Anil Kumar V Epur
2. Dr. Satyanarayana Y
3. Dr. Ashok Kumar Agarwal
4. Dr. Ram Nemani
5. Mr. Sharath Reddy J
6. Mr. M. Gopal Krishna
7. Dr. Murthy Mutyale
8. Mr. V.V. Nagendra
9. Mrs. Samantha Reddy P

Chairman
Director
Director
Director
Director
Director
Director
Executive Director
Managing Director

REGISTERED OFFICE:

6-3-906/A/2, Somajiguda,
Hyderabad – 500 082, A.P. INDIA.
Website: www.b2bsoftech.com
email: investorservice@b2bsoftech.com

STATUTORY AUDITORS:

M. ANADAM & CO
Chartered Accountants,
7A, Surya Towns,
SP Road, Secuderabad - 500 003.

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. : 23203155, Fax : 66661267
E-mail : cilsec@rediffmail.com



NOTICE

Notice is hereby given that the Fifteenth Annual General Meeting of the members of B2B Software Technologies Limited will be held on Wednesday the 30th of September, 2009 at its Registered Office situated at 6-3-906/A/2, Somajiguda, Hyderabad 500 082 at 11.00 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, 2009 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. Ashok Kumar Agarwal who retires by rotation and being eligible offers himself for reappointment.
3. To consider and appoint Dr. Y. Satyanarayana who retires by rotation and being eligible offers himself for reappointment.
4. To consider and appoint M/s M. Anandam & Co, Chartered Accountants as Statutory Auditors of the Company to the 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. M. Gopalakrishna 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 Dr. Murthy Mutyala 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. V. V. Nagendra be and is hereby appointed as Director to liable to retire by rotation."
8. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT pursuant to the provisions of Section 269 read with Schedule XIII, 309 and 310 and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of the members in the General Meeting Mr. V. V. Nagendra be and is hereby appointed as the Executive Director of the Company for a period of 5 years with effect from 1st October, 2008."

"FURTHER RESOLVED THAT the remuneration payable to Mr. V. V. Nagendra during his tenure as Executive Director would be as follows:
 - a. Salary of Rs.80,000/- per month
 - b. Provision of Car with a
 - c. Reimbursement of internet and cell phone charges.

By order of the Board

**P. SAMANTHAREDDY
MANAGING DIRECTOR**

Dated: 17.07.2009
Place: Hyderabad

**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 25th September, 2009 to 30th September, 2009 (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. SATYANARAYNA:**

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. ASHOK KUMAR AGARWAL:

Dr. Ashok Kumar Agarwal is a gold medalist in Mechanical Engineering from BITS, Pilani who completed his Masters and Doctorate programme from University of Minnesota. He started his career with Bell Telephone Laboratories followed by Indian Institute of Management, Calcutta as a professor of MIS during 1969 to 1986. He taught various courses in MBA and Ph.D., programmes covering Computer Sciences, Operations Research, Probability and Statistics, Management Information Systems and Decision Support Systems. He was involved in guiding Doctorial candidates for the doctoral programmes.

Dr. Agarwal was involved in setting up various IT organizations in India like ACS Technologies Limited, Era Software Systems Private Limited and Cybermedia India Limited. He was the founder of SQL Star International and worked there as Managing Director till 2003. During his tenure, the Company was listed on BSE and grew to more than 400 professionals with subsidiaries in Singapore, UK and USA.

Dr. Ashok Kumar Agarwal does not hold any shares in the Company.

PROFILE OF DIRECTORS BEING APPOINTED AS REQUIRED UNDER CLAUSE 49 OF THE LISTING AGREEMENT:**PROFILE OF MR. M. GOPALA KRISHNA:**

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

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

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

PROFILE OF DR. MURTHY MUTYALA:

Dr. Murthy Mutyala is a graduate in Medicine from Rangaraya College, Kakinada and he is presently Chief of Medicine and Chief of Staff, V.A. Medical Center, Marlin, Texas.

He has got many awards during his career including Gold Medal from the Chief Minister of Andhra Pradesh in the year 2008 and very actively involved in community services for the upliftment of poor people.

**PROFILE OF Mr. V. V. NAGENDRA:**

Mr. V. V. Nagendra is a graduate in Mechanical Engineering from Gulbarga University. He started his career with Vijaya Engine Valves Private Limited as Project Engineer.

He is also having Software experience and started learning software to make use of day-to-day operations in Reporting so learned AutoCAD, Visual Basic 5, VBA coding in MS Access in the Year 1998. He Joined B2B Software Technologies Limited in the year 2000 as Software Engineer and under gone training in areas like navision Technical, Software testing, Testing tools and worked in various areas like web designing using flash action script, web development, GIS and Quality Assurance. He promoted as project lead for projects 4 no's on languages like vb.net, php and asp also worked as MR for ISO 9001:2000 and successfully completed 6 surveillance audit including one certification audit. He is presently heading the Genius Doc team.

EXPLANATORY STATEMENT AS REQUIRED UNDER THE PROVISIONS OF SECTION 173 (2) OF THE COMPANIES ACT, 1956:**Item No.5:**

Mr. M. Gopalakrishna was appointed as Additional Director of the Company in the Board Meeting held on 30th September' 2008, and holds office till the date of the ensuing Annual General Meeting. The management is of the opinion that continuation of Mr. M. Gopalakrishna 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. M. Gopalakrishna as Director of the Company liable to retire by rotation. Appointment of Mr. M. Gopalakrishna 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. Gopalakrishna is concerned or interested in this resolution.

Item No. 6:

Dr. Murthy Mutyala was appointed as Additional Director of the Company in the Board Meeting held on 30th September' 2008, 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 Dr. Murthy Mutyala as Director of the Company liable to retire by rotation. Appointment of Dr. Murthy Mutyala 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 Dr. Murthy Mutyala is concerned or interested in this resolution.

Item No. 7:

Mr. V. V. Nagendra was appointed as Additional Director of the Company in the Board Meeting held on 30th September' 2008, 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. V. V. Nagendra as Director of the Company liable to retire by rotation. Appointment of Mr. V. V. Nagendra 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. V. V. Nagendra is concerned or interested in this resolution.

Item No. 8:

Considering the services rendered by Mr. V. V. Nagendra from the date of joining the Company, the Board of Directors thought it fit to appoint him as the Executive Director with the remuneration as mentioned in the resolution for a period of 5 years with effect from 1st October, 2008. Appointment of Whole time Director requires the approval of members by way of Ordinary Resolution as mentioned under Section 269 read with Schedule XIII of the Act.

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

By Order of the Board

**P. SAMANTHA REDDY
MANAGING DIRECTOR**

Dated: 17.07.2009
Place: Hyderabad

**DIRECTORS' REPORT**

To,

The Members,
B2B Software Technologies Limited

Your Directors hereby present the Fifteenth Annual Report of your Company together with the Audited Accounts including Consolidated Accounts for the financial year ended March 31, 2009 and the report of the Auditors thereon.

FINANCIAL RESULTS:

(In Rupees)

PARTICULARS:	2008 - 2009	2007 - 2008	Consolidated 2008 - 2009
Total Income	52,970,668	50,632,298	86,691,936
Expenditure	65,441,763	47,185,550	97,011,439
Profit/(Loss) before tax	(12,471,096)	3,446,748	(10,319,503)
Less: Provision for tax	—	—	-
Fringe Benefit Tax	108,255	86,584	246,031
Deferred Tax	—	—	-
Profit/(Loss) after tax	(12,579,351)	3,360,164	(10,565,534)
Add: Brought forward from previous year	(28,987,699)	(32,347,863)	(43,725,598)
Transfer to Balance Sheet	(41,567,050)	(28,987,699)	(54,291,132)

OPERATIONS & FUTURE PROSPECTS

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

PARTICULARS REGARDING SUBSIDIARY COMPANY

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

CORPORATE GOVERNANCE:

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

DEPOSITS:

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

BOARD OF DIRECTORS:

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

During the year Mr. M. Gopala Krishna, Dr. Murthy Mutyala and Mr. V. V. Nagendra 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. Mr. V. V. Nagendra was also appointed as the Executive Director 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, 2009, 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, 2009;
- (iii) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) annual accounts have been prepared on a going concern basis.

REPLIES TO AUDIT OBSERVATIONS:

1. The auditors are unable to comment on the extent of recoverability of a loan amounting to Rs.4,91,03,406/- as at the end of the year due from a related company. Decision for writing off the amount to be taken at Board Meeting.

Reply: Decision for written off will be taken in subsequent Board Meeting

2. The auditors are unable to comment on the carrying value of investment in subsidiary, B2B Software Technologies Kassel GmbH Germany amounting to Rs.62,50,862 in view of substantial erosion of net worth. The Company has entered an agreement to sell 80% of the share for a consideration of Euro 20,000/-, the loss to be incurred on this sale will be accounted after completion of this transaction.

Reply: The sale consideration of EURO 20,000/- has received. The loss has to be written off in next financial year.

AUDITORS:

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

PERSONNEL:

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

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

The disclosures required under Section 217(1) (e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988, for the year ended March 31, 2009 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:

b. Total Foreign Exchange used and earned:

Sl. No	Particulars of the transaction	2008 2009 (in Rs.)	2007 2008 (in Rs.)
1.	Total Foreign Exchange earnings	19,214,983	16,860,389
2.	Foreign Exchange outgo		
	a. on account of purchase of software	204,741	6,584,116
	b. on account of Travel	582,339	580,609
	c. other expenses	417,200	395,503
	Total Foreign Exchange Outgo	1,204,280	7,560,228

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 :17.07.2009

For and on behalf of the Board

P. SAMANTHA REDDY

Managing Director

Dr. Y. SATYANARAYANA

Director

ANNEXURE FOR DIRECTORS REPORT

ESOP Scheme 2007

Sl. No.	Description	ESOP Scheme 2007
1.	Options granted	31,000
2.	The Pricing formula	The Exercise price shall be the average of the daily closing price of equity shares of the Company at BSE during the period of six Months immediately preceding the date on Which the options are granted. However, The exercise price shall not be less than Rs. 10/-, Face value of Equity Share.
3.	Options Vested	31,000
4.	The total number of shares arising as a result of exercise of option	The employees have not exercised the option granted
5.	Options lapsed	31,000
6.	Variation of terms of Options	N. A.
7.	Money realised by exercise of Options	Since employees have not exercised the same
8.	Total Number of Options in force	Nil
9.	Employee wise details of options granted to i. Senior Management Personnel ii. Any other employee who receives a grant in any one year of option amounting to 5% or more options granted during the year iii. Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	Nil Nil
10.	Diluted Earning Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with (Accounting Standard AS – 20 Earnings Per Share)	N. A.
11.	i. Method of calculation of employee compensation cost ii. Difference between the employee compensation cost so computed at (i) above and employee compensation cost that shall have been recognized if it had used the fair value of the options iii. The impact of this difference on profits and EPS of the Company	The Company shall use the intrinsic value method for valuation of the options granted. N. A. N. A.
12.	Weighted average exercise prices and weighted average fair values of options shall be disclosed separately for options whose exercise price either equals to or exceeds or is less than the market price of the stock.	N. A.
13.	Description of the method and significant assumption used during the year to estimate the fair value of options, including the following weighted average Information A Risk free interest rate b.Expected life C.Expected volatility d.Expected dividends; and e.The price of the underlying share in market at the time of option grant.	N. A.



MANAGEMENT DISCUSSION AND ANALYSIS

Snap shot of Performance:

B2B India has ended the financial year 2008-9 with revenue of 513 lacs and consolidated revenue of 867 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 has the distinction of being the only Indian Microsoft Dynamics partner with the largest number of clients in the Indian Sub Continent through product sales.

In addition to projects, B2B is continuously upgrading its pharma vertical and Add ons while building an extensive reseller network

- 1) Resellers - Total number of International resellers to date is 8 including countries such as Netherlands, Singapore and the USA
- 2) Tie up with L.S Retail - B2B Software Technologies is now reseller and implementer of LS Retail and Hospitality solutions. LS Retail provides retail and hospitality solutions based on Microsoft Dynamics NAV/AX for the international arena.
- 3) Extending Services - B2B has extended services to offer Share point and Microsoft CRM along with Infrastructure services. The focus is on MOSS (Microsoft Office and Share point services).
- 4) Add on products - New add-ons are in the pipeline to be launched shortly. A separate budget is allocated for the same. B2B Add on Solutions is profiled on Microsoft Solution profiler available to a worldwide base of Microsoft partners. B2B is in the process of getting its products CFMD (Certified for Microsoft dynamics)

CFMD is a certification for packaged business management solutions built on Microsoft Dynamics & is Microsoft Corporation highest standard for partner developed solutions.

B2B - Health Care Division

B2B has a MOU with GeniusDoc Inc, USA to share part license fee for sale of "Genius Doc" product suite and to be entitled for part share of value assigned to copyright of "Genius Doc" product suite. In addition B2B has a development contract 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, Pulmonologist, 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 2009 Annual Meeting in Orlando, FL. GD was one of ten EHR vendors selected to demonstrate ASCO's EHR Guidelines and quality initiatives during the 2009 EHR Lab at ASCO's Annual Meeting in Orlando.

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

OUTLOOK:

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

Risks and Risk Mitigations:

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

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



CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

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

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

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

2. BOARD OF DIRECTORS:

Composition and Functions:

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

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

The number and dates of the Board Meetings held during the year under review: Seven Board Meetings were held during the financial year 2008-2009 on the following dates:

1. 25.04.2008
2. 27.06.2008
3. 30.07.2008
4. 30.09.2008
5. 24.10.2008
6. 20.01.2009
7. 25.03.2009

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 2008 to March 2009), along with the details of Committee memberships and their other directorships are furnished below:



Name of the Director and category of Directorship	Attendance particulars		No. of other directorships and committee memberships	
	Board Meetings	Last AGM	Other directorships	Committee memberships
Mr. Anil Kumar V. Epur, Chairman (Independent and Non-Executive Director)	6	Yes	2	3
Dr. Ashok Kumar Agarwal (Independent and Non-Executive Director)	7	Yes	4	3
Dr. Murthy Mutyala (Promoter and Non-Executive Director) Appointed as Director with effect from 30th September 2008	1	No	Nil	Nil
Dr. Ram Nemani (Promoter and Non-Executive Director)	1	No	5	1
Dr. Y. Satyanarayana (Promoter and Non Executive Director)	4	Yes	2	1
Mr. M. Gopalakrishna (Independent and Non Executive Director) Appointed as Director with effect from 30 th September, 2008	3	No	6	2
Mr. J. Sharath Reddy (Promoter and Non-Executive Director)	2	No	1	Nil
Mr. V. V. Nagendra (Non Promoter and Executive Director) Appointed as Director with effect from 30 th September, 2008	3	No	1	Nil
Mrs. P. Samantha Reddy (Promoter and Non-Executive Director)	7	Yes	4	1



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

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

Sl. No.	Name of the Director	No. of shares held
1.	Mr. Anil Kumar V Epur	Nil
2.	Dr. Ashok Kumar Agarwal	Nil
3.	Dr. Murthy Mutyala	4,01,150
4.	Dr. Ram Nemani	24,58,760
5.	Dr. Y. Satyanarayana	Nil
6.	Mr. M. Gopala Krishna	Nil
7.	Mr. J. Sharath Reddy	NIL

Shares held by – Executive Directors in the Company

1.	Mr. V. V. Nagendra	NIL
2.	Mrs. P. Samantha Reddy	15,900

CODE OF BUSINESS CONDUCT AND ETHICS

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

The Code of Business Conduct and Ethics have been posted on the Company's website www.b2bsofttech.com.

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 Director. Mr. Anil Kumar V Epur is the Chairman of the Audit Committee.

As on date the members of the Audit Committee are:

Sl. No	Name of the Member	Designation
1.	Mr. Anil V. Epur	Chairman
2.	Dr. Y. Satyanarayana	Member
3.	Dr. Ashok Kumar Agarwal	Member
4.	Dr. Ram Nemani	Member
5.	Mr. M. Gopala Krishna	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. 27.06.2008
2. 30.07.2008
3. 24.10.2008
4. 20.01.2009
5. 25.03.2009

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

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

**4. REMUNERATION COMMITTEE:**

The Remuneration Committee was reconstituted in the Board Meeting held on 30.09.2008 with Dr. Ashok Kumar Agarwal, Mr. Anil Kumar V Epur and Mr. M. Gopalakrishna 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 30.09.2008 to fix the salary payable to Mr. V. V. Nagendra , Executive Director of the Company.

Details of Remuneration paid to the Directors for the year 2008 - 2009

Particular	P. Samantha Reddy, Managing Director	V. V. Nagendra Executive Director
Remuneration 01.04.2008 to 31.03.2009	Rs.1,25,000/- per month	Rs. 80,000/- 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 30.07.2008 and the members of the Committee are as follows

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

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

The Committee meets as often as is required to approve various matters relating to transfers, transmissions, issue of duplicate share certificate etc. The Share Transfer Committee generally meets two times in a month. There are no requests for share transfers pending for the year under review.

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

Name and designation of the compliance officer: Mr. N. Bala Raju, Asst. Manager Comm. & Admin.

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
2007 – 2008	Registered Office at 6-3-906/A/2, Somajiguda, Hyderabad – 500 082	30 th September, 2008	11.00 A. M.
2006 – 2007	Registered Office at 6-3-906/A/2, Somajiguda, Hyderabad – 500 082	28 th September, 2007	11.00 A. M.
2005 – 2006	Registered Office at 6-3-906/A/2, Somajiguda, Hyderabad – 500 082	2 nd September, 2006	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.

11. MEANS OF COMMUNICATION:

No half-yearly reports were sent to the shareholders. Quarterly results are published in the Financial Express and Andhra Prabha. The results of the Company are displayed on www.sebiedifar.nic.in

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

12. GENERAL SHAREHOLDER INFORMATION:**A. Details of the ensuing Annual General Meeting**

Date	Day	Time	Venue
30.09.2009	Wednesday	11.00 A. M.	6-3-906/A/2, Somajiguda, Hyderabad – 500 082

B. Financial Calendar: 1st April, 2008 to 31st March, 2009

1 st Quarterly results	Half yearly results	IIIrd Quarter	IVth Quarter
July 2009	October 2009	January 2010	June 2010

C. Date of Book Closure:

25th September, 2009 to 30th September, 2009 (both days inclusive).

D. Dividend Payment Date:

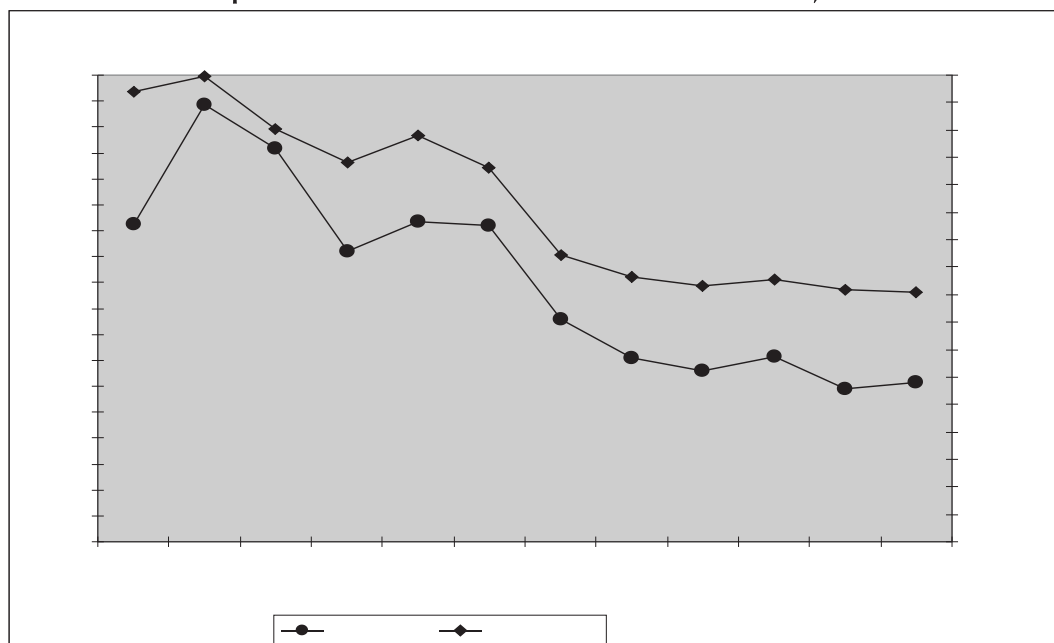
No Dividend is recommended for the financial year 2008 - 2009.

**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 (2007-2008)*In Rupees*

Period	The Bombay Stock Exchange Limited, Mumbai	
	High	Low
April 2008	15.41	9.04
May 2008	18.85	14.85
June 2008	17.55	12.75
July 2008	12.25	10.17
August 2008	13.96	10.70
September 2008	14.12	10.30
October 2008	9.82	7.30
November 2008	7.71	6.51
December 2008	7.02	6.20
January 2009	8.30	5.95
February 2009	6.00	5.85
March 2009	6.89	5.42

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. 23203155, 23202465
Fax: 23203028 & 66661277 e-mail: advisors@cilsecurities.com / cilsec@rediffmail.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 31.03.2009 is furnished below

Category		No of Holders	No of Shares	% of shares to Total Equity
From	To			
01	5000	1550	604,555	5.22%
5001	10000	16	123,552	1.07%
10001	20000	18	258,468	2.23%
20001	30000	3	76,680	0.66%
30001	40000	0	-	0.00%
40001	50000	2	93,400	0.81%
50001	100000	3	182,585	1.58%
100001	ABOVE	17	10,246,160	88.44%
TOTAL		1609	11,585,400	100.00%

Shareholding pattern as on 31st March 2009

Sl.No.	Category	No. of shares	%
1.	Promoters & Associates	8,669,966	74.84%
2.	Private Body Corporates	128,976	1.11%
3.	Indian Public	2,587,358	22.33%
4.	Non-resident individuals & OCBs	199,100	1.72%
	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. 23203155, 23202465
Fax: 23203028 & 66661277
E-mail: advisors@cilsecurities.com / cilsec@rediffmail.com



International Securities Identification Number (ISIN): INE151B01011

The Company has entered into Agreements with NSDL and CDSL, and as on 31.03.2009, 36,71,530 Equity Shares have been dematerialized, constituting 31.69% 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,

6-3-906/A/2,

Somajiguda, Hyderabad 500 082

Phone No.: +91 40 2337 2522

+91 40 2337 5926

Fax No.: +91 40 2332 2385

Website : www.b2bsoftech.com

investorservice@b2bsoftech.com

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

CHIEF EXECUTIVE OFFICER (CEO) CERTIFICATION

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

1. I had reviewed the balance sheet and profit and loss account (consolidated and unconsolidated), and all its schedules and notes on accounts, as well as the cash flow statements and the directors' report;
2. Based on my knowledge and information, these statements do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the statements made;
3. Based on my knowledge and information, the financial statements and other financial information included in this report, present in all material respects, a true and fair view of, the company's affairs, the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report, and are in compliance with the existing accounting standards and / or applicable laws and regulations;
4. To the best of my knowledge and belief, no transactions entered into by the company during the year are fraudulent, illegal or violative of the company's code of conduct.
5. I am responsible for establishing and maintaining internal controls over financial reporting for the company, and I have:
 - a) Designed such disclosure controls and procedures to ensure that material information relating to the company, including its consolidated subsidiary, is made known to us by others within those entities, particularly during the period in which this report is being prepared.
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparing of financial statements for external purposes in accordance with generally accepted accounting principles;



- c) Evaluated the effectiveness of the company's disclosure, controls and procedures and
 - d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the company's most recent financial year that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting.
6. I had disclosed based on our most recent evaluation, wherever applicable, to the company's auditors and the audit committee of the company's Board of Directors.
- a) Significant changes in internal controls during the year covered by this report;
 - b) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements;
 - c) Instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system.

P. SAMANTHA REDDY
Managing Director

Place: Hyderabad
Date: 17.07.2009

**AUDITOR'S CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF
CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENTS**

To the Member of
B2B Software Technologies Limited

We have reviewed the implementation of Corporate Governance procedures by B2B Software Technologies Limited during the year ended March 31, 2009, with the relevant records and documents maintained by the Company, furnished to us for our review and the report on Corporate Governance as approved by the Board of Directors.

The compliance of conditions of corporate governance is the responsibility of the Management. Our examination was limited to a review of 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.

On the basis of our review and according to the information and explanations given to us, read with the Note to the Paragraph on Audit committee of the report on Corporate Governance issued by the Company on even date, the conditions of Corporate Governance as stipulated in Clause 49 of the listing agreements with the exchanges have been complied with in all material respect by the Company and that no investor grievance is pending for a period exceeding on month against the Company as per the records maintained by the Shareholders/Investors Grievance Committee.

Place: Hyderabad.
Date: 17th July'09

for M. Anandam & Co
CHARTERED ACCOUNTANTS
M.V. Ranganath
Partner.



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, 2009 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 are unable to comment on the extent of the recoverability of the loan amounting to Rs.4,91,03,406/- as at the end of the year extended to a related party in view of the irregularity in the repayments of principal and interest during the year. (Refer to Note 1, of Schedule 16).

b. We are unable to comment on the carrying value of the investment in B2B Software Technologies Kassel GmbH, Germany amounting to Rs.65,37,739/- in view of the substantial erosion of net worth in the company (Refer to Note XI, of Schedule 16).

5. Subject to our observations in the annexure referred to in Paragraph (3) and our comments in Paragraph (4) above we report that:

a) We have obtained all the information and explanations, which to the best of our knowledge and belief are necessary for the purpose of our audit.

b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of such books.

c) The Balance Sheet, Profit & Loss Account and Cash Flow Statements dealt with by this report are in agreement with the books of accounts.

d) In our opinion the Profit & Loss Account and Balance Sheet and Cash Flow Statements dealt with by this report comply with the accounting standards referred to in Sub-section (3C) of Section 211 of the Companies Act.

e) On the basis of written representations received from the Directors of the Company, as on 31st March, 2009 and taken on record by the Board of Directors, we report that none of the Director is disqualified as at 31st March, 2009 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, 2009;

ii. In the case of the Profit & Loss Account, of the Profit of the Company for the year ended on that date; and

iii. In the case of the Cash Flow Statements, of the Cash Flows for the year ended on that date.

For M.Anandam & Co.,
Chartered Accountants

Place: Hyderabad
Date: 29, June 2009

M.V.Ranganath
Partner
M.No.28031

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

1. a. The company has compiled the fixed assets register showing full particulars including quantitative details, location and value of fixed assets.
b. As explained to us, the management has physically verified some of the fixed assets during the year. As reported to us, there were no discrepancies found during such verification.
c. In our opinion, the company has not disposed of substantial part of the fixed assets during the year and the going concern status of the company is not affected.
2. a. As referred in Note 1 of Schedule 16, the company has granted an unsecured loan to a Company covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount outstanding during the year is Rs.4,91,03,406/- and the closing balance is Rs.4,91,03,406/- as at the balance sheet date.
b. In our opinion and according to the information and explanations given to us, the rate of interest, wherever applicable and other terms and conditions are not prima-facie prejudicial to the interest of the company.
c. In respect of loans taken by the Company, the interest payments are regular and the principal amount is repayable on demand.
d. The company has taken reasonable steps for the recovery/payment of the principle and interest.
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, 2009 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	Period to which the amount relates Not paid (in Lacs)	Forum where dispute is pending
AP.GST/CST Acts	Disputed Turnover	2.89	2004-05	ADC(Appeals).

8. The accumulated losses of the company are not more than Fifty Percent of its Net worth. The Company has not incurred any cash losses during the financial year covered by our audit or in the immediately preceding financial year.
9. Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the company has not defaulted in repayment of dues to financial institutions & banks.
10. In our opinion and according to the information and explanations given to us, no loans and advances have been granted by the company 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. The 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: 29, June 2009

For M.Anandam & Co.,
Chartered Accountants
M.V.Ranganath
Partner
M.No.28031



B2B SOFTWARE TECHNOLOGIES LIMITED

Balance Sheet as at March 31, 2009

Amount in Rupees

		Schedule Reference	As at 31.03.2009	As at 31.03.2008
I	SOURCES OF FUNDS			
1	Shareholders Funds			
	Capital	1	115,931,000	109,931,000
	Share Application	1a	-	6,000,000
2	Loan Funds			
	Secured Loans	2	935,078	75,183
			116,866,078	116,006,183
II.	APPLICATION OF FUNDS			
1	Fixed assets			
	(a) Gross block	3	19,461,308	23,625,818
	(b) Less : depreciation		14,205,334	14,236,787
	(c) Net block		5,255,974	9,389,031
2	Investments	4	12,464,531	20,600,493
3	Current assets , loans and advances			
	(a) Work in Progress	5	1,497,024	595,200
	(b) Sundry debtors	6	5,097,102	10,238,402
	(c) Cash and bank balances	7	4,265,455	1,387,416
	(d) Other Current Assets		18,857	54,211
	(e) Loans and advances	8	58,382,318	58,264,298
			69,260,756	70,539,527
	Less: Current liabilities and provisions			
	(a) Liabilities	9	8,590,877	11,823,351
	(b) Provisions	10	3,091,356	1,687,215
			11,682,233	13,510,566
	Net current assets		57,578,523	57,028,960
4	Profit and loss account (Debit)		41,567,050	28,987,699
			116,866,078	116,006,183
	Notes to Accounts	16		

The schedules referred to above and statement on Significant Accounting Policies form an integral part of the balance sheet

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

On behalf of the Board of Directors

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

P Samantha Reddy
Managing Director

M.V. Ranganth
Partner
M.No. 028031

Dr. Y. Satyanarayana
Director

Place : Hyderabad
Date : June 29, 2009

**B2B SOFTWARE TECHNOLOGIES LIMITED****Profit and Loss Account for the Year ended March 31, 2009**

Amount in Rupees

	Schedule Reference	Year ended 31.03.2009	Year ended 31.03.2008
I. INCOME			
Sales	11	51,375,495	48,292,950
Other income	12	693,349	1,744,148
Increase/(Decrease) in WIP		901,824	595,200
		52,970,668	50,632,298
II. EXPENDITURE			
Purchases & Development Costs	13	10,389,816	13,040,510
Payments and benefits to employees	14	28,883,279	18,532,895
Operating and administrative expenses	15	19,710,724	14,167,307
Interest Expenses		61,787	12,085
Depreciation		1,477,658	1,432,754
Prior period & Expenditure		4,918,500	-
		65,441,763	47,185,550
III. Profit/(Loss) before Taxation		(12,471,096)	3,446,748
Taxation			
- Fringe Benefit tax		108,255	86,584
- Current		-	-
- Deferred		-	-
IV. Profit/(Loss) after Taxation		(12,579,351)	3,360,164
Add : Brought forward from previous year		(28,987,699)	(32,347,863)
Balance carried to Balance Sheet		(41,567,050)	(28,987,699)
Basic and diluted earnings per Share		(1.11)	0.31
Notes to Accounts	16		

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

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

On behalf of the Board of Directors

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

P Samantha Reddy
Managing Director

M.V. Ranganth
Partner
M.No. 028031

Dr. Y. Satyanarayana
Director

Place : Hyderabad
Date : June 29, 2009



Schedules forming part of the Balance Sheet

Amount in Rupees

	As at 31.03.2009	As at 31.03.2008
1. Capital		
Authorised :		
1,20,00,000 Equity Shares of Rs.10 each	<u>120,000,000</u>	<u>120,000,000</u>
Issued, Subscribed and Paid up:		
115,85,400 Equity Shares of Rs.10 each fully paid up	<u>115,854,000</u>	<u>109,854,000</u>
Add : Shares Forfeited	<u>77,000</u>	<u>77,000</u>
	<u>115,931,000</u>	<u>109,931,000</u>
1a. Share Application		
Share Application (Pending Allotment)	-	6,000,000
	-	<u>6,000,000</u>
2. Secured Loans		
Hire Purchase Loan	<u>935,078</u>	<u>75,183</u>
	<u>935,078</u>	<u>75,183</u>
4. Investments		
Long Term (at cost)		
Trade (Quoted)		
Pentamedia Graphics Limited		
10450 Equity Shares of Rs.100 each, fully paid-up	<u>11,517,369</u>	<u>11,517,369</u>
Less : Provision for Diminution in Value of Investment	<u>11,502,948</u>	<u>11,401,583</u>
(Market value - Rs.14,421)	<u>14,421</u>	<u>115,786</u>
Investment in Mutual Funds		
Opening	<u>3,506,195</u>	-
Add: Purchase of Investments	<u>10,037,096</u>	<u>7,506,195</u>
Less: Sale of Investments	<u>(11,012,040)</u>	<u>(4,000,000,)</u>
Closing	<u>2,531,251</u>	<u>3,506,195</u>
Subsidiary Companies		
B2B Infotech Pte Ltd		
200,000 Equity Shares of Singapore Dollar 1 each, fully paid-up	<u>5,510,797</u>	<u>5,510,797</u>
Less: Provision for Diminution in the Value of Investment	<u>(5,510,797)</u>	<u>-</u>
	-	<u>5,510,797</u>
B2B Softech Inc.,		
72,000 Equity Shares of US Dollar 1 each, fully paid-up	<u>3,381,120</u>	<u>3,381,120</u>
B2B Software Technologies Kassel GmbH		
(121,431 Euro)	<u>6,250,862</u>	<u>6,250,862</u>
(Subscribed during the year - 2000 Euro)		
B2B Enterprise Solutions Limited		
100,000 Equity Shares of Rs.10/-each fully Paid Up	<u>1,000,000</u>	<u>1,000,000</u>
Less: Provision for Diminution in the Value of Investment	<u>(1,000,000)</u>	<u>-</u>
	-	<u>1,000,000</u>
B2B Infotech SDN BHD		
(2,50,000 Equity Shares of Malaysian RM 1 each fully paid up)	<u>548,856</u>	<u>548,856</u>
Less: Provision for Diminution in the Value of Investment	<u>(548,856)</u>	<u>-</u>
	-	<u>548,856</u>
	<u>9,631,982</u>	<u>23,202,432</u>
Advances for Addl investment in Subsidiary Companies - Pending allotment		
B2B Software Technologies Kassel GmbH - Euro 5556(2000 in 2006-07)	<u>286,877</u>	<u>286,877</u>
	<u>286,877</u>	<u>286,877</u>
	<u>12,464,531</u>	<u>27,111,290</u>



B2B SOFTWARE TECHNOLOGIES LIMITED

Schedules forming part of the Balance Sheet 2008-09

3. Fixed Assets

3. Fixed Assets			Amount in Rupees							
		Gross Block				Depreciation			Net Block	
Sl. No.	Description	As at 01.04.2008	Additions during the period	Deletions/ Adjusted during the period	As at 31.03.2009	As at 01.04.2008	For the period	Deletions/ Adjusted during the period	As at 31.03.2009	As at 31.03.2008
1.	Computers	8,299,099	708,811	-	9,007,910	6,759,457	796,016	-	7,555,472	1,539,642
2.	Furniture and Fixtures	4,730,273	253,837	117,835	4,866,275	3,806,049	191,851	64,210	3,933,690	924,224
3.	Office Equipment	3,346,003	35,254	-	3,381,257	1,796,220	219,034	-	2,015,254	1,549,783
4.	Vehicles	1,672,165	1,395,330	880,229	2,187,266	1,215,284	270,758	785,123	700,919	456,881
5	Software Product QC IPR	693,460	-	693,460	-	344,846	-	344,846	-	348,614
6	Software Product -B2B Pharma (NAV)	3,460,022	-	3,460,022	-	314,930	-	314,930	-	3,145,092
7	Software Product -B2B Pharma (Axapta)	1,388,796	-	1,388,796	-	-	-	-	-	1,388,796
8	Software Product -SFA	36,000	-	36,000	-	-	-	-	-	36,000
9	Copy Rights	-	18,600	-	18,600	-	-	-	18,600	-
	Total	23,625,818	2,411,832	6,576,342	19,461,308	14,236,787	1,477,658	1,509,109	14,205,335	9,389,033
	Previous Year	19,713,554	3,912,264	-	23,625,818	12,804,032	1,432,754		14,236,785	9,389,033



Schedules forming part of the Balance Sheet

Amount in Rupees

	As at 31.03.2009	As at 31.03.2008
5. Work in Progress (Software Under Development)	1,497,024	595,200
	<u>1,497,024</u>	<u>595,200</u>
6. Sundry Debtors		
(Unsecured, considered good)		
(a) Debts outstanding for a period exceeding six months	3,722,023	2,955,061
(b) Other debts	3,582,936	7,283,341
Less: Provision for Doubtful Debts	(2,207,857)	-
	<u>5,097,102</u>	<u>10,238,402</u>
7. Cash and Bank Balances		
Cash on hand	10,642	16,518
Balances with scheduled banks		
- On Current accounts	1,322,416	1,002,766
- On EEFC accounts	2,807,608	27,446
- On Deposit accounts *	124,789	340,686
	<u>4,265,455</u>	<u>1,387,416</u>
8. Loans and Advances		
(Unsecured, considered good)		
Loans to Companies (Refer Note I on Schedule 16)	49,103,406	49,103,406
Loan to B2B ESOP Trust	6,000,000	6,000,000
Advances recoverable in cash or in kind for value to be received	969,688	1,010,498
Tax Deducted at Source	2,309,223	2,150,394
	<u>58,382,318</u>	<u>58,264,298</u>
9. Liabilities		
Sundry Creditors	4,622,912	9,125,890
Advance from Customers	975,089	2,030,412
Other Liabilities	857,757	441,380
Security Deposits	2,135,118	1,615,691
	<u>8,590,877</u>	<u>13,213,372</u>
10. Provisions		
Provision for Gratuity	1,235,198	297,194
Provision for Annual KRA	1,856,158	1,390,021
	<u>3,091,356</u>	<u>1,687,215</u>



Schedules forming part of the Profit & Loss Account

Amount in Rupees

	As at 31.03.2009	As at 31.03.2008
11. Sales		
Income from Software Development, Sales & Services	51,375,495	48,292,950
	<u>51,375,495</u>	<u>48,292,950</u>
12. Other Income		
Interest on Debtors	135,801	-
Appreciation in Value of Investment	(81,666)	64,476
Interest/Dividend on Deposits & Mutual Fund(Gross)	13,012	323,536
Miscellaneous Income	229,984	942,540
Profit on Exchange Fluctuations (Net)	299,253	413,597
Profit on Sale of Fixed Assets	85,338	-
Profit on Sale of Mutual Funds	6,464	-
Prior Period Income	5,163	-
	<u>693,349</u>	<u>1,744,148</u>
13. Purchases & Development Costs	<u>10,389,816</u>	<u>13,040,510</u>
Software Products & Development Costs	<u>10,389,816</u>	<u>13,040,510</u>
14. Payments and Benefits to Employees		
Salaries, Wages and Bonus	24,977,905	17,811,711
Contribution to Provident Fund and other Funds	688,419	424,264
Gratuity	938,004	-
Food & Beverage	106,289	-
Staff Welfare Expenses	66,353	296,920
Managerial Remuneration	1,859,695	1,101,475
Food Coupons	246,614	-
	<u>28,883,279</u>	<u>19,634,370</u>
15. Operating and Administrative Expenses		
Rent	2,457,190	2,200,978
Rates and Taxes	353,640	397,086
Insurance	90,329	46,015
Travelling Expenses	1,260,801	1,685,671
Communication Expenses	1,189,260	1,052,604
Training Fee	270,207	83,315
Printing and Stationery	133,025	239,684
Electricity Charges	663,116	510,797
Advertisement	147,289	180,071
Repairs and Maintenance		
- Machinery	472,344	174,001
- Vehical	325,930	77,756
Professional and Consultancy Charges	565,898	4,845,004
Auditors' remuneration	160,000	140,000
Directors Sitting Fee	125,000	68,000
Bad Debts	2,812,945	-
Dimunution in value of Investment in Subsidiary Companies	7,059,653	-
Membershipfee, Meeting & Seminar Charges	676,033	652,718
Miscellaneous Expenses	948,064	712,132
	<u>19,710,724</u>	<u>13,065,832</u>

**16. Notes to Accounts:**

i. The Company changed its business and 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. This loan is secured against a business arrangement by supply of materials and further secured by Pledge of shares of the company, having a face value of Rs.15,110,000. The Company has not provided interest on loan amount outstanding during the year. The Party has not making the payment during the year and there exists uncertainty as to the recoverability of the Principal and Interest. The company has not received any amount either the principle or interest during the year from the said related party. The amount outstanding as at 31st March 2008 Rs, 49,103,406/- No interest is provided by the company on the said loan during the year.

ii. Directors' remuneration included in Schedule 14.

	Year ended <u>March 31, 2009</u>	(Amount in Rupees) Year ended <u>March 31, 2008</u>
Salaries	1,945,320	1,375,000
Other benefits	-	-
Directors' sitting fees	125,000	68,000

iii. Auditors' Remuneration

Towards Statutory Audit Fee	120,000	110,000
Towards Tax Audit Fee	40,000	30,000

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

Software Development Services	19,214,983	16,860,389
Trading Activities		-

v. Expenditure in Foreign Currency (on payment basis)

Traveling	582,339	580,609
Conference, Meetings & Seminars	417,200	395,503
Purchase of Software Products	204,741	6,584,116

VI. Related Party Transactions during the Year:

(A) Companies:	Year ended <u>March 31, 2009</u>	Year ended <u>March 31, 2008</u>
----------------	-------------------------------------	-------------------------------------

(a) Subsidiary Companies

B2B Infotech Pte Ltd.
 B2B Softech Inc.
 B2B Software Technologies Kassel GmbH
 B2B Infotech SDN BHD (subsidiary of B2B Infotech Pte. Ltd.)
 B2B Enterprise Solutions Ltd

Nature of Transactions

Sales	3,367,923	6,179,299
Investments made during the period	-	-
Additional Investment made - pending for allotment	-	286,877
Disinvestments made during the year	-	-
Other receipts	-	-
Outstandings:	-	-
- Receivables	4,653,096	4,209,159
- Payables	-	-



16. Notes to Accounts: (Contd')

	Year ended March 31, 2009	(Amount in Rupees) Year ended March 31, 2008
(b) Related Companies (where key management personnel or their relatives have significant influence)		
(i) Ravileela Granites Limited		
Purchase of granites	-	-
Advances given during the Year (net)	-	-
Recovery of Loan		470,000
Interest on Loan	-	-
Amount outstanding	49,103,406	49,103,406
Maximum amount outstanding during the Year	49,103,406	49,427,685
(ii) Exotic Granite & Marble, Inc.		
Sales	-	-
Outstandings:		
- Receivables	-	-
(iii) Genius Doc Inc.		
Sales	13,384,078	9,212,028
Outstandings:		
- Receivables	780,353	1,279,472
(iv). MTAR Technologies Ltd		
Sales	7,590,574	-
Outstandings:		
- Receivables	840,982	-
(B) Directors		
Nature of Transactions		
Remuneration as detailed in Note III above (other than Directors sitting fee)	1,945,320	1,375,000
Advances repaid during the Year	-	2,820,846
Outstandings at the end of the year		
- Payable	-	-
- Receivable	-	-
(vii). Earning Per Share		
Earning per share is computed based on the following:		(Amount in Rupees)
	Year ended March 31, 2009	Year ended March 31, 2008
Profit/(Loss) after Tax	(12,579,351)	3,360,164
Weighted average number of equity shares	11,285,400	10,985,400
Basic and diluted Earning Per Share	(1.11)	0.31
(Nominal value of equity shares: Rs. 10 each)		



16. Notes to Accounts: (Cont'd)

(viii) Taxation

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

- (ix) During the year, the company has purchased Motor Car on Hire Purchase basis from Kotak Mahendra. The same has been secured against the hypothecation and personal guarantee of the directors.
- (x) During the year the company has developed a new software product as well as the existing modules. The cost incurred till date for the development has been charged to Revenue as per Accounting For Intangible Assets issued by the Institute of Chartered Accountants of India.
- (xi) The Company has entered an agreement to sell 80% of the share for a consideration of EURO 20,000 of its wholly owned subsidiary B2B Software Kassel GmbH, Germany. The loss to be incurred on the sale will be accounted after the completion of the transaction.
- (xii) The WOS of the company at Malaysia, B2B Infotech SDN BHD and at Singapore, B2B Infotech Pte Ltd is under liquidation.
- (xiii) During the year the company has made a provision of Rs.70,59,653/- for diminution in the value of Investment in subsidiaries.
- (xiv) During the year the company has made a provision of Rs.9,38,004/- for gratuity based on Actuarial Valuation.
- (xv) The Company has not provided interest on loan due from a related party as the recoverability of the same is doubtful.
- (xvi) Previous year figures have been regrouped to confirm with the current year presentation.

On behalf of the Board of Directors

For and on behalf of
M.Anandam & Co
Chartered Accountants
M.V.Ranganath
Partner
M.No.028031

P Samantha Reddy
Managing Director

Dr. Y. Satyanarayana
Director

Place : Hyderabad
Date : 29-06-2009



Statement on Significant Accounting Policies**Basis of Presentation :**

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

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

REVENUE RECOGNITION:

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

In respect of trading activities, revenue is recognised on transfer of ownership to the customers.

Fixed Assets

Fixed assets are stated at cost less accumulated depreciation. The cost capitalised includes material cost, freight, installation cost, duties and taxes, finance charges and other incidental expenses incurred during the constructions/installation stage.

Gains/losses arising on foreign exchange liabilities incurred for the purpose of acquiring fixed assets are adjusted in the carrying amount of the respective fixed assets.

Depreciation on fixed assets is computed on the written down value method at the rates prescribed under Schedule XIV of the Companies Act, 1956. Individual assets costing less than Rs.5, 000 are depreciated in full in the year of purchase.

Costs of application software for internal use are generally charged to revenue as incurred due to its estimated useful lives being relatively short.

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

Investments

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

Taxes on Income

Current taxes are measured at the amounts expected to be paid using the applicable tax rates and tax laws. Deferred tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax assets if necessary by a valuation allowance for any tax benefit for which it is more likely than not that some portion or all such benefits will not be realised.

Foreign Currency Transactions

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

Retirement Benefits

Contributions to defined schemes such as Provident Fund, Employees State Insurance scheme are charged as incurred on accrual basis. Provision for Gratuity has been made as estimated by the management.

Miscellaneous Expenditure

Miscellaneous Expenditure comprises of preliminary/public issue expenses and deferred revenue expenditure which are amortized over a period of ten years.



Cash Flow Statement for the Year ended March 31, 2009

Amount in Rupees

	As at 31.03.2009	As at 31.03.2008
A. Cash Flows from Operating Activities		
Net profit/(loss) before tax	(12,471,096)	3,446,748
Adjustments for :		
Interest	61,787	12,085
Depreciation	1,477,658	1,432,754
Provision for Diminution in value of Investment in Subsidiary companies	7,059,653	-
Prior Period Expenditure	-	-
Income from Investment - Dividends	(13,012)	(323,536)
(Appreciation)/deminution in value of investment	81,666	(64,476)
Exchange differences on translation of foreign currency cash and cash equivalents	(299,253)	(413,597)
Profit on Sale of Mutual Funds	(6,464)	-
Profit on Sale of Fixed Assets	(85,338)	-
Prior Period Income	(5,163)	-
Operating profit before working capital changes	<u>(4,194,399)</u>	<u>4,089,978</u>
Adjustments for changes in working capital :		
(Increase)/Decrease in Accounts Receivables	5,141,300	(5,216,726)
(Increase)/Decrease in Other Current Assets	35,354	-
(Increase)/Decrease in Loans and Advances	(118,020)	(5,988,173)
(Increase)/Decrease in Work in Progress	(901,824)	(595,200)
Increase / (Decrease) in Trade and Other Payables	(1,828,334)	6,965,835
Less: Taxation	-	(86,584)
Cash generated from operations	<u>(1,865,923)</u>	<u>(830,870)</u>
Interest received from loans, deposits etc.	13,012	323,536
Prior Period Income	5,163	-
Net Cash from Operating Activities	<u>(1,847,748)</u>	<u>(507,334)</u>
B. Cash Flows from Investing Activities		
Purchase of Fixed Assets	2,411,832	(3,912,264)
Sale Mutual Funds	981,408	(3,506,195)
Sale of Fixed Assets	234,069	-
Share Application	-	6,000,000
Net Cash used in Investing Activities	<u>3,627,309</u>	<u>(1,418,459)</u>
C. Cash Flows from Financing Activities		
Increase / (Decrease) in Secured Loans	861,013	(212,998)
Proceeds of Short Term Borrowing	-	(2,820,847)
Interest Paid	(61,787)	(12085)
Net Cash from/(used in) Financing Activities	<u>799,226</u>	<u>(3,045,930)</u>
D. Exchange differences on translation of foreign currency cash and cash equivalents	<u>299,253</u>	<u>413,597</u>
Net Increase in Cash and Cash equivalents during the year (A+B+C+D)	<u>2,878,040</u>	<u>(1,387,416)</u>
Cash and Cash equivalents at the beginning of the year	1,387,416	5,945,542
Cash and Cash equivalents at the end of the year	<u>4,265,455</u>	<u>(4,558,126)</u>

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.

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

On behalf of the Board of Directors

M.V.Ranganath
Partner
For and on behalf of
M.Anandam & Co
Chartered Accountants

P Samantha Reddy
Managing Director

Dr. Y. Satyanarayana
Director

Place : Hyderabad
Date : June 29, 2009

**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	0	9
---	---	---	---	---	---	---	---

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

Public Issue

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

Bonus Issue

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

Rights Issue

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

Private placement

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

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

Total Liabilities

1	1	6	8	6	6
---	---	---	---	---	---

Sources of Funds

Paid-up-Capital

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

Secured Loans

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

Application of Funds

Net Fixed Assets

		5	2	5	5
--	--	---	---	---	---

Net Current Assets

	5	7	5	7	8
--	---	---	---	---	---

Accumulated Losses

	4	1	5	6	7
--	---	---	---	---	---

Total Assets

1	1	6	8	6	6
---	---	---	---	---	---

Reserves & Surplus

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

Unsecured Loans

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

Investments

	1	2	4	6	4
--	---	---	---	---	---

Miscellaneous Exp

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

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

Turnover

	5	2	9	7	0
--	---	---	---	---	---

(Profit)/Loss Before Tax

	1	2	4	7	1
--	---	---	---	---	---

Earning Per Share in Rs.

	-	1	.	1	1
--	---	---	---	---	---

Total Expenditure

	6	5	4	4	1
--	---	---	---	---	---

(Profit)/Loss After Tax

	1	2	5	7	9
--	---	---	---	---	---

Dividend Rate

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

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

Item Code : 85429009.1

Product Description : Software Development
IT Solutions

On behalf of the Board of Directors

Place : Hyderabad
Date : June 29, 2009**P Samantha Reddy**
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 2009	Extent of interest of Holding Company as at 31.03.2009	Net aggregate amount of profit / (loss) so far as it concerns the members of the Holding Company
1.	B2B Infotech Pte Limited 163, Tras Street, # 03-05, Lian Huat Building Singapore – 079024	1 st April 2008 to 31 st March 2009	11-07-2000	2,00,000 Shares of SGD 1/- each	100%	(S\$ 2,832)
2.	B2B Softech Inc., 9001, San Fernando Rd, Sun Valley, CA 91352 USA	1 st April 2008 to 31 st March 2009	17-07-2001	72,000 Shares of USD 1/- each	100%	\$ 1,078
3.	B2B Software Technologies Kassel GmbH, Ludwig-Erhard-Str.12 34134 Kassel, Germany	1 st April 2008 to 31 st March 2009	31-10-2001	EURO 121,431.64	100%	EURO 34,990.41
4.	B2B Infotech SDN BHD (Step down subsidiary of B2B Infotech Pte Ltd) Unit T)3, Third Floor, Block 2320, Century Square, Jalan Usahawan, 63000, Cyberjaya, Selangor Darul Ehsan Malaysia	1 st April 2008 to 31 st March 2009	01-10-2001	2,50,000 Shares of RM 1/- each	100%	(RM -)
5.	B2B Enterprise Solutions Limited 6-3-906/A/2, Somajiguda Hyderabad - 500 082.	1 st April 2008 to 31 st March 2009	09-05-2005	1,00,000 Shares of INR 10/- each	100%	(INR 211,662)



AUDITORS' REPORT ON CONSOLIDATED ACCOUNTS

To
The Board of Directors
B2B Software Technologies Limited
Hyderabad

We have examined the attached Consolidated Balance Sheet of B2B Software Technologies Limited, its subsidiaries B2B Software GmbH, B2B Infotech Pte Limited, B2B Softech Inc, B2B Enterprise Solutions Limited as at 31st March, 2009, the Consolidated Profit & Loss Account and the Consolidated Cash Flow statements for the year ended.

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.

We did not audit the financial statements of the subsidiaries B2B Software GmbH, B2B Infotech Pte Limited, B2B Softech Inc, B2B Enterprise Solutions Limited, whose financial statements reflect total asset of Rs.826.24 Lakhs as at March 31, 2009 and total revenues of Rs.866.92 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 subsidiary, is based solely on the reports of the other auditors.

We further report as under:

- a. We are unable to comment on the extent of the recoverability of the loan amounting to Rs.4,91,03,406/- as at the end of the year extended to a related party in view of the irregularity in the repayments of principal and interest during the year. (Refer to Note 2, of Schedule 18).**
- b. We are unable to comment on the carrying value of the investment in B2B Software Technologies Kassel GmbH, Germany amounting to Rs.65,37,739/- in view of the substantial erosion of net worth in the company (Refer to Note VIII, of Schedule 18).**

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.

On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of the B2B Software Technologies Limited and its subsidiaries, and **subject to our comment given in Clauses a and b above**, we are of the opinion that the said consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India.

- a. In the case of the Consolidated Balance Sheet, of the State of Affairs of B2B Software Technologies Limited and its subsidiaries as at 31st March, 2009;
- 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.

For M.Anandam & Co.,
Chartered Accountants

Place: Hyderabad
Date: 29 June 09.

M.V.Ranganath
Partner
M.No.28031



Consolidated Balance Sheet as at March 31, 2008

Amount in Rupees

	Schedule Reference	As at 31.03.2009	As at 31.03.2008
I. SOURCES OF FUNDS			
Shareholders Funds			
Capital	1	115,931,000	109,931,000
Share Application Money	2	-	6,000,000
Foreign Currency Translation Reserve		977,953	-
2 Loan Funds			
Secured Loans	3	935,078	75,183
Unsecured Loans	4	356,459	-
Deferred tax		49,331	49,331
		<u>118,249,821</u>	<u>116,055,514</u>
II. APPLICATION OF FUNDS			
1 Fixed assets			
(a) Gross block	5	24,876,425	28,421,554
(b) Less : Depreciation		18,491,931	17,365,506
(c) Net block		6,384,494	11,056,048
2 Investments	6	2,545,672	3,621,981
4. Current assets , loans and advances			
(a) Work in Progress	7	1,497,024	595,200
(b) Sundry debtors	8	8,816,569	8,238,100
(c) Cash and bank balances	9	4,993,039	5,863,443
(d) Other Current Assets		18,857	54,211
(e) Loans and advances	10	58,346,181	58,701,763
		<u>73,671,670</u>	<u>73,452,717</u>
Less: Current liabilities and provisions			
(a) Liabilities	11	15,570,823	14,135,818
(b) Provisions	12	3,091,356	1,687,215
		<u>18,662,179</u>	<u>15,823,033</u>
Net current assets		55,009,491	57,629,684
Miscellaneous Expenditure		19,032	22,204
(to the extent not written off or adjusted)			
5 Profit and Loss account		<u>54,291,132</u>	<u>43,725,597</u>
		<u>118,249,821</u>	<u>116,055,514</u>
Significant Accounting Policies & Notes on Accounts	18		

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

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

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

M.V.Ranganath
Partner
M.No.028031

On behalf of the Board of Directors

P Samantha Reddy
Managing Director

Dr. Y. Satyanarayana
Director

Place : Hyderabad
Date : June 29, 2009



Consolidated Profit & Loss for the Year ended March 31, 2009

Amount in Rupees

	Schedule Reference	Year ended 31.03.2009	Year ended 31.03.2008
I. INCOME			
Sales	13	85,096,313	73,545,876
Other income	14	693,800	1,625,658
Increase/(Decrease) in WIP		901,824	595,200
		<u>86,691,936</u>	<u>75,766,734</u>
II. EXPENDITURE			
Purchases & Development Costs	15	10,389,816	15,043,986
Payments and benefits to employees	16	47,387,614	32,773,225
Operating and administrative expenses	17	32,191,229	24,593,090
Interest Expenses		77,483	336,311
Depreciation		2,046,798	2,017,244
Prior Period Expenditure		4,918,500	4,630
		<u>97,011,439</u>	<u>74,768,486</u>
Profit/(Loss) before Taxation & Extra ordinary items		(10,319,503)	998,248
Extra Ordinary Items:			
Exchange Fluctuation on re-organisation of Subsidiaries		-	675,579
		<u>-</u>	<u>675,579</u>
III. Profit/(Loss) before Taxation		(10,319,503)	322,669
Taxation			
- Current (Including FBT)		246,031	143,671
- Deferred		-	(2,358)
IV. Profit/(Loss) after Taxation		(10,565,534)	181,356
Add : Brought forward from previous year		(43,725,598)	(43,906,954)
Balance carried to Balance Sheet		<u>(54,291,132)</u>	<u>(43,725,598)</u>
Basic and diluted earnings per Share		(0.94)	0.02
Significant Accounting Policies & Notes on Accounts	18		

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

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

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

M.V.Ranganath
Partner
M.No.028031

Place : Hyderabad
Date : June 29, 2009

On behalf of the Board of Directors

P Samantha Reddy
Managing Director

Dr. Y. Satyanarayana
Director



Schedules forming part of the Balance Sheet

(Amount in Rupees)

	As at 31.03.2009	As at 31.03.2008
1. Share Capital		
Authorised :		
1,20,00,000 Equity Shares of Rs.10 each	120,000,000	120,000,000
Issued, Subscribed and Paid up:		
109,85,400 Equity Shares of Rs.10 each fully paid up	115,854,000	109,854,000
Add : Shares Forfeited	77,000	77,000
	115,931,000	109,931,000
2. Share Application (Pending allotment)	-	6,000,000
	-	6,000,000
3. Secured Loans		
Hire Purchase Loan	935,078	75,183
	935,078	75,183
4. UnSecured Loans		
Short term loan	2,869,178	-
Less: Mutual Indebtness	(2512719)	-
	356,459	-
6. Investments		
Long Term (at cost),Trade (Quoted)		
Pentamedia Graphics Limited,10450 Equity Shares of Rs.100 each, fully paid-up	11,517,369	11,517,369
Less : Provision for Dimunition in Value of Investment	11,502,948	11,401,583
(Market value - Rs.115,786)		
Investment in B2B Infotech SDN BHD	548,856	-
Less: Provision for Diminution in the Value of Investment	(548,856)	-
	14,421	115,786
Investment in Mutual Funds		
Opening	3,506,195	-
Add: Purchase of Investments	10,037,096	7,506,195
Less: Sale of Investments	(11,012,040)	(4,000,000)
Closing	2,531,251	3,506,195
	2,545,672	3,621,981
7. Work in Progress (Software under development)	1,497,024	595,200
	1,497,024	595,200
8. Sundry Debtors		
(Unsecured, considered good)		
(a) Debts outstanding for a period exceeding six months	3,722,023	2,955,061
(b) Other debts	11,953,667	5,283,040
Less: Provision for Doubtful Debts	(2,207,857)	-
Less:Mutual Indebtness	(4,651,264)	-
	8,816,569	8,238,101
9. Cash and Bank Balances		
Cash on hand	688,000	16,518
Balances with scheduled banks		
- On Current accounts	4,180,250	5,506,239
- On Deposit accounts	124,789	340,686
	4,993,039	5,863,443



B2B SOFTWARE TECHNOLOGIES LIMITED

Schedules forming part of the Balance Sheet

3. Fixed Assets

(Amount in Rupees)

Sl. No.	Description	Gross Block			Depreciation				Net Block	
		As at 01.04.2008	Additions during the period	Deletions/ Adjusted during the period	As at 31.03.2009	As at 01.04.2008	For the period	Deletions/ Adjusted during the period	As at 31.03.2009	As at 31.03.2008
1.	Computers	9,521,760	708,811	1,127,536	9,103,035	7,864,471	808,340	1,040,697	7,632,114	1,657,289
2.	Furniture and Fixtures	5,0160,698	253,837	220,192	5,050,343	3,785,154	340,143	64,210	4,061,087	1,231,544
3.	Office Equipment	4,251,036	1,558,071	-	5,809,107	2,425,863	1,480,604	-	3,906,467	1,825,173
4.	Vehicles	1,672,165	1,395,330	880,229	2,187,266	1,214,271	271,771	785,123	700,919	457,894
5	Software Product QC, ERP	3,027,078	-	367,004	2,660,074	1,760,814	443,325	12,795	2,191,344	1,266,264
6	Software Product - B2B Pharma	3,460,022	-	3,460,022	-	314,930	-	314,930	-	3,145,092
7.	Software Product - B2B Pharma (Axapta)	1,388,796	-	1,388,796	-	-	-	-	-	1,388,796
8.	Software Products - SFA	36,000	-	36,000	-	-	-	-	-	-
9.	Software Product - SMART	48,000	-	-	48,000	-	-	-	48,000	48,000
10.	Copy Right	-	18,600	-	18,600	-	-	-	-	-
	Total	28,421,555	3,934,649	7,479,779	24,876,425	17,365,503	3,344,183	2,217,755	18,491,931	11,020,052
	Previous Year	24,359,648	4,061,906	-	28,421,554	15,243,693	2,121,810	-	17,365,503	11,056,052

**Schedules forming part of the Balance Sheet****Amount in Rupees**

	As at 31.03.2009	As at 31.03.2008
10. Loans and Advances		
(Unsecured, considered good)		
Loans to Companies (Refer Note I on Schedule 16)	49,103,406	49,103,406
Loans to B2B ESOP Trust	6,000,000	6,000,000
Advances recoverable in cash or in kind for value to be received	991,822	1,447,963
Tax Deducted at source (Net of provision for tax)	2,250,953	2,150,394
	<u>58,346,181</u>	<u>58,701,763</u>
11. Liabilities		
Sundry Creditors	13,727,269	10,048,335
Advance from Customers	952,429	2,030,412
Other Liabilities	862,053	441,380
Security Deposits	2,167,618	1,615,691
Less: Mutual Indebtness	(2,138,545)	-
	<u>15,570,823</u>	<u>14,135,818</u>
12. Provisions		
Provision for Gratuity	1,235,198	297,194
Provision for Annual KRA	1,856,158	1,390,021
	<u>3,091,356</u>	<u>1,687,215</u>



Schedules forming part of the Profit & Loss Account

	Year ended 31.03.2009	Year ended 31.03.2008
13. Sales		
Income from Software Development, Sales & Services	88,464,236	73,545,876
Less : Inter Company Sales	(3,367,923)	-
	<u>85,096,313</u>	<u>73,545,876</u>
14. Other Income		
Interest on Debtors	135,801	-
Accretions in value of Investments	(81,666)	64,476
Interest/Dividend on Deposits & Mutual Fund(Gross)	13,463	323,536
Miscellaneous Income	229,984	824,049
Exchange Fluctuation Gain (Net)	299,253	413,597
Profit on Sale of Fixed Assets	85,338	-
Profit on Sale of Mutual Funds	6,464	-
Prior Period Income	5,163	-
	<u>693,800</u>	<u>1,625,658</u>
15. Purchases & Development Costs		
Software Products/Development Costs	10,389,816	15,043,986
	<u>10,389,816</u>	<u>15,043,986</u>
16. Payments and Benefits to Employees		
Salaries, Wages and Bonus	41326552	31,463,492
Contribution to Provident Fund and other Funds	685,484	1,012,812
Gratuity	938,004	-
Food & Beverage	106,289	-
Staff Welfare Expenses	2,224,976	296,920
Managerial Remuneration	1,859,695	1,101,475
Food Coupons	246,614	-
	<u>47,387,614</u>	<u>33,874,699</u>
17. Operating and Administrative Expenses		
Rent	2,817,273	3,650,307
Rates and Taxes	468,347	752,890
Insurance	90,329	308,496
Travelling Expenses	1,260,801	3,339,899
Communication Expenses	1,227,408	1,450,396
Training Fee	270,207	131,834
Printing and Stationery	133,025	248,284
Electricity Charges	663,116	573,613
Advertisement	147,289	180,071
Repairs and Maintenance		
- Machinery	472,344	210,059
- Vehicles	325,930	77,756
Professional and Consultancy Charges	660,271	9,776,978
Auditors' remuneration	223,304	207,159
Directors Sitting Fee	125,000	68,000
Bad Debts	2,812,945	36,970
Dimunution in value of Investment in Subsidiary Companies	7,059,653	-
Membership Fee, Meeting & Seminar Charges	676,033	1,290,635
Donations & Contribution	-	35,981
Miscellaneous Expenses	1,275,956	1,149,115
	<u>32,191,229</u>	<u>23,488,443</u>



18. Notes to Accounts:

I. List of subsidiaries considered for consolidation :

(a)	S.No.	Name of the Subsidiary Company	Country of Incorporation	Extent of Holding (%) as on March 31, 2009
	1.	B2B Infotech Pte Ltd	Singapore	100.00
	2.	B2B Softech Inc.	USA	100.00
	3.	B2B Software Technologies Kassel GmbH	Germany	100.00
	4.	B2B Enterprise Solutions Limited	India	100.00
	5.	B2B Infotech SDN BHD	Malaysia	100.00

The reporting date for all the above companies is March 31

- II.** The Holding Company changed its business and 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 company. This loan is secured against a business arrangement by the supply of materials and further secured by Pledge of shares of the company, having a face value of Rs.1,51,10,000. The Company has not provided interest on loan amount outstanding during the year. The party has not making the paymnet during the year and there exists uncertainty as to the rocoverability of the Principal and Interest. The company has not received any amount either the principle or interest during the year from the said related party. The amount outstanding as at 31st March 2009 Rs, 49,103,406/-. No interest is provided by the company on the said loan during the year.

III. Related Party Transactions during the year:

	Year ended March 31, 2009	(Amount in Rupees) Year ended March 31, 2008.
(A) Related Companies (where key management personnel or their relatives have significant influence)		
Ravileela Granites Limited		
Purchase of granites	-	-
Advances given during the year (net)	-	-
Recovery of loan	-	-
Interest received on loan	-	-
Penal interest received o loan	-	-
Export incentives on export of granites has been disclamed in favour of the company	-	-
Outsanding:		
-Receivables *	49,103,406	49,103,406
* Includes balance of unsecured loan for which repayment schedule is beyond seven years.		
Amount outstanding	49,103,406	49,103,406
Maximum amount outstanding during the year	49,103,406	49,427,685
Genius Doc Inc.		
Sales	13,384,078	9,212,028
Outstandings:		
- Receivables	780,353	1,279,472
(B) Directors		
Whole time directors		
P. Samantha Reddy		
Directors with whom the Company had transactions during the year		-
P. Samantha Reddy	-	-
V. V. Nagendra		
Nature of Transactions		
Remuneration as detailed in Note III above (other than Directors sitting Fess)	1,945,320	1,375,000
Advance repaid during the year	-	2,820,846
Outstandings as at 31.03.2009		
- Payable	-	-
- Receivable	-	-

**B2B SOFTWARE TECHNOLOGIES LIMITED****Year ended
March 31, 2009.****(Amount in Rupees)
Year ended
March 31, 2008.****18. Notes to Accounts:****IV. Earning Per share****Earning Per share is computed based on the following:**

Profit (Loss) after Taxation and Minority Interest	(10,565,534)	181,356
Weight average number of equity shares	11,285,400	10,985,400
Basic and diluted Earning Per Share	(0.94)	0.02
(Normal value of equity shares: Rs. 10 each)		

V. Deferred Tax**Deferred Tax Asset**

Accumulated losses brought forward

Nil

Nil

Deferred Tax Liability

Depreciation

Deferred Tax Asset (Net)**49,331****49,331****49,331****49,331**

VI. During the year, the company has purchased Motor Car on Hire Purchase basis from Kotak Mahendra. The same has been secured against the hypothecation and personal guarantee of the directors.

VI. During the year the company has developed a new software product as well as the existing modules. The cost incurred till date for the development has been charged to Revenue as per According For Intangible Assets issued by the Institute of Chartered Accountants.

VII. The WOS of the company at Malaysia. B2B Infotech SDN BHD and at Singapore, B2B Infotech Pte Ltd is under liquidation.

IX. Reclassification: Previous year figures have been regrouped to confirm with the current year presentation

For and behalf of

M. Anandam & Co**Chartered Accountants**

M. V. Ranganath

Partner

M. No. 028031

Place : Hyderabad**Date : June 29, 2009****On behalf of the Board of Directors****P Samantha Reddy****Managing Director****Dr. Y. Satyanarayana****Director**

**Statement on Significant Accounting Policies****Basis of Presentation :**

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

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

REVENUE RECOGNITION:

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

In respect of trading activities, revenue is recognised on transfer of ownership to the customers.

Fixed Assets

Fixed assets are stated at cost less accumulated depreciation. The cost capitalised includes material cost, freight, installation cost, duties and taxes, finance charges and other incidental expenses incurred during the constructions / installation stage.

Gains/losses arising on foreign exchange liabilities incurred for the purpose of acquiring fixed assets are adjusted in the carrying amount of the respective fixed assets.

Depreciation on fixed assets is computed on the written down value method at the rates prescribed under Schedule XIV of the Companies Act, 1956. Individual assets costing less than Rs.5, 000 are depreciated in full in the year of purchase.

Costs of application software for internal use are generally charged to revenue as incurred due to its estimated useful lives being relatively short.

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

Investments

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

Taxes on Income

Current taxes are measured at the amounts expected to be paid using the applicable tax rates and tax laws. Deferred tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax assets if necessary by a valuation allowance for any tax benefit for which it is more likely than not that some portion or all such benefits will not be realised.

Foreign Currency Transactions

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

Retirement Benefits

Contributions to defined schemes such as Provident Fund, Employees State Insurance scheme are charged as incurred on accrual basis. Provision for Gratuity has been made as estimated by the management.

Miscellaneous Expenditure

Miscellaneous Expenditure comprises of preliminary/public issue expenses and deferred revenue expenditure which are amortized over a period of ten years.



Cash Flow Statement for the Year ended March 31, 2009

Amount in Rupees

	As at 31.03.2009	As at 31.03.2008
A. Cash Flows from Operating Activities		
Net profit/(loss) before tax	(10,319,503)	322,669
Adjustments for :		
Depreciation	2,046,798	2,017,244
Interest received on loans, deposits etc.	(13,463)	(323,536)
Miscellaneous Expenditure written off	3,172	3,172
Profit/loss on write off / disposal of Fixed Assets	85,338	-
Exchange fluctuation on reorganisation of subsidiaries.	299,253	675,579
Provision for (Increase)/ Diminution in Value of Investment	7,141,319	(64,476)
Exchange differences on translation of foreign currency cash and cash equivalents	977,953	(413,597)
Profit on Sale of Mutual Funds	(6,464)	-
Priors Period Income	(5,163)	-
Bad Debts	605,088	-
Operating profit before working capital changes	814,327	2,217,055
Cash Generated from Operatings		
Income Tax	(246,031)	(143,671)
Adjustments for changes in working capital :		
(Increase)/Decrease in Trade and Other Receivables	(578,469)	57,682
(Increase)/Decrease in Loans and Advances	332,922	(5,423,552)
(Increase)/Decrease in Work in Progress	(901,824)	(595,200)
Increase / (Decrease) in Trade and Other Payables	2,861,806	7,453,990
Cash generated from operations	2,282,731	3,566,304
Interest received on loans, deposits etc.	13,463	323,536
Prior Period Income	5,163	-
Net Cash Flow from Operating Activities (A)	2,301,357	3,889,840
B. Cash Flows from Investing Activities		
Purchase of Fixed Assets	(3,545,130)	(4,061,906)
Sale of Mutual Funds	981,408	(3,506,195)
Share application	-	6,000,000
Investment in Subsidiary	(548,856)	-
Net Cash used for Investing Activities (B)	(3,112,578)	(1,568,101)
C. Cash Flows from Financing Activities		
Proceeds / (Repayment) of unsecured Loans	861,563	2,820,846
Proceeds / (Repayment) of Unsecured Loans	356,459	(212,999)
Net Cash Flow from Financing Activities (C)	1,218,022	(3,033,845)
D. Exchange differences on translation of foreign currency cash and cash equivalent(D)	(1,277,206)	(157,412)
Net Increase in Cash and Cash equivalents during the year	(870,405)	(869,518)
Cash and Cash equivalents at the beginning of the year	5,863,443	6,732,961
Cash and Cash equivalents at the end of the year	4,993,039	5,863,443

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.
- Previous year figures have been regrouped wherever necessary to conform with the current year presentation.
This is the Cash Flow Statement referred to in our report of even date

For and on Behalf of
M. Anandam & Co
Chartered Accountants

M.V. Ranganath
Partner
Place : Hyderabad
Date : June 29, 2009

On behalf of the Board of Directors

P Samantha Reddy
Managing Director

Dr. Y. Satyanarayana
Director

**REPORT OF THE DIRECTORS**

The Directors have pleasure in presenting their report to the members together with the audited financial statements of the Company for the financial year ended March 31, 2009.

1 Directors

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

Dr Ramchandra Rao Nemani
Kadiyala Venugopal
Parvatha Samantha Reddy

2 Arrangements to enable Directors to acquire Shares and Debentures

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

3 Directors' Interest in Shares and Debentures

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

Name of Directors	At the beginning of the year	At the end of the year
Holding Company		
B2B Software Technologies Ltd		
Ordinary Shares of INR10		
Dr Ramchandra Rao Nemani	2,458,760	2,458,760
Parvatha Samantha Reddy	15,900	15,900

4 Directors' Receipt and Entitlement to Contractual Benefits

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

5 Share Options

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

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

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

6 Auditors

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

Place : Singapore

Date: 18-06-2009

On behalf of the Board

Ramchandra Rao Nemani
Parvatha Samantha Reddy

STATEMENT OF DIRECTORS

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

- the accompanying balance sheet, profit and loss statement, statement of changes in equity and cash flow statement together with the notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Company as at March 31, 2009 and the results, changes in equity and the cash flows of the Company for the year ended on that date, and
- at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Place : Singapore

Date: 18-06-2009

On behalf of the Board

Ramchandra Rao Nemani
Parvatha Samantha Reddy

AUDITOR'S REPORT**TO THE MEMBERS OF B2B INFOTECH PTE LTD**

(Incorporated in the Republic of Singapore)

We have audited the accompanying financial statements of B2B INFOTECH PTE LTD, which comprise the balance sheets as at March 31, 2009, and the profit and loss statements, the statements of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 ("the Act") and Singapore Financial Reporting Standards. This responsibility includes: devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurances that assets of safeguarded against loss from unauthorised use or disposition: transaction are properly authorise and that they are recorded as necessary to permit the preparation of true and fair profit and loss statement and Balance Sheet and to maintain accountability of assets; selecting and applying appropriate accounting policies; and making accounting estimates that are responsible in the circumstances.

Auditor's Responsibility

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

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

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

In our opinion,

- the financial statements are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company as at March 31, 2009 and the results, changes in equity and cash flows of the Company for the year ended on that date; and
- the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Place : Singapore

Date: 18-06-2009

Natarajan & Swaminathan
Certified Public Accountants



BALANCE SHEET AS AT MARCH 31, 2009

Company

Note	2009 S\$	2008 S\$
Assets Less Liabilities		
Current Assets		
Cash at bank	1,545	4,035
	<u>1,545</u>	<u>4,035</u>
Less: Current Liabilities		
Accrued Expenses	5,081	4,739
Other Payable	4 5,455	5,455
	<u>10,536</u>	<u>10,194</u>
Net Current Liabilities	(8,991)	(6,159)
Net Liabilities	<u>(8,991)</u>	<u>(6,159)</u>
Share Capital	5 203,358	203,358
Accumulated (Losses)/Profit	(212,349)	(209,517)
Total Deficiency	<u>(8,991)</u>	<u>(6,159)</u>

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

Cash Flow Statement for the year ended March 31, 2009

	2009 S\$	2008 S\$
Cash Flow From Operating Activities		
Loss before Income tax	(2,832)	(3,182)
Operating Loss before working capital changes	(2,832)	(3,182)
Accrued Expenses	342	(1,381)
Other Payable	-	(3,358)
Net cash used in operating activities	<u>(2,490)</u>	<u>(7,921)</u>
Cash Flows From Financing Activities		
Proceeds from Issue of shares	-	3,358
Net cash from financing activities	<u>-</u>	<u>3,358</u>
Net Decrease In Cash And Cash Equivalents	(2,490)	(4,563)
Cash and Cash Equivalents brought forward	4,035	8,598
Cash and Cash Equivalents carried forward	<u>1,545</u>	<u>4,035</u>
Cash and Cash Equivalents comprise:-		
Cash at Bank	1,545	4,035
	<u>1,545</u>	<u>4,035</u>

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

Note	2009 S\$	2008 S\$
Revenue	-	-
Other Income		
Miscellaneous Income	-	7
Other Operating Expenses		
Audit Fee		
- Current year	(803)	(1,284)
- Prior year under provision	-	(160)
Bank Charges	(200)	(210)
Filing Fee		
Current Year	(341)	(20)
Prior Year under Provision	(321)	-
Registered Office	(300)	(300)
Secretarial Fees	(600)	(600)
Tax Fees	(267)	(615)
	<u>(2,832)</u>	<u>(3,189)</u>
Loss before Income tax	(2,832)	(3,182)
Income Tax expense	6 -	-
Loss after Income tax	<u>(2,832)</u>	<u>(3,182)</u>

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

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2008

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

1 Corporate Information

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

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

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

The Company has not carried out any trading activities during the financial year. The management of company intends to deregister the Company subsequent to the financial year

Holding Company

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

2 Going Concern

The company incurred a loss after tax of S\$2,832 during the financial year ended March 31, 2009 and as of that date, the current and total liabilities exceeded its current and total assets by S\$8,991. The financial statements have been prepared on a going concern basis on the assumption that financial support from the holding company will be available as and when required. In the event that there is no continued financial support, the going concern basis would be invalid and provision would have to be made for any loss on realisation of the Company's assets and further liabilities and costs, which might arise. The directors are satisfied that financial support from holding company will be available when required.

Statement of Changes in Equity - COMPANY

	Share Capital S\$	Accumulated Losses S\$	Total S\$
Balance as at 01.04.2007	200,000	(206,335)	(6,335)
Issue of Shares	-	(3182)	-
Balance as at 31.03.2008	200,000	(209,517)	(6,159)
Loss after Income tax	3358	-	3358
Loss after Income tax	-	(2,832)	(2,832)
Balance as at 31.03.2009	<u>203,358</u>	<u>(212,349)</u>	<u>(8,991)</u>

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



3 Significant Accounting Policies

a) Basis of Preparation

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

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

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

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

FRS 32 Financial instruments: Presentation

FRS 39 Financial instruments: Recognition & Measurement

The adoption of this did not result in significant changes to the company's accounting policies or have any substantial impact on the financial statements.

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

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

c) Foreign currency transactions

(i) Functional currency

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

(ii) Transactions and balances

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

All exchange differences are included in the profit and loss statement for the year.

d) Financial instruments

Financial assets and financial liabilities are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised if the Company's contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial asset to another party without retaining control or transfers substantially all the risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, i.e. the date that the Company commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Company's obligations specified in the contract expire or are discharged or cancelled.

Financial assets comprise cash at bank.

Financial liabilities include payables.

Trade and other receivables

Trade and other receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method less impairment. For short term receivables the cost approximates the fair value.

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

All impairment losses are recognised in the profit and loss statement. An impairment loss is reversed if the reversal can be related objectively to an event accruing after the impairment loss was recognised. The reversal is recognised in the profit and loss statement.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank.

Trade and other payables

Trade and other payables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. For short term payables the cost approximates the fair value.

e) Income Tax

Income tax expense represents the sum of tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the profit and loss statement because it excludes items of income or expense that are taxable or deductible in other years and if further excludes items that are not taxable or tax deductible. The Company's liability for current tax is calculated using statutory tax rate at the balance sheet date.

Deferred tax is recognised on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases in the computation of taxable profit, and is accounted for using the balance sheet liabilities method. Deferred tax liabilities are generally recognised for all temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt, within equity.



Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on net basis.

4. Other Payables

	<u>2009</u> S\$	<u>2008</u> S\$
Holding Company		
- Trade	5,455	5,455
- Non-Trade	-	-
	<u>5,455</u>	<u>5,455</u>

The amount are unsecured, interest free and repayable on demand.

5. Share Capital

	<u>2009</u> No.of Shares Issued	<u>2009</u> S\$	<u>2008</u> No.of Shares Issued	<u>2008</u> S\$
Ordinary shares issued and fully paid				
Balance at beginning and end of year	203,358	203,358	200,000	200,000
Shares issued	-	-	3,358	3,358
Balance at beginning and end of year	<u>203,358</u>	<u>203,358</u>	<u>203,358</u>	<u>203,358</u>

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction.

6. Income Tax Expense

Provision for Income tax is not required, as the Company has not been engaged in any trading activities during the financial year.

As at end of the financial year, the Company had unutilised tax losses of about S\$111,000 (2008:S\$111,000) available for set off against the future taxable profits, subject to compliance with Section 37 of the Income Tax Act, Cap. 134, and agreement by the Comptroller of Income Tax.

Deferred tax assets of about S\$20,000 (2008:S\$20,000) as at end of the financial year, arising from unutilised tax losses is not recognised as future taxable profits to utilise the losses cannot be reasonably ascertained.

7. Financial Risk

The Board reviews and agrees policies for managing interest rate risk, foreign currency risk, credit risk, liquidity risk, market risk and fair values of the assets and liabilities of the Group. Each of these risks are summarised below:

Liquidity Risk

The Company's current liabilities have exceeded the current assets. However, the Company is not exposed to significant liquidity risk, as the Company does not anticipate any problems in obtaining additional funding from its holding company if the need arises. As at the date of this report, its holding company has undertaken to provide adequate financial support to enable the Company to meet its liabilities as and when they fall due.

Fair Values of financial assets and liabilities

The financial assets and liabilities of the company comprise cash at bank and payables. The caring values of the financial assets and liabilities as shown in the balance sheet approximate their fair value amounts at the balance sheet.

**Capital risk Management**

The management considers the capital of the company to mainly consists of cash and cash equivalents and shareholders equity.

Financial and capital risk management

The management manages the capital to ensure the Company will be able to continue as a going concern while maximizing the return to shareholders through optimization of the capital.

8. New accounting standards and FRS interpretations

At the date of these financial statements, the following FRS and INT FRS that are relevant to the Company were issued but not effective.

	Effective from annual periods beginning on or after
FRS : Presentation of Financial Statements (Revised 2008)	January 1, 2009
FRS23 : Borrowing Cost	January 1, 2009

Consequential amendments were also made to various standards as a result of these new/revised standard.

The management anticipates that the adoption of the above FRS and INT FRS in future periods will not have a material impact on the financial statements of the Company in the period of their initial application, except as disclosed below:

FRS 1- Presentation of Financial Statements (Revised 2008)

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

FRS 23 - Borrowing Costs

FRS 23 will be effective for annual periods beginning on or after January 1, 2009 and eliminates the option available under the previous version of FRS23 to recognise all borrowings costs immediately as an expense. An entity shall capitalise borrowing costs that are directly attributable to the acquisition or production of a qualifying asset as part of the cost of that asset. As the change in accounting policy is to be applied prospectively, there will be no impact on amounts reported for 2009.

9 Authorisation of Financial Statements

These financial statements were authorised for issue in accordance with a resolution of the directors on 18-06-2009.

**DIRECTORS' REPORT**

To,
The Members,
B2B Softech Inc.,

Your Directors present this Annual Report for the financial year ended March 31, 2008

OPERATIONS:

The company has incurred a profit of \$ 1,078 during the year under review. The company is in process of developing and marketing a new product, which will be completed and sold in the future.

FINANCIAL RESULTS

(in USD)

PARTICULARS:	2008 – 2009	2007 – 2008
Total Income	330,226	512,850
Expenditure	329,148	501,778
Profit/(Loss) before tax	1,078	2,072
Less: Provision for tax	-	—
Profit/(Loss) after tax	1,078	2,072
Minority interest in subsidiary's losses	—	-
Net Income/(Loss)	1,078	2,072

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, 2009, 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 31st, 2009;

- (iii) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

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

AUDITORS

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

ACKNOWLEDGEMENTS

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

For and on behalf of the Board

Place : California
DATE : June 11, 2009

DR. RAM NEMANI
Director

AUDITORS REPORT

JAGTIANI & KOMMAREDDY
CERTIFIED PUBLIC ACCOUNTANTS

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

We have audited the accompanying balance sheet of B2B Softech Inc. as of March 31, 2009 and the related statements of operations, stockholders' equity and cash flows of the year ended March 31, 2009. 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, 2009 and the results of its operations and its cash flows for the year ended March 31, 2009 in conformity with generally accepted accounting principles.

Jagtiani & Kommareddy
Certified Public Accountants
Chatsworth, California
June 11, 2009

BALANCE SHEET MARCH 31, 2009**ASSETS****Current Assets:**

Cash	\$ 35,803
Accounts receivable	57,300
Total Current Assets	\$ 93,103

Property and Equipment, net of

Accumulated Depreciation & Amortization	2,725
---	-------

Total Assets **\$ 95,828**

LIABILITIES AND STOCKHOLDERS' EQUITY**Current Liabilities:**

Accounts payable	\$ 1,527
Total Current Liabilities	1,527

Stockholders Equity:

Common stock; \$1.00 par value, 1,000,000 shares authorized, 72,000 shares issued and outstanding	72,000
Retained Earnings	22,301
Total stockholders' equity	\$ 94,301
Total Liabilities and stockholders equity	<u>\$ 95,828</u>

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



STATEMENT OF INCOME FOR THE YEAR ENDED MARCH 31, 2009

	Amount	Percent
Net Revenues	\$ 330,226	100.0%
Cost of Revenues	131,094	39.7
Gross Profit	199,132	60.3
Operating Expenses	198,054	60.0
Net Income	<u>\$1,078</u>	<u>0.3%</u>

STATEMENT OF STOCKHOLDERS' EQUITY FOR THE YEAR ENDED MARCH 31, 2009

Balance at April 1, 2008	\$ 93,223
Net Income for the year ended March 31, 2009	1,078
Balance at March 31, 2009	<u>\$ 94,301</u>

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2009

INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS

Cash flow provided by (used for) operating activities:

Net income	\$ 1,078
------------	----------

Adjustments to reconcile net income to net cash

Provided by (used for) operating activities –

Depreciation and amortization	\$ 6,000
-------------------------------	----------

Changes in assets and liabilities:

(Increase) decrease in assets:

Accounts receivable	(50,545)
---------------------	----------

Increase (decrease) in liabilities –

Accounts payable	(5,835)
------------------	---------

Total adjustments	(50,830)
-------------------	----------

Net cash provided from operating activities	(49,302)
---	----------

Cash flow from Investing Activities:

Purchase of property and equipment	(2,725)
------------------------------------	---------

Net cash provided from operating activities	(2,725)
---	---------

Net Decrease in Cash:	(52,725)
-----------------------	----------

Cash and Cash equivalents, beginning of period	87,830
--	--------

Cash and Cash equivalents, end of period	\$ 35,803
--	-----------

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2009

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, 2009, one customer accounted for 100% of the total sales of \$330,226 this customer owed approximately \$57,300 as of March 31, 2009.

3) Property and Equipment:

A Summary is as follows:

Office Equipment	\$ 29,772
Furniture & Fixtures	1,726
Software	1,956
Capitalized costs of new product line	30,000
	63,454
Less accumulated depreciation and amortization	60,729
	\$ 2,725

Depreciation and amortization expenses related to property and equipment is \$6,000 for the year ended March 31, 2009.

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, 2009.

Year ended March 31,	
2010	\$ 7,920
2011	7,920
2012	7,920
	<u>\$ 23,760</u>

Rent expense amounted to \$7,920 for the year ended March 31, 2009

**SCHEDULE OF COST OF SALES AND
OPERATING EXPENSES**

FOR THE YEAR ENDED MARCH 31, 2009

	<u>Amount</u>	<u>Percent</u>
Cost of Sales:		
Contract Labor	\$ 131,094	39.7%
General and administrative:		
Salaries & Payroll Taxes	172,230	52.1
Bank Charges	1,647	0.5
Depreciation	6,000	1.8
Insurance	5,811	1.8
Legal & Accounting	1,500	0.5
Rent	7,920	2.4
Taxes	2,107	0.6
Telephone	839	0.3
	<u>\$ 198,054</u>	<u>60.0%</u>

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

The supplemental information for the year ended March 31, 2009 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
June 11, 2009

**DIRECTORS' REPORT**

The Directors present the Annual Report of the Company for the financial year ended March 31, 2009.

OPERATIONS:

The Company Enlisting new clients in the European market involves long sales lead time and the company will accrue the benefits of its marketing effort in the subsequent financial year.

FINANCIAL RESULTS**PARTICULARS:****(in Euro)****2008– 2009**

Total Income	340,322.73
Expenditure	304,685.15
Profit / (Loss) before tax	35,637.58
Less: Provision for tax	647.18
Profit / (Loss) after tax	34,990.40
Transfer to Balance Sheet	34,990.40

DIRECTORS

Dr. Ram Nemani is the Director of the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) in the preparation of the Annual Accounts for the year ended March 31, 2008, 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, 2009;
- (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

The 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 reposed in the Company.

For and on behalf of the Board

Place : Kassel**Date : 10-06-2009****DR. RAM NEMANI****Director****Profit and Loss Statement For the year ended March 31, 2009****Balance Sheet 31st March, 2009**

ASSETS (Active side)	EUR	EUR	Last Year
A. Fixed Assets		3,867.00	4,246.00
Office Equipment	1601.00		2,130.00
Low Value Asset	1,484.00		2,116.00
other assets	782.00		
B. Floating assets / current assets			
i. Receivables and other assets // misc.	41,264.13		26,801.72
ii. Cash and bank balances	10,037.91	51,302.04	12,144.32
C. Prepaid Expenses		328.00	0.00
D. Deficit, not covered by own funds		0.00	27,743.00
SUM		<u>55,497.04</u>	<u>70,935.04</u>
LIABILITIES (Passive side)			
A. Own Capital			
i. Capital Stock	25,000.00		25,000.00
ii. Additional paid-in capital	86,386.47		86,386.47
iii. Accumulated deficit / (Loss) brought forward	(135,284.33)		(119,548.31)
iv. Net Income/ Net Loss	34,990.40		(19,581.16)
v. Deficit not covered by equity	0.00		27,743.00
B. Provisions			
Miscell / other provisions	1,885.56		0.00
C. Liabilities			
I. with a term up one year	42,518.94		70,935.04
	<u>55,497.04</u>		<u>70,935.04</u>

Explanation for annual balance sheet 2008 - 2009

Assets (Active side)	EUR	Last Year
A. Fixed Assets		
i) Tangible Assets		
Office Equipment	2,266	2,116.00
Low value asset	1,601	2,130.00
B. Current Assets		
i) Receivables and other Assets		
1. Receivable from services + deliveries	<u>41,264.13</u>	<u>26,801.72</u>
Cash bank balance	10,037.91	12,144.32
Prepaid Expenses	328.00	-
C. Deficit not covered by own capital	-	27,743.00
	55,497.04	70,935.04

	EUR	EUR	Last Year
1. Misc. Operating Income		340,322.73	166,164.84
2. Personal Costs			
a) Salaries and wages	(55,870.96)		(36,834.69)
b) Payroll deductions and security contributions for pension and support	(12,725.50)		(9,557.50)
		(68,596.46)	(46,392.19)
Sub Total		271,726.27	199,772.65
3. Depreciation			
Amortisation of intangible assets of fixed assets and property plants and equipment as well as amortisation of capitalised expenses for start-up and enlargement of the company.		(1,911.73)	(1,430.98)
4. Misc. Operating Costs		(233,941.93)	(137,774.75)
5. Interest and similar expenses		(241.98)	(172.56)
6. Interest and similar income		6.95	24.48
7. Result of Ordinary Business		35,637.58	(19,581.16)
8. Taxes on Income		(512.18)	-
9. Other taxes		(135.00)	-
10. Net Income/Loss		34,990.40	(19,581.16)
Place : Kassel			
Date : 28-06-2009			

Capital Accounts

A. Own Capital			
i. Capital Stock	25,000.00		25,000.00
ii. Additional paid-in capital	86,386.47		86,386.47
iii. Accumulated deficit / (Loss) brought forward	(135,284.33)		(119,548.31)
iv. Net Income/ Net Loss	34,990.40		(19,581.16)
v. Deficit not covered by equity	0.00		27,743.00
B. Provisions			
Miscell / other provisions	1,885.56		0.00
C. Liabilities			
I. with a term up one year	42,518.94		70,935.04
	<u>55,497.04</u>		<u>70,935.04</u>



Explanation for Profit and Loss Statement year ended March 31, 2009			4260 Maintenance of Office rooms	0.00	(721.87)
Profit and Loss Statement			4380 Contribution	(200.00)	(570.00)
EUR Last Year			4570 Lease charges	(942.84)	-
1. Misc. Operating Income			4610 Marketing costs	(296.96)	(616.98)
Other Tax-free turnover	2,656.13	4,086.08	4611 Fair costs	(8,873.27)	9,471.83)
Revenue 19% (VAT)	337,666.60	162,078.66	4631 Allowance on thir party	0.00	(3,545.00)
	<u>340,322.73</u>	<u>166,164.84</u>	4640 Representation costs	(100.00)	0.00
2. Purchases	-	-	4650 Entertainment expenses	(516.21)	(820.23)
3. Personal Costs			4654 Not dedeductible entertainment expeses	(221.28)	(351.47)
4120 Salaries and wages	(47,664.95)	(35,268.69)	4655 Not dedeductible Operating expenses	(792.89)	(923.90)
4121 Benefit for training	770.00	1,320.00	4660 Traveling costs employee	(15,198.12)	(17,261.96)
4175 Travelexpenses	0.00	(438.00)	4661 Traveling costs employee	(4,369.90)	(1,270.40)
4190 Temporary job wages	(8,800.00)	(2,400.00)	4666 Traveling costs employee accommodation costs	(1,013.16)	(5,035.06)
4199 Lump sum tax for temporary personnel			4668 Mileage allowance for journeys	(2,889.43)	0.00
	(176.00)	(48.00)	4780 Outside services	(179,283.03)	(73,372.15)
Payroll deductions and expenses fo rpension provision and for supporting			4805 Maintenance and repair assets/Machines	(16.13)	(153.74)
4130 Legal social contributions	(12,093.05)	(8,105.35)	4806 Maintenance costs hard and software	(129.22)	(120.8)
4138 Contributions to the professional association			4900 Other operating expenses	(186.27)	(528.70)
	(15.45)	(81.00)	4910 Porto	(320.50)	(667.88)
4140 Voluntary social expenses	(617.00)	(1,371.15)	4920 Telephone	(5,236.38)	(6,026.83)
			4925 Fax and internet costs	(73.54)	(75.22)
Sub Total	<u>(68,596.45)</u>	<u>(46,392.19)</u>	4930 Office Supplies	(258.44)	(867.32)
4. Amortisation of intangible assets of fixed assets and property plants and equipment as well as amortisation of capitalised expenses for start-up and enlargement of the company			4940 Magaxines and books	(7.84)	(144.86)
4830 Depreciation on Fixed Assets	(1,084.42)	(798.11)	4945 Other Expenditure	(575.00)	(768.81)
4860 Depreciation on activated GWG	(632.00)	(632.87)	4955 Accountancy costs	0.00	(2,415.52)
4862 Depreciation on Low value fixed assets	(195.31)		4960 Leasing computer and monitor	(971.19)	(838.13)
			4970 Additional charges of Money transfer	(1,757.09)	(1,760.02)
5. Misc. Operating Costs			4986 Tools	<u>(476.37)</u>	<u>(305.79)</u>
2383 Donation	(60.00)	0.00		<u>(233,941.93)</u>	<u>(137,774.75)</u>
4149 Rent	(7,497.28)	(7,508.43)	6. Interest and similar Income	6.95	24.48
4211 Rent for parking space	(226.89)	(352.94)	7. Interest and similar expenses	(241.98)	(172.56)
4240 Gas Electricity Water	(1,448.79)	(1,278.60)	8. Results of ordinary business	35,637.59	(19,581.16)
4250Cleaning	3.91	(0.36)	2215 Advance levy on income derived from securities	(1.29)	0.00
			2218 Allowable solidarity surcharge on advance lvey on income derived from securities	(0.89)	0.00
			4320 trade tax	(510.00)	0.00
			9. Taxes on Income	(512.18)	0.00
			4510 other Taxes	(135.00)	0.00
			Net Income/Loss	34,990.41	(19,581.16)

DEVELOPMENT OF FIXED ASSETS IN EURO - 01.04.2008 - 31.03.2009

ASSET ANALYSIS BALANCE ITEM

Account No.	Indication	Acquisition and Production cost	Entries/ Transfer of an amount	Out Flow	Depreciation / Amortisation	Depreciation for the year	Asset value 31.03.09	Asset value 31.03.08
041000	Office Equipment	5281.08	555.4	-	4235.5	1084.42	1601.0	2130
048000	Low Value Fixed Assets	3592.49	977.3	-	2303.8	827.31	2266.0	2116
Balance Position Office Equipment		8873.57	1532.7	-	6539.3	1911.73	3867	4246

DEVELOPMENT OF FIXED ASSETS IN EURO - 01.04.2007 - 31.03.2008

Balance Position Office Equipment	Acquisition and Production cost	Entries/ Transfer of	Out Flow	Depreciation / Amortisation	Depreciation for the year	Asset value 31.03.08	Asset value 31.03.07
Other Assets business and office equipment	8873.57	1532.7	-	6539.3	1911.73	3867	4246

AUDITOR'S REPORT

B2B SOFTWARE TECHNOLOGIES KASSEL GmbH,
FRANKFURTER STREET, 255, 34134, Kassel.

The balance sheet has been issued on the basis of the presented accounting and documents (data) as well as on the basis of given information. Testing of accounting (Book keeping), documents (data) and of valuation rates was not the subject of this order.

34131 Kassel dated 28-06-2009

ADS Allgemeine Deutsche

**DIRECTORS' REPORT**

To,
The Members,
B2B Enterprise Solutions Limited

Your Directors hereby present the Second Annual Report of your Company together with the Audited Accounts for the financial year ended March 31, 2009 and the report of the Auditors thereon.

FINANCIAL RESULTS:

PARTICULARS:	(In Rupees)	
	2008 – 2009	2007 – 2008
Total Income	-	430,409
Expenditure	211,662	1,797,540
Profit / (Loss) before tax	(211,662)	(1,367,131)
Less: Provision for tax	-	-
Current Tax	-	-
Deferred Tax	-	(2,358)
Profit / (Loss) after tax	(211,662)	(1,364,773)
Add: Brought forward from previous year	(1,395,424)	(30,651)
Transfer to Balance Sheet	(1,607,086)	(1,395,424)

OPERATIONS & FUTURE PROSPECTS:

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

DEPOSITS:

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

BOARD OF DIRECTORS:

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

DIRECTORS' RESPONSIBILITY STATEMENT:

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

- in the preparation of the Annual Accounts for the year ended March 31, 2009, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;
- the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year ended on March 31, 2009;
- 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;
- annual accounts have been prepared on a going concern basis.

AUDITORS:

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

PERSONNEL:

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

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

The disclosures required under Section 217(1) (e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988, for the year ended March 31, 2008 are as follows:

A. Conservation of energy:

Adequate measures have been taken to conserve energy wherever possible.

B. Technology Absorption:

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

Foreign Exchange Earnings and Outgo: NIL

ACKNOWLEDGEMENTS

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

Place : Hyderabad
Date : 28-06-2009

For and on behalf of the Board
P. SAMANTHA REDDY
DIRECTOR

DR. Y. SATYANARAYANA
DIRECTOR



BALANCE SHEET AS AT 31 MARCH 2009

	Schedule Reference	Amount in Rupees	
		As at 31.03.2009	As at 31.03.2008
I SOURCES OF FUNDS			
Shareholders Funds			
Capital	1	1,000,000	1,000,000
Deferred Tax	2	49,331	49,331
		<u>1,049,331</u>	<u>1,049,331</u>
II. APPLICATION OF FUNDS			
1. Fixed assets			
(a) Gross block	3	1,479,918	1,479,918
(b) Less : depreciation		<u>751,198</u>	<u>583,852</u>
(c) Net block		<u>728,720</u>	<u>896,066</u>
2. Current assets , loans and advances			
(a) Sundry debtors	4	549,400	549,400
(b) Cash and bank balances	5a	(1,251)	2,393
(c) Loans and advances	5b	<u>220,636</u>	<u>220,636</u>
		<u>768,785</u>	<u>772,429</u>
Less: Current liabilities and provisions			
(a) Liabilities	6 a	2074292	2,036,792
(b) Provisions	6 b	-	-
		<u>2,074,292</u>	<u>2,036,792</u>
Net current assets		(1,305,507)	(1,264,363)
3. Miscellaneous expenditure	7	19,032	22,204
(Preliminary expences to the extent not written off or adjusted)			
4. Profit & Loss Account	12	<u>1,607,086</u>	<u>1,395,424</u>
		<u>1,049,331</u>	<u>1,049,331</u>

Notes to Accounts 13
The schedules referred to above and statement on Significant Accounting Polices form an integral part of the Balance Sheet.

For and on behalf of
Venkat Malli and Associates
Chartered Accountants

Y.Mallikarjuna Reddy
Partner
Membership No:25122

On behalf of the Board of Directors
P Samantha Reddy
Director

Place : Hyderabad
Date : 28-06-2009

Dr. Y. Satyanarayana
Director

Schedules forming part of the Balance Sheet	Amount in Rupees	
	As at 31.03.2009	As at 31.03.2008
1. Capital		
Authorised :		
100,000 Equity Shares of Rs.10 each	<u>1,000,000</u>	<u>1,000,000</u>
Issued & Subscribed:		
Equity Shares of Rs.10 each		
fully paid up (Out of the above 1,00,000 shares are held by the Holding Company)	<u>1,000,000</u>	<u>1,000,000</u>
Called & Paid up Capital :		
1,00,000 Shares of Rs.10/- each fully paid	<u>1,000,000</u>	<u>1,000,000</u>

Profit and Loss Account for the Period ended March 31, 2009.

	Schedule Reference	Period ended 31.03.2009	Period ended 31.03.2008
I. INCOME			
Sales	8	-	430,409
		<u>-</u>	<u>430,409</u>
II. EXPENDITURE			
Purchases and Development Costs	9	-	-
Payments and benefits to employees	10	0	1,305,252
Operating and administrative expenses	11	41,144	244,266
Depreciation		167,346	244,850
Miscellaneous expenditure written off		<u>3,172</u>	<u>3,172</u>
		<u>211,662</u>	<u>1,797,540</u>
III.Profit/(Loss) before Taxation		(211,662)	(1,367,131)
- Current Year Tax		-	-
- Provision for Deferred Tax			(2,358)
IV.Profit/(Loss) after Taxation		(211,662)	(1,364,773)
Add : Brought forward from previous year		(1,395,424)	(30,651)
Balance carried to Balance Sheet		(1,607,086)	(1,395,424)
Basic earnings per Share (Rs.)		(2.12)	(13.65)
Notes to Accounts	13		

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

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

For and on behalf of

Venkat Malli and Associates

Chartered Accountants

Y.Mallikarjuna Reddy

Partner

Membership No:25122

Place : Hyderabad

Date : 28-06-2009

On behalf of the Board of Directors

P Samantha Reddy

Director

Dr. Y. Satyanarayana

Director

4 . Sundry Debtors

(Unsecured, considered good)
(a) Debts outstanding for a period more than six months

(b) Other debts	549,400	549,400
	<u>549,400</u>	<u>549,400</u>

5a.Cash and Bank Balances

Cash on hand	-	-
Balances with scheduled banks		
On Current accounts	<u>(1,251)</u>	<u>2,393</u>
	<u>(1,251)</u>	<u>2,393</u>

5b. Loans and Advances

(Advances recoverable in cash or in kind for value to be received TDS)	<u>220,636</u>	<u>220,636</u>
	<u>220,636</u>	<u>220,636</u>

6. Liabilities

(a) Sundry Creditors

-Dues to Others	2,038,773	1,937,202
(Due to Holding Company Rs.1,956,839)		
Other Liabilities	3,019	30,090
Security Deposits	<u>32,500</u>	<u>96,500</u>

(b). Provisions

	<u>2,074,292</u>	<u>2,036,792</u>
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7. Miscellaneous Expenditure

(to the extent not written off or adjusted)		
Deferred Revenue Expenditure	19,032	22,204
	<u>19,032</u>	<u>22,204</u>



Schedules forming part of the Balance Sheet

3. Fixed Assets

Amount in Rupees

Sl. No.	Description	Gross Block				Depreciation				Net Block	
		As at 01.04.2008	Additions during the period	Deletions/ Discarded during the Period	As at 31.03.2009	As at 01.04.2008	For the period	Deletions/ Discarded during the period	As at 31.03.2009	As at 31.03.2009	As at 31.03.2008
1.	Computers	95,126	-	-	95,126	64,315	12,325	-	76,640	18,486	30,811
2.	Software	228,800	-	-	228,800	147,033	32,707	-	179,740	49,060	81,767
3.	Furniture and Fixtures	96,112	-	-	96,112	34,558	4866	-	39,444	56,668	61,554
4.	Office Equipment	208,762	-	-	208,762	59,411	12,511	-	71,922	136,840	149,351
5.	Prod. Dev. ERP in Program	803,118	-	-	803,118	278,534	104,918	-	383,452	419,666	524,584
6.	SMART	48,000	-	-	48,000	-	-	-	-	48,000	48,000
	Total	1,479,918	-	-	1,479,918	583,851	167,346	-	751,197	728,721	896,067
	Previous Year	1479913	-	-	1479918	583851	316,915	-	22,087	1,135,331	

Schedules forming part of the Profit and Loss Account

	Amount in Rupees	
	Year ended 31.03.209	Year ended 31.03.208
8. Sales		
Income from Software Development and Related Products	-	430,409
	-	430,409
9. Purchase and development cost		
Software Products & Development Costs	-	-
	-	-
10. Payments and Benefits to Employees		
Salaries	-	1,221,952
Stipend	-	83,300
	-	1,305,252
11. Operating and Administrative Expenses		
Rent	-	27,000
Professional and Consultancy Charges	7,500	0
Printing and Stationery	-	8,600
Electricity Charges	-	62,816
Bank Charges	-	683
Repairs and Maintenance	-	16,988
- Machinery	-	5,537
Books & Periodicals	-	23,844
Office Maintenance	-	1,743
Computer maintenance	-	30,000
Statutory Audit Fee	30,000	36,970
Bad Debts written off	-	1,468
Water Charges	-	23,617
Lease Line Charges	-	5,000
Rates & Taxes	3,644	
	41,144	244,266
12. Profit & Loss Account		
Loss for the year	(211,662)	(1,364,773)
Less : Loss of Previous years	(1,364,773)	(30,651)
Net Balance Carried to Balance Sheet	(1,576,435)	(1,395,424)

13. Notes to Accounts:

I. Statement on Significant Accounting Policies:

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.

Fixed Assets:

Fixed Assets are stated at cost less depreciation. The cost capitalised includes material cost , freight, installation cost, Duties & Taxes and other incidental expenses incurred during the construction / Installation stage. Depreciation on fixed assets is computed on the written down value method at the rate prescribed under Schedule XIV of the Companies Act,1956 except for ERP Software. During the year based on the earning

potential and longevity of the products, it is proposed to write off the capitalised cost of the ERP Package over a period of 5 Years commencing from 2006-07. Depreciation on ERP- Smart Software will be provided from the year in which its development is completed over a period of years depending upon the earning potential and longevity of the product.

Miscellaneous Expenditure:

Miscellaneous Expenditure comprises company floating expenditure which are amortized over a period of 10 Years.

Income Recognition : Income is recognized as and when a particular stage of work mentioned in purchase order is completed.

II. Additional information pursuant to the provisions of paragraph 3 of Part II of Schedule VI of the Indian Companies Act, 1956.

The Company is engaged in the development of Computer Software. The production and sale of such Software cannot be expressed in any generic unit. Hence, quantitative details of sales and other information as required under Paragraphs 3 and 4C of Part II of Schedule VI of the Companies Act, 1956 are disclosed as applicable to the Company.

(Amount in Rupees)

Period ended March 31, 2009 Period ended March 31, 2008

Gross Receipts 430,409

III. Auditors' Remuneration

Statutory Audit Fee 27,500 27,500
Tax Audit fee - -
Expenses 2,500 2,500

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

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

VI. Related Party Transactions during the Year:

(A) Related parties :

1. B2B Software Technologies Limited - Holding Company
2. B2B Software Technologies Kassel GmbH - WOS of B2B Software Technologies Limited.
3. B2B Infotech Pte Ltd., - WOS of B2B Software Technologies Limited.
4. B2B Softech Inc., - WOS of B2B Software Technologies Limited.
5. P. Samantha Reddy - MD of B2B Software Technologies Limited.
6. J. Sharath Reddy - Director of B2B Software Technologies Limited.
7. Dr. Y. Satyanarayana - Director of B2B Software Technologies Limited.

(Amount in Rupees)

Companies: Period ended March 31, 2009 Period ended March 31, 2008

Holding Company
Nature of Transactions
Purchases
- Fixed assets - -
- ERP Software - -
Investments - -

Purchase of Software products:

Outstandings :
- Receivables - -
- Payables 1956839 1,882,178

VII. The Company is incorporated as subsidiary of B2B Software Technologies Limited with the primary objective of focussing on the development of the domestic Software Markets for the Company. The Company was incorporated on 09/05/2005 and has commenced its business on 22/06/2005.

VIII. Previous year figures are regrouped where ever necessary.

behalf of the Board of Directors

Place : Hyderabad
Date : 28-06-2009

P. Samantha Reddy
Director
Dr. Y. Satyanarayana



Cash Flow Statement for the year ended March 31, 2009

Amount in Rupees

	Year Ended 31.03.2009	Year Ended 31.03.2008
A. Cash Flows from Operating Activities		
Net profit/(loss) before tax	(211,662)	(1,367,131)
Adjustments for :		
Depreciation	167,346	244,850
Miscellaneous Expenditure written off	3,172	3,172
Operating profit before working capital changes	(41,144)	(1,119,109)
Adjustments for changes in working capital :		
(Increase)/Decrease in Trade and Other Receivables	-	1,050,386
(Increase)/Decrease in Loans and Advances	-	(19,911)
Increase / (Decrease) in Trade and Other Payables	37,500	42,335
Less: Provision for Taxation	-	-
Cash generated from operations	(3,644)	(46,299)
Net Cash from Operating Activities	(3,644)	(46,299)
B. Cash Flows from Investing Activities		
Purchase of Fixed Assets	-	-
Preliminary Expenses	-	-
Net Cash used in Investing Activities	-	-
C. Cash Flows from Financing Activities		
Share capital	-	-
Net Cash from/(used in) Financing Activities	-	-
Net Increase in Cash and Cash equivalents during the year (A + B + C)	(3,644)	(46,299)
Cash and Cash equivalents at the beginning of the year	2,393	48,692
Cash and Cash equivalents at the end of the year	(1,251)	2,393

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.

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

For and on behalf of
Venkat Malli and Associates
Chartered Accountants

Y.MalliKarjuna Reddy
Partner
Member ship No:25122

On behalf of the Board of Directors
P Samantha Reddy
Director

Dr. Y. Satyanarayana
Director

Place : Hyderabad
Date : 28-06-2009



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

We have audited the attached Balance Sheet of 'B2B Enterprise Solutions Limited,' Hyderabad as on 31st March, 2009 and also the Profit and Loss Account and cash flow, statement for the year ended on that date annexed thereto which we have signed with reference to this report. These financial statement are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatement. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the over all financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub - section (4A) of Section 227 of the Companies Act, 1956 and on the basis of such checks of the books and records of the Company as we consider appropriate and according to the information and explanations given to us. We give in the annexure a statement on the matters specified in paragraph 4 and 5 of the said order.
2. Subject to our observations in the annexure referred in paragraph above we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b) In our opinion proper books of accounts as required by law have been kept by the Company so far as it appears from our examination of such books.
 - c) The Balance Sheet and Profit and Loss Account referred to in this report are in agreement with Books of Accounts.
 - d) In our opinion the Balance Sheet and Profit and Loss Account are in compliance with the Accounting Standards referred to in Sec. 211 (3C) of the Companies Act. 1956.
 - e) On the basis of the written representation received from the Directors as on 31st March, 2009 and taken on record by the Board of Directors, none of the Directors of the Company are disqualified as on 31st March, 2009 from being appointed as a Director under clause (g) of sub - section (1) of section 274 of the Companies Act, 1956.
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and Profit and Loss Account read together with the significant accounting policies and notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view :
 - i). In so far as it relates to the balance sheet of the state of affairs of the Company as on 31st of March 2009.
 - ii). In so far it related to the Profit and Loss Account, of the Loss of the Company for the year ended 31st of March 2009; and
 - iii) In the case of Cash Flow Statement, of the Cash Flows of the company for the year ended 31st of March, 2009.

Y. MALLIKARJUNA REDDY
Partner
for VENKATMALLI & ASSOCIATES
CHARTERED ACCOUNTANTS

Place : Hyderabad.
Date : June 28, 2009



1. ANNEXURE REFERRED TO IN PARAGRAPH (1) OF THE REPORT OF EVEN DATE :

- (i). (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The fixed assets of the company have been physically verified by the management during the year and no material discrepancies between the book records and physical inventory were noticed on such verification. In our opinion the frequency of verification is reasonable.
- (c) In our opinion, the Company has not disposed of substantial part of fixed assets during the year and the going concern status of the company is not affected.
- (ii) In My Opinion and according to the information and explanations given to us the Company neither granted nor taken the loans from the parties to be entered in the register maintained under section 301 of the Companies Act, 1956.
- (iii). In our opinion and according to the information and explanations given to us there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of fixed assets and with regard to the sale of goods. During the course of our audit, We have not observed any major weaknesses in internal control.
- (iv) (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transaction made in pursuance of contract or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding a value of Rupees Five Lakhs in the respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time
- (v). The Company has not accepted any deposits from the Public with in the meaning of sections 58A and 58AA of the Companies Act, 1956 and the rules framed there under,
- (vi) In our opinion, The Company has an internal audit system commensurate with its size and nature of its business,
- (vii) (a) The Company is generally regular in depositing with appropriate authorities undisputed Statutory dues including Sales Tax and other material Statutory dues applicable to it. According to the information given to us, Provident Fund, Employees State Insurance, Investor Education Protection Fund, Wealth Tax, Customs Duty, Excise Duty and cess are not applicable to the Company for the year under consideration .
- (b) According to the information and explanations given to us no undisputed amounts payable in respective of Wealth Tax , Sales Tax, Customs Duty, Excise Duty, and cess were in arrears, as at 31st March 2009 for period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, there are no dues of Sales Tax, Income Tax, Custom Duty, Excise Duty , Wealth tax, and cess which have not been deposited on account of any disputes .
- (viii). The accumulated loss as on 31.03.2009 is more than 50% of the net worth and the company has incurred a cash loss Rs. 41144 during the year and Rs. 1116751 in the immediately preceding financial year.
- (ix). In our opinion and according to the information and explanation given to us , no loans and advances have been granted by the Company on the basis of security by way of pledge of shares debentures and other securities.
- (x). In our opinion the Company is not a chit fund or a nidhi/mutual benefit fund/society, therefore clause 4(xiii) of the companies (Auditor's Report) order 2003 is not applicable to the company
- (xi). In our opinion and according to the information and explanation given to us the Company is not dealing in shares and securities.
- (xii). In our opinion and according to the information and explanations given to us the Company has not given guarantees for the loans taken by others from Banks or Financial Institutions
- (xiii). The Company has not raised any new term loans during the year.
- (xiv) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the company, there are no funds raised on a short term basis which have been used for long term investments.
- (xv) The Company has not made any preferential allotment of shares to party and the Companies covered in the register maintained under section 301 of the Companies Act, 1956 during the year.
- (xvi) The Company has not raised any money by way of Public issue during the year.
- (xvii) During the course of the examination of the books and records of the company carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instances of fraud on or by the company noticed or reported during the year nor have we been informed of such case by the management.
- (xviii) In Our Opinion the other clauses (II), (VIII), (X), (XI), (XIX) of paragraph 4 of the Companies Auditors Report Order' 2003 are not applicable in the case of the company for the current year.



B2B SOFTWARE TECHNOLOGIES LIMITED
Regd. Office: 6-3-906/A/2, Somajiguda, Hyderabad - 500 082.

ATTENDANCE SLIP

I hereby record my presence at the Fifteenth Annual General Meeting of B2B SOFTWARE TECHNOLOGIES LIMITED being held at its Registered Office at 6-3-906/A/2, Somajiguda, Hyderabad -500 082 on Wednesday the 30th day of September, 2008 at 11.00 a.m.

Name of the Member : _____
(In Capital Letters)

Name of the Proxy : _____
(In Capital Letters)

Member's/Proxy : _____
signature

Registered Folio No: : _____ Client ID : _____ DP ID : _____

NOTE :

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



B2B SOFTWARE TECHNOLOGIES LIMITED
Regd. Office: 6-3-906/A/2, Somajiguda, Hyderabad - 500 082.

PROXY FORM

I/We _____ of _____ in
the district of _____

_____ being a Member/Members of the
above named

Company, hereby appoint _____ of _____ in
the district of _____ failing him _____
of _____ in the district of _____

as my/our proxy to attend on my/our behalf at the Fifteenth Annual General Meeting of B2B SOFTWARE TECHNOLOGIES LIMITED being held at its Registered Office at 6-3-906/A/2, Somajiguda, Hyderabad – 500 082 on Wednesday the 30th day of September, 2008 at 11.00 a. m and at any adjournment thereof.

Signed this _____ day of _____ 2009.

Signature _____

Registered Folio No. _____ Client ID : _____

No. of Shares _____ DP ID : _____

Affix
Re. 1/-
Revenue
Stamp

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