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## DIRECTORS

1. Dr. Ram Nemani	Chairman
2. Dr. Satyanarayana Y	Director
3. Dr. Murthy Mutyala	Director
4. Mr. M. Rambabu	Director
5. Mr. A. Rambabu	Director
6. Mr. Ch. Suresh	Director
7. Mr. V.V. Nagendra	Managing Director

### REGISTERED OFFICE:

6-3-1112, 3rd & 4th Floor, AVR Tower,  
Behind Westside Showroom  
Near Somajiguda Circle, Begumpet,  
Hyderabad - 500 016.  
Website: [www.b2bsofttech.com](http://www.b2bsofttech.com)  
email: [investorservice@b2bsofttech.com](mailto:investorservice@b2bsofttech.com)

### STATUTORY AUDITORS:

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

### BANKERS:

ICICI Bank Ltd.  
Khairatabad, Hyderabad – 500 004

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

HSBC,  
Banjara Hills Br., Rajbhavan Road, Hyd-bad

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



NOTICE

Notice is hereby given that the Eighteenth Annual General Meeting of the members of B2B Software Technologies Limited will be held on Friday the 28th of September, 2012 at the registered office of the Company situated at 3rd & 4th Floor, AVR Towers, 6 – 3 – 1112, Behind West Side Showroom, Near Somajiguda Circle, Begumpet, Hyderabad – 500016 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, 2012 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 Mr. A. Rambabu who retires by rotation and being eligible offers himself for reappointment.
3. To consider and appoint Mr. M. Rambabu who retires by rotation and being eligible offers himself for reappointment.
4. To consider and appoint M/s Umamaheswara Rao & Co., Chartered Accountants as the Statutory Auditors of the Company, in the place of existing Statutory Auditors M/s. Niranjana & Narayan, Chartered Accountants who have expressed their unwillingness to continue as the Auditors of the Company due to their pre occupations, to hold office until the conclusion of next Annual General Meeting at such remuneration as may be decided by the Board of Directors.

By order of the Board  
For B2B Software Technologies Limited

Date: 03.08.2012  
Place: Hyderabad

V. V. NAGENDRA  
Managing Director



NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIM/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER TO BE VALID AND EFFECTIVE MUST BE RECEIVED BY THE COMPANY AT ITS REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE TIME FIXED FOR THE MEETING.
2. Pursuant to the provisions of Section 154 of the Companies Act, 1956, the Register of Members and Share Transfer Books of the Company will remain closed from 21.09.2012 to 28.09.12 (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 Mr. M RAM BABU:

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

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

PROFILE OF Mr. A RAM BABU:

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

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

By order of the Board  
For B2B Software Technologies Limited

Date: 03.08.2012  
Place: Hyderabad

V. V. NAGENDRA  
Managing Director

DIRECTORS' REPORT

To,

The Members,  
B2B Software Technologies Limited

Your Directors hereby present the Eighteenth Annual Report of your Company together with the Audited Accounts including Consolidated Accounts for the financial year ended March 31, 2012 and the report of the Auditors thereon.

FINANCIAL RESULTS:

(In Rupees)

PARTICULARS:	2011 – 2012	2010 – 2011	Consolidated 2011 -2012
Total Income	44,206,944	44,679,754	57,528,930
Expenditure	45,153,048	79,088,690	58,397,293
Profit /(Loss) before tax	(946,104)	(34,408,936)	(868,363)
Less: Provision for tax	-	-	6,471
Profit / Loss after tax	(946,104)	(34,408,936)	(874,834)
Add: Brought forward from previous year	(79,969,540)	(45,560,604)	(80,279,061)
Transfer to Balance Sheet	(80,915,644)	(79,969,540)	(81,153,895)

OPERATIONS & FUTURE PROSPECTS:

The Performance of the company better than previous year. There are no material changes occurred after the date of Balance Sheet affecting the business of the company. The company does not propose to transfer any amount to the reserves since the company has incurred losses.

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:

Mr. A. Rambabu and Mr. M. Rambabu, Directors of the company retire by rotation and being eligible offer themselves for re appointment. The Board recommends their re appointment.

DIRECTORS' RESPONSIBILITY STATEMENT:

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





- (i) in the preparation of the Annual Accounts for the year ended March 31st, 2012, 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, 2012;
- (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 AND AUDIT REPORT:**

The notes on Financial Statement referred to in the Auditors Report are self explanatory and do not call for any further comments.

M/s. Niranjana & Narayan, Chartered Accountants have expressed their unwillingness to continue as the Statutory Auditors of the Company due to their pre-occupations. The Board of Directors had identified M/s. Umamaheswara Rao & Co., Chartered Accountants to be appointed as Statutory Auditors of the Company.

M/s. Umamaheswara Rao & Co, Chartered Accountants have consented to be appointed as the Statutory Auditors of the Company and their appointment, if approved in the General Meeting, would be within the limits specified under Section 224 of the Companies Act, 1956. The said Auditors possess a valid Peer Review Certificate issued by the Institute of Chartered Accountants of India for issuing Limited Review Certificate for the un audited results as required under the provisions of the Listing Agreement.

The Board of Directors recommends the appointment of M/s. Umamaheswara Rao & Co, Chartered Accountants as the Statutory Auditors of the Company.

**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, 2012 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 : NIL
- b. Benefits derived as result of the above efforts e.g., product improvement, cost reduction, production development, import substitution etc : NIL

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

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

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

- a. Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services, and export plans:

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

- b. Total Foreign Exchange used and earned:

Sl. No.	Particulars of the transaction	2011 – 2012 (in Rs.)	2010 – 2011 (in Rs.)
1.	Total Foreign Exchange earnings	21,912,230	17,989,699
2.	Foreign Exchange outgo		
	a. on account of Purchase of Software Licenses	409,120	189,531
	b. on account of International Telephone Charges	109,750	64,468
	c. on account of Commission	140,975	-
	Total Foreign Exchange outgo	659,845	254,179

**ACKNOWLEDGEMENTS:**

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

For and on behalf of the Board

Place : Hyderabad  
Date : 03.08.2012

V. V. NAGENDRA      Y. SATYANARAYANA  
Managing Director      Director



## **MANAGEMENT DISCUSSION AND ANALYSIS**

### Snap shot of Performance:

B2B India has ended the financial year 2011-12 with revenue of 442 lacs and consolidated revenue of 575 lacs. The constant Endeavour is to build a business around revenue from new customers and annuity business coming in from our existing customers through repeat orders and BREP renewals.

### B2B in the Microsoft Dynamics world

B2B is India's leading provider of business consulting services delivering exceptional service and sustainable value through consulting, software and IT implementation in Microsoft Dynamics World. Our diverse clientele includes mid-sized companies and larger enterprises.

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

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

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

B2B has registered Tower Vertical on Microsoft Dynamics NAV.

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

Our Reseller base is consistently increasing with more than 150 add-on sales in India and Abroad. Our Reseller base abroad spreads across, Singapore, Philippines, Malaysia, Vietnam, Sri Lanka, Australia, South Africa, UAE and Middle East.

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

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

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

### B2B - Health Care Division

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

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

GeniusDoc Oncology proved to be a niche product for Oncology and was selected by American Society of Clinical Oncology (ASCO's) panel to be presented at the EHR Lab during the ASCO 2011 Annual Meeting in Chicago, ILL. GD was one of ten EHR vendors selected to demonstrate ASCO's EHR Guidelines and quality initiatives during the 2011 EHR Lab at ASCO's Annual Meeting in Chicago.

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

### Outlook:

B2B has picked up in the market with the recent International Projects as well as growth in domestic market. This year's company budget and projects are moderate. We hope that we can improve our company financials & performance by the turnaround in the market.

### Risk and Risk Mitigations :

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

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



CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

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

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

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

2. BOARD OF DIRECTORS:

Composition and Functions:

The Board consists of 7 Directors with considerable professional experience and expertise in various fields. The Board of Directors has the ideal composition with more than half the directors being non-executive directors. Since the Company has a non-executive Promoter Chairman, the Board's composition meets the stipulated requirement of at least one-half of the Board comprising independent directors.

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

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

5 (Five) Board Meetings were held during the financial year 2011 – 2012 on the following dates:

06.04.2011  
15.05.2011  
11.08.2011  
09.11.2011  
27.01.2012

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 2011 to March 2012), 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
Dr. Murthy Mutyala (Promoter and Non-Executive Director)	Nil	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	1	1
Mr. V. V. Nagendra (Non Promoter and Executive Director)	5	Yes	1	Nil
Mr. A. Rambabu (Non Promoter and Independent Director)	5	Yes	Nil	2
Mr. M. Rambabu (Non Promoter and Independent Director)	5	Yes	Nil	1
Mr. Ch. Suresh (Non Promoter and Independent Director)	5	Yes	Nil	2

Name of the Director and category of Directorship	Other Directorship
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)	The Kakinada Co-operative Town Bank
Mr. V. V. Nagendra, Executive Director (Non Promoter and Whole Time Director)	Rupesh Granite Exports Private Limited.
Mr. A. Rambabu (Non Promoter and Independent Director)	NIL
Mr. M. Rambabu (Non Promoter and Independent Director)	NIL
Mr. Ch. Suresh (Non Promoter and Independent Director)	NIL

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

Sl. No.	Name of the Director	No. of shares held
1.	Dr. Murthy Mutyala	4,01,150
2.	Dr. Ram Nemani	24,58,760
3.	Dr. Y. Satyanarayana	NIL
4.	Mr. V. V. Nagendra	NIL
5.	Mr. A. Rambabu	NIL
6.	Mr. M. Rambabu	NIL
7.	Mr. Ch. Suresh	NIL

**CODE OF BUSINESS CONDUCT AND ETHICS**

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

The Code of Business Conduct and Ethics have been posted on the Company's website – [www.b2bsoftech.com](http://www.b2bsoftech.com).

**3. AUDIT COMMITTEE:***Composition, Names of Members & Chairperson and terms of reference*

The Audit Committee of the Board comprises of 3 Non-Executive Independent Directors and 3 Non Independent Directors. Dr. Y. Satyanarayana 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.	Dr. Y. Satyanarayana	Chairman
2.	Dr. Ram Nemani	Member
3.	Dr. Murthy Mutyala	Member
4.	Mr. A Ram Babu	Member
5.	Mr. M Ram Babu	Member
6.	Mr. Ch Suresh	Member

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

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

1. 06.04.2011
2. 15.05.2011
3. 11.08.2011
4. 09.11.2011
5. 27.01.2012

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



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

Sl. No	Name of the Director	No. of Meetings Attended
1.	Dr. Y. Satyanarayana	4
2.	Dr. Ram Nemani	1
3.	Dr. Murthy Mutyala	NIL
4.	Mr. A Ram Babu	5
5.	Mr. M Ram Babu	5
6.	Mr. Ch Suresh	5

4. REMUNERATION COMMITTEE:

The Remuneration Committee was reconstituted in the Board Meeting held on 14.02.2011 with Dr. Ram Nemani, Dr. Murthy Muthyala and Mr. A. Rambabu as the Members. The Remuneration Committee decides, reviews and approves the remuneration package for the directors, which includes salary, benefits, bonuses, pensions and Employee Stock Options.

Details of Remuneration paid to the Directors for the year 2011 – 2012

Particulars	V. V. Nagendra Managing Director
Remuneration 01.04.2011 – 31.03.2012	Rs.1,25,000/- per month

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

5. SHAREHOLDERS COMMITTEE:

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

Sl. No	Name of the Member	Designation
1.	Mr. M. Rambabu	Chairman
2	Mr. Ch. Suresh	Member
3.	Mr. V. V. Nagendra	Member

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

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

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



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

**CEO/CFO CERTIFICATION:**

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

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

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

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

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

**8. GENERAL BODY MEETINGS:**

Location and date/time of last three Annual General Meetings

Year	Location	Date	Time
2010 – 2011	Registered Office at 3 <sup>rd</sup> & 4 <sup>th</sup> Floor, AVR Towers, 6 – 3 – 1112, Behind West Side Showroom, Near Somajiguda, Begumpet, Hyderabad – 500016	30 <sup>th</sup> September, 2011	11.00 A. M.
2009 - 2010	Registered Office at 3 <sup>rd</sup> & 4 <sup>th</sup> Floor, AVR Towers, 6 – 3 – 1112, Behind West Side Showroom, Near Somajiguda, Begumpet, Hyderabad – 500016	30 <sup>th</sup> September, 2010	10.30 A. M.
2008 – 2009	Registered Office at 6-3-906/A/2, Somajiguda, Hyderabad – 500 082	30 <sup>th</sup> September, 2009	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 V on Schedule 20 on the financial statements. There are no transactions, which may have potential conflict with the interests of the Company at large.

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

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

**10. MEANS OF COMMUNICATION:**

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

The results of the Company are also displayed on the company website : [www.b2bsofttech.com](http://www.b2bsofttech.com)

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

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

Date	Day	Time	Venue
28.09.2012	Friday	11.00 a.m.	Registered Office

**B. Financial Calendar: 1st April, 2012 to 31st March, 2013**

1st Quarter results	Half Yearly results	3rd Quarter results	4th Quarter results
August, 2012	November, 2012	February, 2013	May, 2013

**C. Date of Book Closure:**

21.09.2012 to 28.09.2012 (both days inclusive).

**D. Dividend Payment Date:**

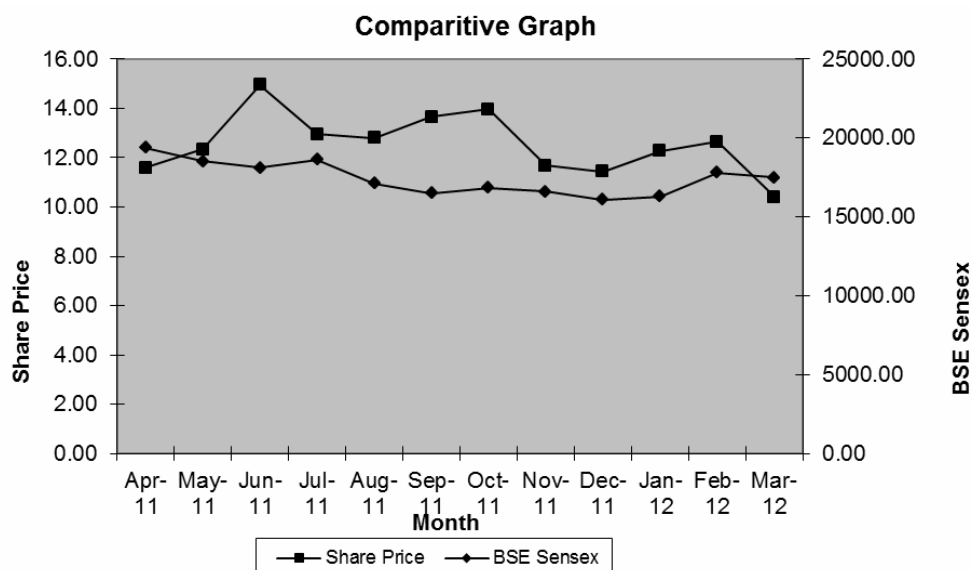
No Dividend is recommended for the financial year 2011 – 2012

**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 (2011 – 2012)  
In Rupees**

Period	The Bombay Stock Exchange Limited, Mumbai	
	High	Low
April 2011	14.15	9.01
May 2011	14.79	9.88
June 2011	17.28	12.61
July 2011	16.35	9.55
August 2011	14.85	10.74
September 2011	14.95	12.35
October 2011	14.68	13.25
November 2011	12.60	10.75
December 2011	11.90	10.98
January 2012	14.03	10.50
February 2012	13.28	11.99
March 2012	13.20	7.61

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

**H. Registrar and Transfer Agents:**

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

CIL Securities Limited,

214, Raghava Ratna Towers,

Chirag Ali Lane, Abids, Hyderabad – 500 001

Ph. Nos.23203156 and 23202465

Fax: 66661277 and 23203028 e-mail: advisors@cilsecurities.com

**I. Share Transfer System:**

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

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

**J. Distribution of shareholding:**

Distribution Schedule as on 31.03.2012 is furnished below:

Category		No of Holders	No of Shares	% of shares to Total Equity
From	To			
01	5000	1600	622,306	5.37%
5001	10000	17	129,635	1.12%
10001	20000	14	197,317	1.70%
20001	30000	5	119,521	1.03%
30001	40000	0	0	0
40001	50000	2	83,426	0.72%
50001	100000	4	306,305	2.64%
100001	ABOVE	16	10,126,890	87.41%
TOTAL		1658	11,585,400	100%

Shareholding pattern as on 31st March 2012

Sl. No.	Category	No. of shares	%
1	Promoters & Associates	8,706,036	75.15
2	Private Body Corporates	153,382	1.32
3	Indian Public	2,527,930	21.82
4	Non-resident individuals & OCBs	198,052	1.71
	TOTAL	11,585,400	100%

Forfeited Shares: 15400 Equity Shares



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

Name of Demat Registrars: CIL Securities Limited,  
214, Raghava Ratna Towers,  
Chirag Ali Lane,  
Abids, Hyderabad – 500 001

Ph. Nos.23203156 and 23202465  
Fax: 66661277 and 23203028  
e-mail: advisors@cilsecurities.com

International Securities Identification Number (ISIN): INE151B01011

The Company has entered into Agreements with NSDL and CDSL, and as on 31.03.2012, 38,19,929 Equity Shares have been dematerialized, constituting 32.97% of the total equity. As per the directives of Securities and Exchange Board of India (SEBI), the Company's shares are covered under the compulsory dematerialization list and are transferable through the depository system.

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

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

Development Centre / Registered Office / Address for correspondence

B2B SOFTWARE TECHNOLOGIES LIMITED,  
3rd and 4th Floor, AVR Towers, 6 – 3 – 1112,  
Behind West Side Showroom, Near Somajiguda Circle,  
Begumpet, Hyderabad – 500016  
investorservice@b2bsofttech.com

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

The company has not adopting any of the non mandatory requirements specified in clause 49 i.e. corporate governance.

**CHIEF EXECUTIVE OFFICER (CEO) CERTIFICATION**

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

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



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

V. V. NAGENDRA  
Managing Director

Place: Hyderabad  
Date: 03.08.2012



## AUDITORS' REPORT ON CORPORATE GOVERNANCE

To  
The Board of Directors  
B2B Software Technologies Limited  
Hyderabad

We have examined the compliance of conditions of Corporate Governance by B2B Software Technologies Limited for the year ended 31<sup>st</sup> March, 2012 as stipulated in Clause 49 of the Listing Agreement of the said company with stock exchanges.

The compliance of condition of Corporate Governance is the responsibility of management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company. In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned listing Agreement.

We state that in respect of investor grievances received during the year ended 31<sup>st</sup> March, 2012, no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Company. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place: Hyderabad  
Date: 3<sup>rd</sup> August, 2012

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

M.Niranjana  
Partner  
M.No.029552



AUDITORS' REPORT

To  
The Members  
B2B Software Technologies Limited  
Hyderabad

1. We have audited the attached Balance Sheet of B2B Software Technologies Limited, as at 31st March, 2012 the Profit & Loss Account and the Cash Flow statement for the year ended on that date annexed there to. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 & 5 of the said Order.
4. Further to our comments in the annexure referred to in paragraph 3 above, We report that:
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief are necessary for the purpose of our audit;
  - b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books;
  - c) The Balance Sheet, Profit & Loss Account and Cash Flow Statements dealt with by this report are in agreement with the books of accounts;
  - d) In our opinion the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956.
  - e) On the basis of written representations received from the Directors of the Company, as on 31st March, 2012 and taken on record by the Board of Directors, we report that none of the Director is disqualified as at 31st March, 2012 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, 2012;
    - ii. In the case of the Profit & Loss Account, of the Loss of the Company for the year ended on that date; and
    - iii. In the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

Place: Hyderabad  
Date: 6th April, 2012

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

M.Niranjana  
Partner  
M.No.029552

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

1. a. The company has compiled the fixed assets register showing full particulars including quantitative details, location and value of fixed assets.  
b. As explained to us, the management has physically verified some of the fixed assets during the year. As reported to us, there were no discrepancies found during such verification.  
c. In our opinion, the company has not disposed of substantial part of the fixed assets during the year and the going concern status of the company is not affected.
  2. The company is engaged in Information Technology and related services and does not hold any inventories for physical verification. Accordingly, Paragraph 4 (ii) (a), (b) and (c) of the order is not applicable.
  3. a. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to Companies, firms or other parties covered in the registered maintained under section 301 of the Companies Act, 1956. Accordingly, Paragraph 4 (iii) (f) and (g) of the Order is not applicable.  
b. According to the information and explanations given to us, the Company has not taken any loans, secured or unsecured, to Companies, firms or other parties covered in the registered maintained under section 301 of the Companies Act, 1956. Accordingly, Paragraph 4 (iii) (f) and (g) of the Order is not applicable.  
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. According to the information and explanation given to us, the Company, being engaged in Information Technology and related services, Paragraph 4 (Viii) of the Order is not applicable.
  8. In respect of statutory dues:  
a. The Central Government has not described the maintenance of cost records under section 209 (1) (d) of the companies act 1956 for any of the services rendered by the company. Accordingly, Paragraph 4 (viii) of the order is not applicable.
  9. 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, 2012 for a period of more than six months from the date they become payable.  
b. According to the records of the company examined, there are no dues of Customs tax, Wealth tax, Excise duty / Cess, except in case of Sales tax (i.e., AP GST/CST), the details are given below:
- | Name of the Statute            | Nature of dues   | Amount to the extent Not paid (In Lacs) | Period to which the amount relates Financial Year | Forum where dispute is pending                        |
|--------------------------------|--|---|---|---|
| APGST/CST Income Tax Act, 1961 | Disputed Turnover<br>TDS on payment<br>Made to Travel Agents | 2.89<br>NIL                             | 2004-05<br>2007-08                                | ADC (Appeals)<br>COMMISSIONER OF INCOME TAX (Appeals) |
10. The accumulated losses of the company are more than Fifty Percent of its Net worth. The Company has incurred cash losses during the financial year covered by our audit and not incurred cash losses in the immediately preceding financial year.
  11. 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.
  12. In our opinion and according to the information and explanations given to us, the company has maintained adequate documents and records in case of loans and advances granted on the basis of security by way of pledge of shares and other securities.
  13. 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.
  14. 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.
  15. 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.
  16. In our opinion and according to the information and explanations given to us, company has not raised new term loans during the year.
  17. 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.
  18. 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.
  19. 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.
  20. 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.
  21. According to the information and explanations given to us no fraud on or by the company has been noticed or reported during the course of our audit.

Place: Hyderabad  
Date: 6<sup>th</sup> April, 2012

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





**B2B SOFTWARE TECHNOLOGIES LIMITED**

Balance Sheet as at 31st March, 2012

Amount in Rupees

	Schedule	As at 31.03.2012	As at 31.03.2011
<b>EQUITY &amp; LIABILITIES</b>			
<b>Shareholder's Funds</b>			
Share Capital	1	115,931,000	115,931,000
Reserves & Surplus	2	(80,915,644)	(79,969,540)
<b>Non-Current Liabilities</b>			
Longterm borrowings	3	-	215,323
<b>Current liabilities</b>			
Shortterm borrowings		-	-
Trade Payables	4	4,222,255	4,046,746
Other Current Liabilities	5	3,531,148	3,599,364
Short term Provisions	6	3,705,827	3,496,890
		11,459,230	11,143,000
Total		46,474,586	47,319,783
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
<b>Fixed assets</b>			
Tangible Assets	7	1,729,437	2,037,019
Intangible Assets	7	9,517	11,904
Non-current investments	8	3,381,120	3,381,120
Long term loans and advances	9	6,000,000	6,000,000
<b>Current assets</b>			
Current Investments	10	4,616,154	7,019,513
Inventories - Work in Progress	11	357,212	480,644
Trade Receivables	12	4,006,402	4,614,814
Cash and Bank Balances	13	21,303,744	17,499,647
Short term Loans and advances	14	5,071,000	6,275,122
		35,354,512	35,889,740
Total :		46,474,586	47,319,783
Significant Accounting Policies & Notes on Accounts	20		

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

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

On behalf of the Board of Directors

**M.Niranjan**  
**Partner**  
M.No.029552

**V.V.Nagendra**  
**Managing Director**

**Dr.Y.Satyanarayana**  
**Director**

Date: 6 th April 2012  
Place: Hyderabad



**B2B SOFTWARE TECHNOLOGIES LIMITED**

Profit and Loss statement for the year ended March 31st 2012

**Amount in Rupees**

	Schedule	Year ended 31.03.2012	Year ended 31.03.2011
<b>INCOME</b>			
Revenue from operations	15	42,207,588	44,203,005
Other Income	16	1,999,356	476,749
		44,206,944	44,679,754
<b>Expenses:</b>			
Purchases of Software Products	17	6,667,365	9,290,109
Changes in Inventory WIP		123,432	1,087,786
Employee benefit expenses	18	28,853,464	27,469,040
Financial costs		9,335	63,163
Depreciation	7	626,390	770,481
Administration and other Expenses	19	8,873,062	40,408,111
		45,153,048	79,088,690
<b>Loss before Taxation</b>		<b>(946,104)</b>	<b>(34,408,936)</b>
Less: Provision for Taxation		-	-
<b>Loss for the year</b>		<b>(946,104)</b>	<b>(34,408,936)</b>
Earnings per Equity Share			
Basic		(0.08)	(2.97)
Diluted		(0.08)	(2.97)

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

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

On behalf of the Board of Directors

**M.Niranjan**  
**Partner**  
M.No.029552

**V.V.Nagendra**  
**Managing Director**

**Dr.Y.Satyanarayana**  
**Director**

Date: 6 th April 2012  
Place : Hyderabad



Schedules forming part of the Accounts

	Amount in Rupees	
	As at 31.03.2012	As at 31.03.2011
<b>1. Share Capital</b>		
Authorised :		
1,20,00,000 Equity Shares of Rs.10 each	120,000,000	120,000,000
Issued, Subscribed and Paid up:		
11,585,400 Equity Shares of Rs.10 each fully paid up	115,854,000	115,854,000
Add : Shares Forfeited	77,000	77,000
	<b>115,931,000</b>	<b>115,931,000</b>
<b>2. Reserves &amp; Surplus</b>		
Profit and Loss a/c. Opening Bal.	79,969,540	45,560,604
Add : Loss during the year	946,104	34,408,936
<b>3. Long Term Borrowings</b>		
<b>Secured Loans</b>	<b>80,915,644</b>	<b>79,969,540</b>
Hire Purchase Loan	-	215,323
<b>4. Trade Payables</b>	<b>-</b>	<b>215,323</b>
Dues to Medium & Small Scale	-	-
Dues to Others	4,222,255	4,046,746
	<b>4,222,255</b>	<b>4,046,746</b>
<b>5. Other Current Liabilities</b>		
Advance from Customers	-	599,792
Other Liabilities	1,251,063	1,114,626
Security Deposits	2,280,085	1,884,946
	<b>3,531,148</b>	<b>3,599,364</b>
<b>6. Short-term Provisions</b>		
Provision for Gratuity	3,585,827	3,422,695
Provision for Annual Key Result Area	120,000	74,195
	<b>3,705,827</b>	<b>3,496,890</b>
<b>8. Non-current Investments</b>		
<b>A. Unquoted Investment in Subsidiary Companies</b>		
<b>B2B Infotech Pte Ltd</b>		
200,000 Equity Shares of Singapore Dollar 1 each, fully paid-up	5,510,797	5,510,797
Less: Provision for Diminution in the Value of Investment	(5,510,797)	(5,510,797)
	-	-
<b>B2B Softech Inc.,</b>		
72,000 Equity Shares of US Dollar 1 each, fully paid-up	3381120	3,381,120
<b>B2B Software Technologies Kassel GmbH</b>		
( 121,431 Euro)	6250862	6,250,862
Advances for Addl investment in Subsidiary Companies - Pending allotment		
B2B Software Technologies Kassel GmbH - Euro 5556	286,877	286,877
Less: Advance received against sale of investment in subsidiary	(1292636)	(1292636)
Less: Provision for Loss on Sale of Investment	(3937554)	(3937554)
Less: Provision for Diminution in the Value of Investment	(1307549)	(1307549)
	-	-
<b>B2B Enterprise Solutions Limited</b>		
100,000 Equity Shares of Rs.10/-each fully Paid Up	-	1,000,000
Less: Provision for Diminution in the Value of Investment	-	(1,000,000)
	-	-
<b>B2B Infotech SDN BHD</b>		
(2,50,000 Equity Shares of Malaysian RM 1 each fully paid up)	548,856	548,856
Less: Provision for Diminution in the Value of Investment	(548,856)	(548,856)
	-	-
<b>Total of Unquoted Investments</b>	<b>3,381,120</b>	<b>3,381,120</b>
<b>Total of Non-current Investments</b>	<b>3,381,120</b>	<b>3,381,120</b>



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

7. Fixed Assets

7. Fixed Assets		Amount in Rupees									
		Gross Block				Depreciation			Net Block		
Sl. No.	Description	As at 01.04.2011	Additions during the period	Deletions/ Discarded during the period	As at 31.03.2012	As at 01.04.2011	For the period	Deletions/ Discarded during the period	As at 31.03.2012	As at 31.03.2012	As at 31.03.2011
	ii)Tangible Assets										
	Own Assets										
1.	Computers	5,266,654	182,000	-	5,448,654	4,690,699	300,261	-	4,990,960	457,694	575,955
2.	Furniture and Fixtures	711,401	5,500	88,245	628,656	589,188	22,090	84,599	526,679	101,977	122,213
3.	Office Equipment	1,590,265	256,720	250,950	1,596,035	1,067,759	89,720	126,796	1,030,683	565,352	522,506
4.	Vehicles	2,187,266	-	-	2,187,266	1,370,921	211,931	-	1,582,852	604,414	816,345
	Sub-total(i)	9,755,586	444,220	339,195	9,860,611	7,718,567	624,002	211,395	8,131,174	1,729,437	2,037,019
	ii)Intangible Assets										
1	Copy Rights	18,600	-	-	18,600	6,696	2,387	-	9,083	9,517	11,904
	Sub-total(ii)	18,600	-	-	18,600	6,696	2,387	-	9,083	9,517	11,904
	Total(i + ii)	9,774,186	444,220	339,195	9,879,211	7,725,263	626,389	211,395	8,140,257	1,738,954	2,048,923
	Previous Year	19,461,308	100,752	9,787,875	9,774,185	15,533,653	770,481	8,578,872	7,725,262	2,048,923	3,927,655



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

Amount in Rupees

	As at 31.03.2012	As at 31.03.2011
<b>9. Long-term Loans and Advances</b>		
Loan to B2B ESOP Trust	- 6,000,000	- 6,000,000
	<b>6,000,000</b>	<b>6,000,000</b>
<b>10. Current Investments</b>		
Quoted Investment in UTI Mutual Fund		
UTI Fixed Income Interval Plan (51825.6 Units @ 10.02)	519,513	7,019,513
Market Value Rs.521,174/-		
ICICI Mutual Funds	4,096,641	-
Market Value Rs.		
<b>Total Quoted Current Investments</b>	<b>4,616,154</b>	<b>7,019,513</b>
<b>11. Inventories - Work in Progress</b>	357,212	480,644
	<b>357,212</b>	<b>480,644</b>
<b>12. Trade Receivables</b>		
(Unsecured and considered good)		
Debts outstanding for a period exceeding six months	3,098,763	2,769,063
Other debts	4,281,049	2,385,028
Less: Provision for Doubtful Debts	(3,373,410)	(539,277)
	<b>4,006,402</b>	<b>4,614,814</b>
<b>13. Cash and Bank Balances</b>		
Cash on hand	10,342	520
Balances with scheduled banks		
- On Current accounts	3,748,872	16,551,996
- On EEFC accounts	142,530	945,131
- On Fixed Deposit accounts	17,402,000	2,000
	<b>21,303,744</b>	<b>17,499,647</b>
<b>14. Short-term Loans and Advances</b>		
(Unsecured and considered good)		
Advances recoverable in cash or in kind for value to be received	5,071,000	6,275,122
	<b>5,071,000</b>	<b>6,275,122</b>



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

Amount in Rupees

	<b>Year ended 31.03.2012</b>	<b>Year ended 31.03.2011</b>
<b>15. Revenue from operations</b>		
<b>Export Income</b>		
Sale of Software Products	2,067,665	619,750
Income from Consultancy Services	21,903,525	16,836,616
<b>Domestic Income</b>		
Sale of Software Products	10,216,366	16,290,903
Income from Consultancy Services	8,020,032	10,455,736
	<b>42,207,588</b>	<b>44,203,005</b>
<b>16. Other Income</b>		
Dividend from Mutual Fund	1,021,403	25,173
Interest on Deposits	291,326	195
Miscellaneous Income	336,940	246,790
Interest TDS Refund	117,033	204,591
Exchange Fluctuation Gain	232,654	-
	<b>1,999,356</b>	<b>476,749</b>
<b>17. Purchases of Software Products</b>		
Software Products	6,667,365	9,290,109
	<b>6,667,365</b>	<b>9,290,109</b>
<b>18. Employee benefit expenses</b>		
Salaries, Wages and Bonus	25,332,877	22,184,013
Contribution to Provident Fund and other Funds	827,604	886,237
Gratuity	569,000	1,700,000
Food & Beverage	179,542	65,367
Training Fee	45,650	-
Staff Welfare Expenses	292,339	154,795
Managerial Remuneration	1,460,640	2,323,092
Food Coupons	145,812	155,536
	<b>28,853,464</b>	<b>27,469,040</b>
<b>19. Administrative and other Expenses</b>		
Rent	1,667,250	1,629,456
Rates and Taxes	218,349	311,122
Insurance	25,662	34,555
Travelling Expenses	416,735	623,620
<b>Communication Expenses</b>		
- Internet Charges	412,822	434,502
- Telephone	235,529	294,438
- Postage & Courier	17,671	33,660
Printing and Stationery	26,796	28,791
Electricity Charges	803,066	714,810
Advertisement	55,391	91,243
<b>Repairs and Maintenance</b>		
- Machinery	212,705	220,009
- Vehicles-	218,022	192,487
Professional and Consultancy Charges	354,803	392,900
Commission & Brokerage	140,975	-
Statutory Audit Fee	60,000	60,000
Tax Audit Fee	20,000	20,000
Certification Fee	18,200	-
Directors Sitting Fee	45,000	165,000
Bad Debts	2,849,176	33,287,636
Membershipfee,Meeting&Seminar Charges	226,002	169,117
Security Charges	146,000	149,992
Office Maintenance	602,708	546,670
Exchange Fluctuation Loss	-	187,600
Loss on Sale of Fixed Assets	100,200	820,503
	<b>8,873,062</b>	<b>40,408,111</b>



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

20. Notes to Accounts:

**I. Directors' Remuneration (included in Schedule 17 & 18)**

	<u>March 31, 2012</u>	( Amount in Rupees ) <u>March 31, 2011</u>
Salaries, Allowances & Perquisites *	1,460,640	2,323,092
Directors' sitting fees	45,000	165,000

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

**II. Auditors' Remuneration**

Towards Statutory Audit Fee	60,000	60,000
Towards Tax Audit Fee	20,000	20,000
Service Tax	9,888	8,240
Certificate Fee (Inclusive of Service Tax)	18,200	-

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

Software Development Services- Export	21,912,230	17,989,699
---------------------------------------	------------	------------

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

Commission	140,975	-
Purchase of Software	409,120	-
International Telephone Charges	109,750	64,468

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

**Particulars**

**(A) Companies:**

**(a) Subsidiary Companies**

B2B Softech Inc.

**Nature of Transactions**

Other receipts

Outstanding:

- Receivables

-

-

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

**(i). Ravileela Granites Limited**

Amount outstanding

Maximum amount outstanding during the Year

One Time Settlement Received

Amount written off

-

-

-

49,103,406

16,145,000

32,958,406

**(ii). Exotic Granite & Marble, Inc.**

-

-

**(iii). Genius Doc Inc**

Sales

- Receivables

16,811,007

2,865,455

12,857,814

983,813

**(iv). MTAR Technologies Ltd**

Sales

- Receivables

-

-

3,471,567

-

**(B) Key Management Personnel**

**Nature of Transactions**

Remuneration as detailed in Note III above (other than Directors sitting Fees)

1,460,640

2,323,092



**VI. Earning Per Share as per Accounting Standard 20**

Earning per share is computed based on the following

	<b>March 31, 2012</b>	( Amount in Rupees ) <b>March 31, 2011</b>
(Loss) / Profit after Tax	<b>(946,104)</b>	(34,408,937)
Weighted average number of equity shares	<b>11,585,400</b>	11,585,400
Basic and diluted Earning Per Share	<b>(0.08)</b>	(2.97)
(Nominal value of equity shares: Rs. 10 each)		

**VII. Taxation**

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

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

	<b>Amount</b>	<b>Amount</b>
Opening Balance	<b>7,019,513</b>	519,513
Add: Purchases	<b>9,920,323</b>	6,900,000
Less: Sale	<b>12,323,682</b>	400,000
Closing Balance	<b>4,616,154</b>	7,019,513

\* Net Asset Value as on 31.03.2012 is Rs 47,10,815/- (Previous year Rs,70,19,958)

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

X. The Company has received Rs.12,92,636/- (equivalent to Euros 20,000) during the financial year 2009-10 towards advance for the sale of 80% shareholding in its wholly owned subsidiary B2B Technologies Kassel GmbH. The shares have not been transferred pending approval from RBI. The company has made a provision of Rs. 39,37,554 towards loss on sale of investment and a provision for Rs.13,07,549 for diminution in the value of investment.

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

XII. The Company is primarily engaged in Information Technology and related services. There are no other reportable segments in terms of Accounting Standard 17 on Segment Reporting issued by the The Institute of Chartered Accountants of India

**XIII. Employee Benefits**

During the year the company has made a provision of Rs.17,00,000/- for gratuity based on Actuarial Valuation. The company has not created any assets to meet this obligation. Disclosure as required by Accounting Standard - 15 'Employee Benefits'

<b>Particulars</b>	<b>March 31, 2012</b>	( Amount in Rupees ) <b>March 31, 2011</b>
<b>1 Changes in Present Value of Obligation</b>		
Present value of obligation as at the beginning of the year	3,422,694	1,722,694
Interest Cost	274,000	138,000
Current service cost	703,000	206,000
Benefits paid	-	-
Actuarial gain/(loss) on obligations	(408,000)	1,356,000
Present value of obligations at the end of the year	<b>3,991,694</b>	<b>3,422,694</b>
<b>2 Changes in Fair Value of Plan Assets</b>		
Fair value of plan assets at the beginning of the year	-	-
Expected return on plan assets	-	-
Contributions	-	-
Benefits Paid	-	-
Actuarial gain/(loss) on plan assets	-	-
Fair value of plan assets at the end of the year	-	-
<b>3 Assets Recognised in Balance Sheet</b>		
Present value of obligation as at the end of the year	3,991,694	3,422,694
Fair value of plan assets at the end of the year	-	-
Funded Status	3,991,694	3,422,694
Net asset/(liability) recognised in balance sheet	<b>3,991,694</b>	<b>3,422,694</b>
<b>4 Expenses Recognised in Statement of Profit &amp; Loss</b>		
Current service cost	703,000	206,000
Interest Cost	274,000	138,000
Expected return on plan assets	-	-
Net Actuarial (gain)/loss recognised in the year	(408,000)	1,356,000
Expenses Recognised in Statement of Profit & Loss	<b>569,000</b>	<b>1,700,000</b>
<b>5 Assumptions</b>		
Discount	8%	8%
Escalation	6%	5%

**XIV. Consolidated financial Statements - Accounting Standard 21**

Consolidated financial statements of the company and its wholly owned subsidiary viz., B2B Softech inc, USA are enclosed

**XV. Interim Financial Reporting - Accounting Standard 25**

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



**XVI. Intangible Assets - Accounting Standard 26**

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

**XVII. 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.

**XVIII. 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.

**XIX. Fixed Assets**

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

**XX. 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.

**XXI. Foreign Currency Transactions**

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.

**XXII. Retirement Benefits**

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

**XXIII. Inventories**

Work in progress is valued at cost or rate assured under a contract whichever is lower.

**XXIV. Quantitative details**

The Company is primarily engaged in the development and maintenance of computer software. The production and sale of such software cannot be expressed in any generic unit. Hence, it is not possible to give the quantitative details of sales and certain information as required under paragraphs 5(viii) (c) of general instructions for preparation of the statement of Profit and Loss as per revised Schedule VI to the Companies Act, 1956.

Cash and cash equivalents Amount (Rupees)

Particulars	As at March 31, 2012	2011
Cash and bank balance as per Balance Sheet	21,303,744	17,499,647
	21,303,744	17,499,647

Important Ratios	As at March 31, 2012	2011
Sales to total assets ratio	1.19	1.23
Operating profit /Average capital employed ratio (%)	-2.53%	-29.93%
Return on average net worth (%)	-2.67%	-64.72%
Profit after tax to sales ratio (%)	-2.24%	-77.84%

- XXV.** During the year under March 31st 2012, the revised schedule VI notified under the Companies Act, 1956, has become applicable to the company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosure made in the financial statements. The company has also reclassified/ regrouped the previous years figures in accordance with the requirements applicable in the current year.

As per our report of even date

**for Niranjana & Narayan**

**Chartered Accountants.**

FRN : 005899S

**M.Niranjana**

**Partner - Mno : 029552**

Place : Hyderabad

Date: 6 th April 2012

**On behalf of the Board of Directors**

**V.V.Nagendra**

**Managing Director**

**Dr.Y.Satyanarayana**

**Director**



		Amount in Rupees	
Cash Flow Statement for the year ended March 31, 2012		31.03.2012	31.03.2011
<b>A. Cash Flows from Operating Activities</b>			
Net profit/(loss) before tax		(946,104)	(34,408,935)
<b>Adjustments for :</b>			
Interest		9,335	63,163
Depreciation		626,390	770,481
Income from Investment - Dividends		(1,021,403)	(25,173)
Interest on Fixed Deposit		(291,326)	(195)
Exchange differences on translation of foreign currency cash and cash equivalents		(232,654)	187,600
Loss on Sale of Fixed Assets		100,200	820,503
Operating profit before working capital changes		(1,755,561)	(32,592,556)
<b>Adjustments for changes in working capital :</b>			
(Increase)/Decrease in Accounts Receivables		608,412	2,197,168
(Increase)/Decrease in Loans and Advances		1,204,122	48,091,738
(Increase)/Decrease in Work in Progress		123,432	1,087,786
Increase / (Decrease) in Trade and Other Payables		107,293	(721,121)
Increase / (Decrease) in Provision		208,935	1,720,929
Cash generated from operations		496,633	19,783,944
Interest received from Fixed Deposit		291,326	195
<b>Net Cash from Operating Activities</b>		<b>787,959</b>	<b>19,784,139</b>
<b>B. Cash Flows from Investing Activities</b>			
Purchase of Fixed Assets		444,220	100,753
Purchase of Mutual Funds		(2,403,359)	6,500,000
Sale of Fixed Assets		(27,600)	(388,500)
Income from Investment - Dividends		(1,021,403)	(25,173)
<b>Net Cash used in Investing Activities</b>		<b>(3,008,142)</b>	<b>6,187,080</b>
<b>C. Cash Flows from Financing Activities</b>			
Increase/(Decrease) in Secured Loans		(215,323)	(386,153)
Interest paid		(9,335)	(63,163)
<b>Net Cash from/(used in) Financing Activities</b>		<b>(224,658)</b>	<b>(449,316)</b>
<b>D. Exchange differences on translation of foreign currency cash and cash equivalents</b>		<b>232,654</b>	<b>(187,600)</b>
Net Increase in Cash and Cash equivalents during the year (A + B + C + D)		3,804,097	12,960,143
Cash and Cash equivalents at the beginning of the year		17,499,647	4,539,503
<b>Cash and Cash equivalents at the end of the year</b>		<b>21,303,744</b>	<b>17,499,646</b>

Note :

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

As per our report of even date  
For Niranjana & Narayana  
**Chartered Accountants.**

**M.Niranjana**  
**Partner**  
M.No.029552

Place: Hyderabad  
Date: 6 th April 2012

On behalf of the Board of Directors

V.V.Nagendra  
Managing Director

Dr.Y.Satyanaryana  
Director

**BALANCE SHEET ABSTRACT & COMPANY'S GENERAL BUSINESS PROFILE****I. Registration Details**Registration No. 

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

State code 

0	1
---	---

Balance Sheet date 

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

**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

	4	6	4	7	4
--	---	---	---	---	---

Sources of Funds

Paid-up-Capital

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

Secured Loans

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

Application of Funds

Net Fixed Assets

		1	7	3	8
--	--	---	---	---	---

Net Current Assets

	2	3	8	9	5
--	---	---	---	---	---

Accumulated Losses

	8	0	9	1	5
--	---	---	---	---	---

Total Assets

	4	6	4	7	4
--	---	---	---	---	---

Reserves &amp; Surplus

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

Unsecured Loans

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

Investments

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

Miscellaneous Exp

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

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

Turnover

	4	4	2	0	6
--	---	---	---	---	---

Profit/Loss Before Tax

		-	9	4	6
--	--	---	---	---	---

Earning Per Share in Rs.

	-	0	.	0	8
--	---	---	---	---	---

Total Expenditure

	4	5	1	5	3
--	---	---	---	---	---

Profit/Loss After Tax

		-	9	4	6
--	--	---	---	---	---

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 : April 06, 2012V V Nagendra  
Managing DirectorDr. Y. Satyanarayana  
Director

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

<b>S.No.</b>	<b>Name of the Subsidiary Companies</b>	<b>Financial Year of the Subsidiary Companies ended on</b>	<b>Date from which it became Subsidiary Companies</b>	<b>No of shares held by B2B Software Technologies Limited with its nominees in the Subsidiaries as at 31<sup>st</sup> March 2007</b>	<b>Extent of interest of Holding Company as at 31.03.2007</b>	<b>Net aggregate amount of profit / (loss) so far as it concerns the members of the Holding Company</b>
1.	B2B Softech Inc., 9001, San Fernando Rd, Sun Valley, CA 91352 USA	1 <sup>st</sup> April 2011 to 31 <sup>st</sup> March 2012	17-07-2001	72,000 Shares of USD 1/- each	100%	\$ 1488



**AUDITORS' REPORT ON CONSOLIDATED ACCOUNTS**

To  
The Board of Directors  
B2B Software Technologies Limited  
Hyderabad

1. We have examined the attached Consolidated Balance Sheet of B2B Software Technologies Limited, its subsidiary B2B Softech Inc, USA as at 31<sup>st</sup> March, 2012, the Consolidated Profit & Loss Account and the Consolidated Cash Flow statements for the year ended.
2. These financial statements are the responsibility of the B2B Software Technologies Limited's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of the subsidiary B2B Softech Inc, USA whose financial statements reflect total assets of Rs.5.41 Lakhs as at March 31, 2012 and total revenues of Rs.133.21 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. Reference is invited to Note No. II of Schedule 20 of Notes to Accounts" regarding B2B Enterprises Solutions Limited which is not considered for consolidation of accounts.
4. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting standard (AS) 21, Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India, and on the basis of the separate audited financial statements of the B2B Software Technologies Limited and its subsidiary included in the consolidated financial statements.
5. On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of the B2B Software Technologies Limited and its subsidiary, 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 subsidiary as at 31<sup>st</sup> March, 2012;
  - b. In the case of the Consolidated Profit & Loss Account, of the Consolidated results of operations of B2B Software Technologies Limited and its subsidiary 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 subsidiary for the year ended on that date.

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

Place: Hyderabad  
Date: 6<sup>th</sup> April, 2012

M.Niranjana  
Partner  
M.No.029552


**Consolidated Balance Sheet as at March 31, 2012**

Amount in Rupees

	Schedule	As at 31.03.2012	As at 31.03.2011
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders Funds</b>			
Share Capital	1	115,931,000	115,931,000
Foreign Currency Translation Reserve		307,243	(172,091)
Reserves & Surplus	2	(81,153,895)	(81,233,904)
<b>Non-Current Liabilities</b>			
Longterm borrowings	3	-	215,323
<b>Current liabilities</b>			
Short term borrowings		-	-
Trade Payables	4	4,228,270	5,046,745
Other Current Liabilities	5	3,531,148	3,599,364
Short term Provisions	6	3,705,827	3,496,890
		11,465,245	12,142,999
Total :		46,549,593	46,883,327
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
<b>Fixed assets</b>			
<b>Tangible Assets</b>	7	2,270,465	2,819,620
<b>Intangible Assets</b>	7	9,517	11,905
<b>Non-current investments</b>	8	-	-
<b>Long term loans and advances</b>	9	6,000,000	6,000,000
<b>Current assets</b>			
Current Investments	10	4,616,154	7,019,513
Inventories - Work in Progress	11	357,212	480,644
Trade Receivables	12	4,006,402	6,776,877
Cash and Cash equivalents	13	24,218,843	17,499,646
Short term Loans and advances	14	5,071,000	6,275,122
		38,269,611	38,051,802
Total :		46,549,593	46,883,327
Significant Accounting Policies & Notes on Accounts	20		

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

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

On behalf of the Board of Directors

**M.Niranjan**  
**Partner**  
M.No.029552

**V.V.Nagendra**  
**Managing Director**

**Dr.Y.Satyanarayana**  
**Director**

Date: 6 th April 2012  
Place: Hyderabad



Consolidated Profit and Loss Statement for the Year ended March 31, 2012

Amount in Rupees

	Schedule	Year ended 31.03.2012	Year ended 31.03.2011
<b>INCOME</b>			
Revenue from operations	15	55,529,574	47,294,309
Other Income	16	1,999,356	476,750
		57,528,930	47,771,059
<b>EXPENDITURE</b>			
Purchases of Software Products	17	6,667,365	9,290,109
Changes in WIP		123,432	1,087,786
Employee benefit expenses	18	41,375,982	30,525,827
Financial costs		9,335	63,163
Depreciation	7	959,437	854,468
Administration and other Expenses	19	9,261,742	41,650,230
		58,397,293	83,471,583
<b>Loss before Taxation</b>		<b>(868,363)</b>	<b>(35,700,524)</b>
Less: Provision for Taxation		6,471	8,934
<b>Loss after Taxation</b>		<b>(874,834)</b>	<b>(35,709,458)</b>
Earnings per Equity Share			
Basic		(0.08)	(3.08)
Diluted		(0.08)	(3.08)

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

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

On behalf of the Board of Directors

**M.Niranjan**  
**Partner**  
M.No.029552

**V.V.Nagendra**  
**Managing Director**

**Dr.Y.Satyanarayana**  
**Director**

Date: 6 th April 2012  
Place : Hyderabad



## Schedules forming part of the Consolidated Accounts

Amount in Rupees

	As at 31.03.2012	As at 31.03.2011
<b>1.Share Capital</b>		
Authorised :		
1,20,00,000 Equity Shares of Rs.10 each	120,000,000	120,000,000
Issued, Subscribed and Paid up:		
11,585,400 Equity Shares of Rs.10 each fully paid up	115,854,000	115,854,000
Add : Shares Forfeited	77,000	77,000
	<b>115,931,000</b>	<b>115,931,000</b>
<b>2. Reserves &amp; Surplus</b>		
Profit and Loss A/c Opening Bal.	80,279,061	45,524,446
Add : Loss during the year	874,834	35,709,458
	<b>81,153,895</b>	<b>81,233,904</b>
<b>3.Non-Current Liabilities</b>		
<b>Secured Loans</b>		
Hire Purchase Loan	-	215,323
	<b>-</b>	<b>215,323</b>
<b>4.Trade Payables</b>		
Dues to Medium & Small Scale	-	-
Dues to Others	4,228,270	5,046,745
	<b>4,228,270</b>	<b>5,046,745</b>
<b>5.Other Current Liabilities</b>		
Advance from Customers	-	599,792
Other Liabilities	1,251,063	1,114,626
Security Deposits	2,280,085	1,884,946
	<b>3,531,148</b>	<b>3,599,364</b>
<b>6. Short-term Provisions</b>		
Provision for Gratuity	3,585,827	3,422,695
Provision for Annual Key Result Area	120,000	74,195
	<b>3,705,827</b>	<b>3,496,890</b>
<b>8.Non-current Investments</b>		
<b>A. Unquoted Investment in Subsidiary Companies</b>		
<b>B2B Infotech Pte Ltd</b>		
200,000 Equity Shares of Singapore Dollar 1 each, fully paid-up	5,510,797	5,510,797
Less: Provision for Diminution in the Value of Investment	(5,510,797)	(5,510,797)
	<b>-</b>	<b>-</b>
<b>B2B Software Technologies Kassel GmbH</b>		
( 121,431 Euro)	6,250,862	6,250,862
Advances for Addl investment in Subsidiary Companies - Pending allotment		
B2B Software Technologies Kassel GmbH - Euro 5556	286,877	286,877
Less: Advance received against sale of investment in subsidiary	(1,292,636)	(1,292,636)
Less: Provision for Loss on Sale of Investment	(3,937,554)	(3,937,554)
Less: Provision for Diminution in the Value of Investment	(1,307,549)	(1,307,549)
(Refer Note XI of Schedule 16)		
	<b>-</b>	<b>-</b>
<b>B2B Infotech SDN BHD</b>		
(2,50,000 Equity Shares of Malaysian RM 1 each fully paid up)	548,856	548,856
Less: Provision for Diminution in the Value of Investment	(548,856)	(548,856)
	<b>-</b>	<b>-</b>
<b>Total of Unquoted Investments</b>	<b>-</b>	<b>-</b>
<b>Total of Non-current Investments</b>	<b>-</b>	<b>-</b>





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

**7. Fixed Assets**

7. Fixed Assets		Amount in Rupees									
		Gross Block				Depreciation				Net Block	
Sl. No.	Description	As at 01.04.2011	Additions during the period	Deletions/ Discarded during the period	As at 31.03.2012	As at 01.04.2011	For the period	Deletions/ Discarded during the period	As at 31.03.2012	As at 31.03.2012	As at 31.03.2011
i)Tangible											
1.	Computers	5,266,654	182,000	-	5,448,654	4,690,699	300,261	-	4,990,960	457,694	575,955
2.	Furniture and Fixtures	1,013,382	5,500	88,245	930,637	698,804	62,494	84,599	676,699	253,938	314,578
3.	Office Equipment	3,777,267	256,720	250,950	3,783,037	2,577,050	382,364	126,796	2,832,618	950,419	1,200,217
4.	Vehicles	2,187,266	-	-	2,187,266	1,370,921	211,931	-	1,582,852	604,414	816,345
	Sub-total(i)	12,244,569	444,220	339,195	12,349,594	9,337,474	957,050	211,395	10,083,128	2,266,465	2,907,095
ii)Intangible											
1	Copy Rights	18,600	-	-	18,600	6,696	2,387	-	9,083	9,517	11,904
	Sub-total(ii)	18,600	-	-	18,600	6,696	2,387	-	9,083	9,517	11,904
	Total(i + ii)	12,263,169	444,220	339,195	12,368,194	9,344,170	959,437	211,395	10,092,212	2,275,982	2,918,999
	Previous Year	24,200,243	476,214	11,303,172	13,373,285	19,173,549	947,493	9,579,280	10,541,760	2,831,525	5026694



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

Amount in Rupees

	As at 31.03.2012	As at 31.03.2011
<b>9. Long-term Loans and Advances</b>		
Loan to B2B ESOP Trust	6,000,000	6,000,000
	<b>6,000,000</b>	<b>6,000,000</b>
<b>10. Current Investment in mutual fund (at cost)</b>		
Quoted Investment in UTI Mutual Fund		
UTI Fixed Income Interval Plan (51825.6 Units @ 10.02)	519,513	7,019,513
Market Value Rs.521,174/-		
ICICI Mutual Funds	4,096,641	-
Market Value Rs.		
<b>Total Quoted Current Investments (B)</b>	<b>4,616,154</b>	<b>7,019,513</b>
<b>11. Inventories - Work in Progress</b>	357,212	480,644
	<b>357,212</b>	<b>480,644</b>
<b>12. Trade Receivables</b>		
(Unsecured, considered good)		
(a) Debts outstanding for a period exceeding six months	3,098,763	2,769,063
(b) Other debts	4,281,049	2,385,028
Less: Provision for Doubtful Debts	(3,373,410)	(539,277)
	<b>4,006,402</b>	<b>4,614,814</b>
<b>13. Cash and cash equivalents</b>		
Cash on hand	10,342	520
Balances with scheduled banks		
- On Current accounts	3,748,873	16,551,996
- On EEFC accounts	3,057,628	945,131
- On Deposit accounts	17,402,000	2,000
	<b>24,218,843</b>	<b>17,499,647</b>
<b>14. Short-term Loans and Advances</b>		
Advances recoverable in cash or in kind for value to be received	1,156,109	1,564,479
Tax Deducted at Source	3,914,891	4,696,580
Advance Tax paid for Assessment Year 2009-10	-	14,063
	<b>5,071,000</b>	<b>6,275,122</b>



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

Amount in Rupees

	Year ended 31.03.2012	Year ended 31.03.2011
<b>15. Revenue from operations</b>		
<b>Export Income</b>		
Sale of Software Products	2,067,665	619,750
Income from Consultancy Services	35,225,511	16,836,617
<b>Domestic Income</b>		
Sale of Software Products	10,216,366	16,290,903
Income from Consultancy Services	8,020,032	1,045,576
	<b>55,529,574</b>	<b>34,792,846</b>
<b>16. Other Income</b>		
Dividend from Mutual Fund	1,021,403	25,173
Interest on Deposits	291,326	195
Miscellaneous Income	336,940	246,790
Interest TDS Refund	117,033	204,591
Exchange Fluctuation Gain	232,654	-
	<b>1,999,356</b>	<b>476,749</b>
<b>17. Purchases of Software Products</b>		
Software Products	6,667,365	9,290,109
	<b>6,667,365</b>	<b>9,290,109</b>
<b>18. Employee benefit expenses</b>		
Salaries, Wages and Bonus	37,298,947	22,184,013
Contribution to Provident Fund and other Funds	1,384,052	886,237
Gratuity	569,000	1,700,000
Food & Beverage	179,542	65,367
Training Fee	45,650	-
Staff Welfare Expenses	292,339	154,794
Managerial Remuneration	1,460,640	2,323,092
Food Coupons	145,812	155,536
	-	-
	<b>41,375,982</b>	<b>27,469,039</b>
<b>19. Administrative and other Expenses</b>		
Rent	1,667,250	1,629,456
Rates and Taxes	253,097	311,122
Insurance	189,832	34,555
Travelling Expenses	454,577	623,620
<b>Communication Expenses</b>		
- Internet Charges	412,822	434,502
- Telephone	265,658	294,438
- Postage & Courier	17,671	33,660
Training Fee	-	-
Printing and Stationery	26,796	28,791
Electricity Charges	803,066	714,810
Advertisement	55,391	91,243
<b>Repairs and Maintenance</b>		
- Machinery	212,705	220,009
- Vehicles-	243,805	192,487
Professional and Consultancy Charges	430,489	392,900
Commission & Brokerage	140,975	-
Auditors' remuneration	80,000	80,000
Directors Sitting Fee	45,000	165,000
Bad Debts	2,849,176	33,287,636
Membershipfee,Meeting&Seminar Charges	226,002	169,117
Security Charges	146,000	149,992
Office Maintenance	641,230	546,670
Exchange Fluctuation Loss		187,600
Loss on Sale of Mutual Funds		-
Loss on Sale of Fixed Assets	100,200	820,503
	<b>9,261,742</b>	<b>40,408,111</b>



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

**20. Notes to Accounts:****I. List of subsidiaries considered for consolidation :**

S.No.	Name of the Subsidiary Company	Country of Incorporation	Extent of Holding (%) as on March 31, 2012
1.	B2B Softech Inc.	USA	100

The reporting date for all the above companies is March 31

II. As B2B Enterprise Solutions Ltd. the wholly owned subsidiary of the company has liquidated with respect to the provisions contained in the section 560 of the Companies Act, 1956. Hence, it has not been considered for the purpose of consolidation

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

	Year ended 31-Mar-12	( Amount in Rupees ) Year ended 31-Mar-11
<b>(A) Related Companies (where key management personnel or their relatives have significant influence)</b>		
<b>Genius Doc Inc</b>		
Sales	16,811,007	12,857,814
Outstandings:		
- Receivables	2,865,455	983,813
<b>(B) Key Management Personnel</b>		
V.V.Nagendra, Managing Director		
Nature of Transactions		
Remuneration	1,460,640	2,323,092

**IV. Earning Per Share**

Earning per share is computed based on the following:

Profit(Loss) after Taxation and Minority Interest	(874,834)	(34,959,656)
Weighted average number of equity shares	11,585,400	11,585,400
Basic and diluted Earning Per Share	(0.08)	(3.02)
(Nominal value of equity shares: Rs. 10 each)		

- V. The Company has purchased Motor Car on Hire Purchase basis from Kotak Mahindra in the year 2008. The same has been secured against the hypothecation and personal guarantee of the directors.
- VI. The Company has received Rs. 12,92,636/- equivalent to Euros 20,000 towards advance for the sale of 80% shareholding in its wholly owned subsidiary B2B Technologies Kassel GmbH. The shares have not been transferred pending approval from RBI. The company has made a provision of Rs. 39,37,554 towards loss on sale of investment and a provision for Rs.13,07,549 for diminution in the value of investment.
- VII. The Wholly Owned Subsidiaries of the company at Malaysia, B2B Infotech SDN BHD and at Singapore, B2B Infotech Pte Ltd are under liquidation. The Company has made a provision for diminution in the value of investment to the extent of 100% of the carrying amount.
- VIII. The Company is primarily engaged in Information Technology and related services. of Accounts Standards 17 on Segment Reporting issued by the The Institute of Chartered Accountants of India.

**IX. 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.

**X. 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.

**XI. Fixed Assets**

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

**XII. 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.

**XIII. 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.

**XIV. Retirement Benefits**

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

**XV. Inventories**

Work in progress is valued at cost or rate assured under a contract whichever is lower.

**XVI. Quantitative details**

The Company is primarily engaged in the development and maintenance of computer software. The production and sale of such software cannot be expressed in any generic unit. Hence, it is not possible to give the quantitative details of sales and certain information as required under paragraphs 5(viii) (c) of general instructions for preparation of the statement of Profit and Loss as per revised Schedule VI to the Companies Act, 1956.

	As at March 31, 2012	2011
Cash and bank balance as per Balance Sheet	24,218,843	17,499,646
	24,218,843	17,499,646

Important Ratios	As at March 31, 2012	2011
Sales to total assets ratio	1.45	1.24
Operating profit /Average capital employed ratio (%)	-2.46%	-21.06%
Return on average net worth (%)	-2.51%	-72.49%
Profit after tax to sales ratio (%)	-1.58%	-75.50%

**XVII.** During the year under March 31st 2012, the revised schedule VI notified under the Companies Act, 1956, has become applicable to the company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosure made in the financial statements. The company has also reclassified/ regrouped the previous years figures in accordance with the requirements applicable in the current year.**XVIII.** Previous year figures have been regrouped to conform with the current year presentation.

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

**M.Niranjan**

Place : Hyderabad  
Date: 6th April, 2012

On behalf of the Board of Directors

**V.V.Nagendra**  
Managing Director

**Dr.Y.Satyanarayana**  
Director



**Cash Flow Statement for the year ended March 31, 2012**

Amount in Rupees

	31.03.2012	31.03.2011
<b>A. Cash Flows from Operating Activities</b>		
Net profit/(loss) before tax	(874,834)	(34,915,556)
<b>Adjustments for :</b>		
Depreciation	959,437	947,481
Dividends on Mutual Funds	(1,021,403)	(25,173)
Interest of Fixed Deposit	(291,326)	(195)
Interest	9,335	63,163
Miscellaneous Expenditure Written off	-	15,860
Exchange differences on translation of foreign currency cash and cash equivalents	(232,654)	187,600
Profit (Loss) on Sale of Fixed Assets	100,200	945,985
Operating profit before working capital changes	(1,351,245)	(32,780,835)
<b>Adjustments for changes in working capital :</b>		
(Increase)/Decrease in Accounts Receivables	2,770,475	(1,218,604)
(Increase)/Decrease in Other Current Assets	-	(195)
(Increase)/Decrease in Loans and Advances	1,204,122	48,312,568
(Increase)/Decrease in Work in Progress	123,432	1,087,786
Increase / (Decrease) in Current Liabilities	(677,754)	(4,443,250)
Increase / (Decrease) in Deferred Tax	-	49,331
Interest on Fixed Deposits	291,326	195
<b>Net Cash from Operating Activities</b>	<b>2,360,356</b>	<b>11,006,996</b>
<b>B. Cash Flows from Investing Activities</b>		
Purchase of Fixed Assets	444,220	476,214
Purchase of Mutual Funds	2,403,359	6,500,000
Sale of Fixed Assets	(27,600)	(443,667)
Dividend on Mutual Funds	1,021,403	25,173
<b>Net Cash used in Investing Activities</b>	<b>3,841,382</b>	<b>6,507,373</b>
<b>C. Cash Flows from Financing Activities</b>		
Increase/(Decrease) in Secured Loans	(215,323)	(386,153)
Interest paid	(9,335)	(63,163)
<b>Net Cash from/(used in) Financing Activities</b>	<b>(224,658)</b>	<b>(449,316)</b>
<b>D. Exchange differences on translation of foreign currency cash and cash equivalents</b>	<b>292,801</b>	<b>(5,283,740)</b>
Net Increase in Cash and Cash equivalents during the year (A + B + C + D)	6,719,197	9,298,882
Cash and Cash equivalents at the beginning of the year	17,499,646	8,200,764
<b>Cash and Cash equivalents at the end of the year</b>	<b>24,218,843</b>	<b>17,499,646</b>

Note :

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

As per our report of even date  
For Niranjana & Narayana  
**Chartered Accountants.**

**M.Niranjana**  
**Partner**  
M.No.029552

On behalf of the Board of Directors

V.V.Nagendra  
Managing Director

Dr.Y.Satyanarayana  
Director

Place: Hyderabad  
Date: 6 th April 2012

**DIRECTORS' REPORT**

To,  
The Members,  
B2B Softech Inc.,

Your Directors present this Annual Report for the financial year ended March 31, 2012

**OPERATIONS:**

The company has earned a profit of \$ 1,488 during the year under review. The company is in process of developing and marketing a new product, which will be completed and sold in the future.

**FINANCIAL RESULTS**

(in USD)

<b>PARTICULARS:</b>	<b>2011 – 2012</b>	<b>2010 – 2011</b>
Total Income	<b>2,78,092</b>	<b>68,856</b>
Expenditure	<b>2,76,604</b>	<b>97,825</b>
Profit / (Loss) before tax	<b>1,488</b>	<b>(28,969)</b>
Less: Provision for tax	-	-
Profit / (Loss) after tax	<b>1,488</b>	<b>(28,969)</b>
Minority interest in subsidiary's losses	-	--
Net Income / (Loss)	<b>1,488</b>	<b>(28,969)</b>

**DIRECTORS**

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

**DIRECTORS' RESPONSIBILITY STATEMENT**

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

- i) in the preparation of the Annual Accounts for the year ended March 31<sup>st</sup>, 2012, 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, 2012;

- (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**

Accuretta, Inc., Certified Public Accountants of the Company retire at the conclusion of this Annual General Meeting and are eligible for re-appointment. The Board recommends their re-appointment.

**ACKNOWLEDGEMENTS**

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

For and on behalf of the Board

Place : California

DR. RAM NEMANI

DATE : April 2, 2012

Director

**AUDITORS REPORT**

**Accuretta, Inc.**  
CERTIFIED PUBLIC ACCOUNTANTS

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

We have audited the accompanying balance sheet of B2B Softech Inc. as of March 31, 2012 and the related statements of operations, stockholders' equity and cash flows for the year ended March 31, 2012. 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. These 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, 2012 and the results of its operations and its cash flows for the year ended March 31, 2012 in conformity with generally accepted accounting principles.

*Brenda Reddy*

Accuretta, Inc.  
CERTIFIED PUBLIC ACCOUNTANTS  
Sherman Oaks, California  
April 2, 2012

**BALANCE SHEET MARCH 31, 2012****ASSETS****Current Assets:**

Cash	\$ 56,980
Total Current Assets	\$ 56,980

**Property and Equipment, net of**

Accumulated Depreciation & Amortization	10,575
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<b>Total Assets</b>	<b>\$ 67,555</b>
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**LIABILITIES AND STOCKHOLDERS' EQUITY****Current Liabilities:**

Accounts payable	\$ 117
Total Current Liabilities	\$ 117

**Stockholders Equity:**

Common stock; \$1.00 par value, 1,000,000 shares authorized, 72,000 shares issued and outstanding	72,000
Retained Earnings	(4,562)
Total stockholders' equity	\$ 67,438
<b>Total Liabilities and stockholders equity</b>	<b>\$ 67,555</b>

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

STATEMENT OF INCOME FOR THE  
YEAR ENDED MARCH 31, 2012

	<u>Amount</u>	<u>Percent</u>
Net Revenues	\$ 2,78,092	100.0%
Cost of Revenues	1,26,500	45.5
Gross Profit	<u>1,51,592</u>	<u>54.5</u>
Operating Expenses	1,50,104	54.0
Net Income/(Loss)	<u>\$ 1,488</u>	<u>.5%</u>

STATEMENT OF STOCKHOLDERS' EQUITY FOR THE  
YEAR ENDED MARCH 31, 2012

Balance at April 1, 2011	\$ 65,950
Net Income for the year ended March 31, 2012	1,488
Balance at March 31, 2012	<u>\$ 67,438</u>

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED MARCH 31, 2012  
INCREASE/ (DECREASE) IN CASH AND CASH  
EQUIVALENTS

Cash flow provided by (used for) operating activities:	
Net income	\$ 1,488
Adjustments to reconcile net income to net cash	
Provided by (used for) operating activities –	
Depreciation and amortization	\$ 6,952
Changes in assets and liabilities:	
(Increase) decrease in assets:	
Accounts receivable	4,111
Increase (decrease) in liabilities –	
Accounts payable	<u>117</u>
Total adjustments	<u>11,180</u>
Net cash provided from operating activities	12,668
Cash Flows provided from investing activities:	
Net Increase in Cash	12,668
Cash and Cash equivalents, beginning of period	44,312
Cash and Cash equivalents, end of period	<u>\$ 56,980</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2012

## 1) Summary of Significant Accounting Policies:

## General:

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

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

## Business Activity:

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

## Use of Estimates:

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

## Fair Value:

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

## Cash Equivalents:

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

## 2) Major Customers:

During the year ended March 31, 2012, one customers accounted for 100% of the total sales of \$2,78,092, this customer did not have any receivable balance as on March, 31, 2012.

## 3) Property and Equipment:

## A Summary is as follows:

Office Equipment	\$ 42,749
Furniture & Fixtures	5,902
Software	1,956
Capitalized costs of new product line	<u>30,000</u>
	80,607
Less accumulated depreciation and amortization	70,032
	<u>\$ 10,575</u>

Depreciation amortization expenses related to property and equipment is \$6,952 for the year ended March 31, 2012.



**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)

**SCHEDULE OF COST OF SALES AND  
OPERATING EXPENSES****FOR THE YEAR ENDED MARCH 31, 2012**

	Amount	Percent
<b>Cost of Sales:</b>		
Contract Labor	\$ 1,26,500	45.5%
<b>General and administrative:</b>		
Salaries & Payroll Taxes	1,34,903	48.5
Bank Charges	725	0.3
Depreciation	6,952	2.5
Insurance	3,427	1.2
Legal & Accounting	1,200	0.4
Auto & Truck Expenses	539	0.2
Supplies	804	0.3
Taxes	135	0.1
Telephone	629	0.2
Travel	790	0.3
	<u>\$ 1,50,104</u>	<u>54.0%</u>

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

The supplemental information for the year ended March 31, 2012, continued on page 10 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.

Accuretta, Inc.  
CERTIFIED PUBLIC ACCOUNTANTS  
Sherman Oaks, California  
April 2, 2012

[illegible]



## B2B SOFTWARE TECHNOLOGIES LIMITED

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

### ATTENDANCE SLIP

I hereby record my presence at the Eighteenth Annual General Meeting of B2B SOFTWARE TECHNOLOGIES LIMITED being held at its Registered Office : 6-3-1112, 3rd and 4th Floor, Behind Westside Showroom, Near Somajiguda Circle, Begumpet, Hyderabad - 500 016, on Friday the 28th day of September, 2012 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: 6-3-1112, 3rd and 4th Floor, Behind Westside Showroom,  
Near Somajiguda Circle, Begumpet, Hyderabad - 500 016.

### PROXY FORM

I/We \_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_  
being a Member/Members of the above named  
Company, hereby appoint \_\_\_\_\_ of \_\_\_\_\_ in  
the district of \_\_\_\_\_ failing him \_\_\_\_\_  
of \_\_\_\_\_ in the district of \_\_\_\_\_

as my/our proxy to attend on my/our behalf at the Eighteenth Annual General Meeting of B2B SOFTWARE TECHNOLOGIES LIMITED being held at its Registered Office : 6-3-1112, 3rd and 4th Floor, Behind Westside Showroom, Near Somajiguda Circle, Begumpet, Hyderabad - 500 016, on Friday the 28th day of September, 2012 at 11.00 a.m. and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2012.

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.