

7TH ANNUAL REPORT 2000-2001



 **2001** **SOFTWARE**
people, values & technology **TECHNOLOGIES LTD.**

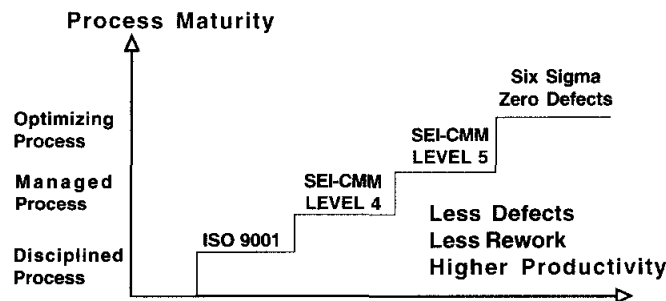
Mission Statement: Our mission at B2B is to provide high-quality and high-value added software solutions to each and every customer, through uncompromising commitment to excellence and outstanding customer service.

Vision: To build a world class software development center and attain CMM level 5 certification. To be in the top 20 software companies in India by 2005.

QUALITY CONSCIOUSNESS

"Commitment to Quality" is fundamental to our business.

- **Quality Policy**
 - o To create an image of quality and excellence for Indian software products, solutions and engineers.
 - o To fulfill the requirements of the customers by continually improving our processes.
- **Quality Objectives**
 - o Maximize Customer Satisfaction
 - o Continuous Improvement of Processes & Methodologies
 - o Build Quality as an Integral Process Ingredient
- **Quality Initiatives:**



- o ISO-9001 Certification for all development centers
 - System Compliance
- o SEI-CMM Level 5
 - 'Optimizing Processes' - high level of excellence and maturity in -
 - Software Engineering.
 - Process Management.
 - Software Quality Management.
- o Six Sigma - CTQ driven Initiatives.
- **Quality Framework**
 - o Documented & Repeatable Processes
 - o Full Life Cycle Project Management & Process Models (Development, Re-engineering, Maintenance)
- **Quality System Benefits**
 - o Better control over schedule & cost due to a defined process with control checks at appropriate stages.
 - o Reduced impact of manpower turnover due to documented procedures and formal project related documentation.
 - o Better quality of the end product due to verification and validation processes, including reviews.
 - o Improvement of the software process over time due to corrective and preventive measures based on analysis of the data collected for effort, schedule and defects.
- **Quality Focus and Directions**
 - o Metrics Collection and Analysis
 - o Quantitative Process Improvement Targets
 - o Quantitative Productivity Improvement Targets

B2B Softech has recently initiated ISO 9001 — 2000 certification process. Our goal is to reach Level 5 grading under the SEI-CMM framework defined by the Software Engineering Institute of Carnegie Mellon University, US by 2004

B2B Software Technologies Limited

BOARD OF DIRECTORS

Dr. Ram Nemani	....	Chairman
Dr. Anjaneylu Krothapalli	....	Director
Dr. Janakirama Varma Meka	....	Director
Dr. Y.Satyanarayana	....	Director
Mrs. Suryaprabha. M	....	Alternate Director to Dr. Ram Nemani
Mr. J. Sharath Reddy	....	Director
Mr. Vikram Varma Datla	....	Director
Mr. Durga Prasad P	....	Director
Mr. Satish Paul	....	Director
Mr. K. Venu Gopal	....	Director
Mr. Jayaprakash Sappidi	....	Executive Director
Mrs. P. Samantha Reddy	....	Managing Director

AUDITORS

S.V.Rao Associates,
215 & 216, Model House,
Punjagutta,
Hyderabad - 500 082

REGD. OFFICE

6-3-906/A/2, Somajiguda,
Hyderabad - 500 082

BANKERS

ICICI Bank Ltd.
Khairatabad, Hyderabad - 500 004
&
State Bank of Hyderabad
Bellavista Branch, Hyderabad - 500 082

D-MAT REGISTRARS

CIL SECURITIES LIMITED
214, Raghava Ratna Towers,
Chirag Ali Lane,
Hyderabad - 500 001



NOTICE

Notice is hereby given that the 7th Annual General Meeting of the Members of the Company will be held on Thursday, 23rd AUGUST 2001 at 11:30 a.m at Registered Office : 6-3-906/A/2, Somajiguda, Hyderabad – 500 082, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Accounts for the year ended 31st March 2001 along with schedules, Directors' Report and Auditors' Report thereon.
2. To appoint a Director in place of Dr. Ram Nemani who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Dr. Janakirama Varma Meka who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Dr. Anjaneylu Krothapalli who retires by rotation and being eligible offers himself for re-appointment.
5. To consider and if thought fit to pass the following resolution with or without modification as an Ordinary Resolution.

"RESOLVED THAT pursuant to Sec.224 and other applicable provisions of the Companies Act, 1956, M/s. Price WaterHouse, Chartered Accountants, Hyderabad be and are hereby appointed as Auditors of the Company to hold the office from the conclusion of this meeting till the conclusion of the next Annual General Meeting of the Company at a remuneration as may be fixed by the Board of Directors of the Company".

SPECIAL BUSINESS:

6. To consider and if thought fit, to pass, the following resolution with or without modification as an Ordinary Resolution:

"RESOLVED THAT Mr. K. Venu Gopal be and is hereby appointed as Director liable to retire by rotation."

7. To consider and if thought fit, to pass, with or without modification(s), the following as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 81(1A) and other applicable provisions of the Companies Act, 1956, consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board", which term shall include any Committee of Directors constituted for the purpose) to issue such number of new equity shares in one or more tranches as may be decided by the Board not exceeding in the aggregate 9,00,000 Equity Shares of the nominal value of Rs.10/- each to employees of the Company, (hereinafter referred to as "Associates" and shall include Directors other than promoter directors), to implement company's Associate Stock Option Scheme "A" and Associate Stock Option Scheme "B" whether in India or abroad, subject to Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 and approval from any regulatory authorities as may be required from time to time".

"FURTHER RESOLVED THAT the Board be and is hereby authorized to delegate all or any of the above powers herein conferred to any Committee of Directors to give effect to the above resolution"

8. To consider and if thought fit to pass with or without modifications the following resolution as a Special Resolution:

B2B Software Technologies Limited

"RESOLVED THAT as per provisions of Section 17 of the Companies Act, 1956, the following clause No.3 be inserted after clause No. 2 under Main Objects (III A) of the Memorandum of Association of the Company:

'To carry on business of e-Commerce related activities and/or import, export, trading, purchase, sell and deal in all kinds of merchandise products of any nature like computer hardware, consumables, books, software, granites, textiles, dairy products etc., subject to such other approvals as may be required.'

"FURTHER RESOLVED THAT the Board of Directors be authorized to pursue the above main object as and when required."

9. To consider and if thought fit to pass with or without modifications the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to section 372 A and the other applicable provisions of the Companies Act, 1956 and subject to such other approvals if any, consent of the company be and is hereby accorded to the Board of Directors of the company to invest not exceeding an amount of Rs.50 lakhs in proposed subsidiary to be incorporated in Dubai Internet City (DIC) by subscription or otherwise notwithstanding that the aggregate of the loans and investments so far made or to be made and the guarantee so far given or to be given and the security so far provided or to be provided to all Bodies Corporate in excess of the limit laid down by section 372A of the Companies Act, 1956, as they may, in their absolute discretion, deem beneficial and in the interest of the company".

By Order of the Board
For B2B SOFTWARE TECHNOLOGIES LTD

Regd. Office :
6-3-906/A/2, Somajiguda,
Hyderabad - 500 082
Dt : 09.07.2001

Sd/-
(P. SAMANTHA REDDY)
Managing Director



NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY FORMS TO BE VALID SHALL BE LODGED WITH THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
2. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the special business is annexed here to.
3. The Register of members and Share Transfer books of the Company will be closed from 16.08.2001 to 23.08.2001 (Both days inclusive).
4. The Members are requested to intimate any change in their address quoting their Registered Folio.
5. The Members are requested to bring Annual Report along with them at the time of Annual General Meeting and are also requested to send their queries, if any, on the adoption of accounts well in advance, so as to enable to place relevant records and information at the time of Annual General meeting.


EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 :
ITEM No. 6:

Mr. K.Venu Gopal has been appointed as Additional Director at the meeting of Board of Directors held on 9th January 2001. As per Section 257 of the Companies Act, 1956, notice has been received proposing candidature of Mr. K.Venu Gopal as Director of the Company along with the deposit of Rs.500/- from a shareholder. Mr. K.Venu Gopal, an engineering graduate, has got rich experience in the IT industry. He is the Managing Director of B2B Infotech Pte Ltd., Singapore and a permanent resident of Singapore.

The Board recommends the resolution for your approval.

None of the Directors is interested in the above resolution except Mr. K.Venu Gopal.

ITEM NO. 7:

At the 6th Annual General Meeting members have approved for issue of shares to the Employees under Employees Stock Option Scheme, however, the resolution could not be taken effect during the year. Keeping in view of the market conditions and various SEBI guidelines issued from time to time the Board of Directors have placed once again before you the resolution for approval and the salient features of the schemes are given hereunder:

In order to attract and retain qualified, talented and competent personnel, your company has instituted TWO Employee Stock Option Schemes namely Associate Stock Option Scheme "A" and Associates Stock Option Scheme "B" in accordance with the Securities and Exchange Board of India (Employees Stock Option and Employees Stock Purchase Scheme) Guidelines, 1999 hereinafter known as "Guidelines" and reserved appropriate number of Shares there under to allot equity shares against the stock options to be granted to the Associates of the Company.

The Company will constitute a Compensation Committee which will formulate detailed terms and conditions of the Scheme as per the said guidelines.

Specific disclosures as required by Clause 6 of the said Guidelines are as follows:

Associates Stock Option – Scheme "A"

- (a) Each option to be granted shall entitle the employee to apply for and be allotted one equity share of the nominal value of Rs.10/- each. The total number of options to be granted are as follows:
4,50,000(four lakh and fifty thousand only)
- (b) All eligible working and non-working directors, Senior Executives and exceptionally performing employees would be entitled to participate in this Scheme.
- (c) Vesting of Options:

Vesting of options are as per the schedule given below:

S.No.	Period	Vesting of Options
1.	12 months from the date of Grant	20%
2.	24 months from the date of Grant	20%
3.	36 months from the date of Grant	20%
4.	48 months from the date of Grant	20%
5.	60 months from the date of Grant	20%

B2B Software Technologies Limited

- (d) Exercise Price shall be the Par value of Share. (Presently Rs.10/-)
- (e) Options can be exercised by making an application for issue of shares against the options vested within a period of 6 (six) years from the date of grant.
- (f) The options to be granted to eligible employees shall be determined by the Compensation Committee giving due recognition to the skills, talent, expertise, present and past performance, conduct and such other factors as may be determined by the Committee.
- (g) Maximum number of options to be issued per Associate per year shall not exceed 1% of the total number of issued equity share capital of the company.
- (h) The company shall confirm to the Accounting Policies specified in the guidelines.

Associates Stock Option – Scheme "B"

- (i) Each option to be granted shall entitle the employee to apply for and be allotted one equity share of the nominal value of Rs.10/- each. The total number of options to be granted are as follows:
4,50,000(four lakh and fifty thousand only)
- (j) All employees as defined under the said guidelines shall be entitled to participate in this Scheme.
- (k) Vesting of Options:

Vesting of options are as per the schedule given below:

S.No.	Period	Vesting of Options
1.	12 months from the date of Grant	20%
2.	24 months from the date of Grant	20%
3.	36 months from the date of Grant	20%
4.	48 months from the date of Grant	20%
5.	60 months from the date of Grant	20%

- (l) Exercise Price shall be the Market Price on the date of grant of options.
- (m) Options can be exercised by making an application for issue of shares against the options vested within a period of 6 (six) years from the date of grant.
- (n) The options to be granted to eligible employees shall be determined by the Compensation Committee based on an appraisal process consisting, inter alia, of the employee's grade, years of service, present performance and potential, conduct and such other factors as may be determined by the Committee.
- (o) Maximum number of options to be issued per Associate per year shall not exceed 1% of the total number of issued equity share capital of the company.
- (p) The company shall confirm to the Accounting Policies specified in the guidelines.

Your Directors recommend the resolution for your approval.

In case stock options are made available to the Directors of the Company (other than Promoter Directors) then such Directors may be deemed to be interested in the resolution.

*people, values & technology***ITEM NO. 8:**

It is proposed to carry on an E-commerce business and/or import and export and trading of various products. It is required to amend the objects for carrying on the new business activity since presently business under other objects is being pursued. For amendment of main objects clause, under Section 17 of the Companies Act, 1956, members' approval is required and Board recommends the resolution for your approval.

None of the Directors is interested in the above resolution.

ITEM NO. 9:

A wholly owned subsidiary to be incorporated in Dubai Internet City (DIC), U.A.E. Your Company is exploring overseas opportunities as part of the company's growth strategy. Dubai Internet City (DIC) has been selected as one of the potential places for expansion. The Management is hopeful that the investment in Dubai Internet City (DIC) would yield good returns.

The proposed investment is made out of available funds/internal accruals.

As per Section 372A of Companies Act, 1956 shareholders approval is required for any investment over and above 60% of the paid-up capital and free reserves. Rs. 50 Lacs is to be invested in proposed Company (to be incorporated) where by the said company would be wholly owned subsidiary of your company. Under Sec.372A of the Companies Act, 1956 your approval is sought for the said investment.

None of the directors is interested in the above resolution.

Your Directors recommend the resolution for your approval.

By Order of the Board
For B2B SOFTWARE TECHNOLOGIES LTD

Regd. Office :
6-3-906/A/2, Somajiguda,
Hyderabad - 500 082
Dt : 09.07.2001

Sd/-
(P. SAMANTHA REDDY)
Managing Director



B2B Software Technologies Limited**DIRECTORS' REPORT**

To
The Members of
B2B SOFTWARE TECHNOLOGIES LTD.,

Your Directors have pleasure in submitting the 7th Annual Report along with Audited accounts for the year ended 31st March 2001.

FINANCIAL RESULTS

(Rs. in Lakhs)

	Current Year Ended 31.03.2001	Previous Year Ended 31.03.2000
1. Income from Operations	337.91	101.49
2. Depreciation	17.09	2.49
3. Profit after Financial Charges And depreciation	80.62	38.92
4. Provision for Taxation	7.00	2.38
5. Net Profit after Tax	73.62	27.11

FINANCIAL HIGHLIGHTS

Your Company has made steady progress into its new activity during the year under review and there has been a rise in software income by 18%. Net profit has increased from Rs. 27.11 lakhs in the previous year to Rs.73.62 lakhs in the year 2000 - 2001.

B2B GROWTH STRATEGY:

Expand Global Operations : We plan to continue growing our global presence by expanding our marketing and services organisations. We also intend to form joint ventures and strategic alliances to globalize our operations.

Provide Superior Customer Satisfaction : We intend to focus significant resources on customer satisfaction. Your company has initiated work to receive ISO 9001:2000 Certification which is comparable to SEI CMM LEVEL 3.

PRINCIPAL ACTIVITIES

B2B will leverage on the strong technical manpower and cost effectiveness of Indian operations to be a one-stop source to offer solutions to overseas clients on various platforms and languages.

Your company is focused on implementing offshore projects, which will continue to be the main source of revenue. The other divisions include On-site consulting and product division.

SUBSIDIARY COMPANY:

B2B Infotech Pte. Ltd, our wholly owned subsidiary in Singapore has achieved a turnover of 156,000 Singapore Dollars which has resulted in a net profit of 6,535 S\$ for the financial year ended 31st March 2001.

An amount of Rs. 70,44,000 equivalent to US dollars 1,50,000 have been made as investment in wholly owned subsidiary in USA.

LISTING DETAILS:

Equity shares of the Company have been listed on Hyderabad and Mumbai Stock Exchanges and the listing fees has been paid up to date.

**FIXED DEPOSITS:**

The company did not accept any fixed deposits during the year under review and there are no unclaimed or unpaid deposits as on 31.03.2001.

DIRECTORS:

Dr. Ram Nemani, Dr. Anjaneylu K, and Dr. Janakirama Varma Meka are retiring by rotation at this Annual General Meeting and being eligible offer themselves for re-appointment. Mr. K. Venu Gopal who was appointed as Additional Director retire at this Annual General Meeting and being eligible offers himself for appointment. The Board recommends their appointment. Mr. P. Srinivas Reddy submitted his resignation as Director of the Company on his personal grounds and Directors place on record their appreciation for the services rendered by him during his tenure as Director of the Company.

AUDITORS:

M/s S. V. Rao Associates, Chartered Accountants, who retire at the conclusion of this Annual General Meeting, have submitted their resignation on their personal grounds. The Board of Directors has accepted their resignation and recommended appointment of M/s. Price Waterhouse, Chartered Accountants, Hyderabad, as Statutory Auditors for the year 2001-02. U/s 224 of the Companies Act, 1956 a certificate has been given by M/s Price Waterhouse, Chartered Accountants, Hyderabad.

PERSONNEL

Information pursuant to Section 217 (2A) of the Companies Act, 1956 read with Companies (particulars of employees) Rules, 1975 is nil. The Directors appreciate co-operation and contribution made by the employees of the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies (Amendment) Act, 2000 the Directors' confirm that:

- a. In the preparation of the annual accounts, the applicable accounting standards have been followed;
- b. Appropriate accounting policies have been selected and applied consistently, and have made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2001 and of the profit of the Company for the period April 1st, 2000 to March 31, 2001;
- c. Proper and sufficient care has been taken 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;
- d. The annual accounts have been prepared on a going concern basis

ADDITIONAL INFORMATION

Since your Company is engaged in Software Development activities and has no activity pertaining to manufacturing, furnishing of details of conservation of energy as per Section 217 (1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of particulars in the Report of Directors) Rules 1988 is not applicable.