

11<sup>th</sup>  
Annual  
Report

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Building blocks to success

# Microsoft Solutions

"B2B's Advance Quality Module played a key role in helping us integrate the Purchases and Manufacturing modules to complete the total Quality Process of our company. We are of the opinion that the Advance QC add-on from B2B should be an integral part of Navision implementations in the manufacturing space. The QC add on would also meet the QA [Quality Assurance] requirements of a typical organization."

V. Grosse Wilde  
Managing Director  
Voith Turbo Private Limited

Some of Our MBS Clients

VOITH

asianpaints

applabs



Microsoft  
CERTIFIED  
Partner

## Microsoft Business Solutions Add-Ons

B2B has expertise and domain knowledge in developing Add-ons on MBS (Microsoft Business Solutions) Platform. Add-ons are developed on the framework of any basic applications to provide additional functionalities.

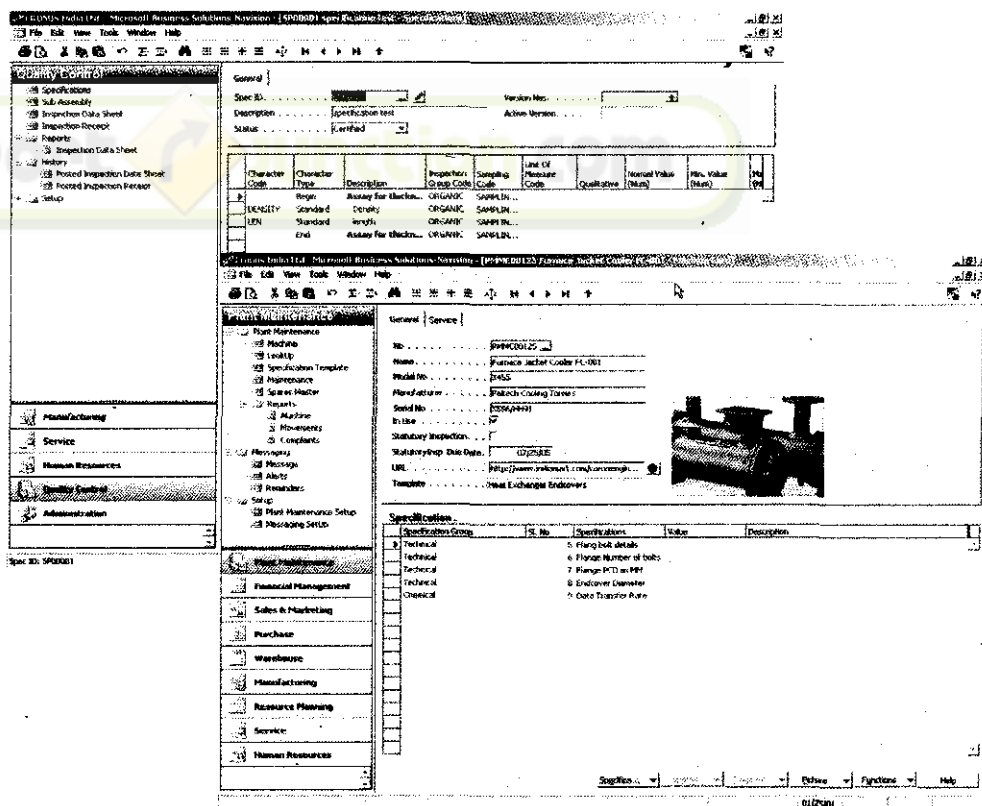
For more details please mail to [mbsnavision@b2bsofttech.com](mailto:mbsnavision@b2bsofttech.com)

### Advanced Quality Control

Quality Control Add On supports quality systems in high reliability manufacturing environments. It offers specific quality-focused tools to assist industries in achieving optimal quality control over their products and business processes, maintain a high-level of product quality with complete inspection procedures—from raw materials, to work-in-process and vendor returns.

### Plant Maintenance

The Plant Maintenance Add-On (PMA) addresses various requirements of engineering and processing industry, is designed by techno-domain experts, keeping the various real time aspects of Plant Maintenance in mind. The Add-on stresses on the engineering aspect of implementing plant maintenance activities.



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**DIRECTORS**

Dr. Ram Nemani  
Mr. Durga Prasad P  
Dr. Janakirama Varma Meka  
Mr. Jayaprakash Sappidi  
Mr. Satish Paul  
Dr. Satyanarayana Y  
Mr. Sunil Nemani  
Mrs. Suryaprabha M  
Mr. Vikram Varma Datla  
Mr. Sharath Reddy J  
Mrs. Samantha Reddy P

Chairman  
Director  
Director  
Director  
Director  
Director  
Director  
Director  
Director  
Whole time Director  
Managing Director

**REGISTERED OFFICE:**

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

Website: [www.b2bsoftech.com](http://www.b2bsoftech.com)  
email: [investorservice@b2bsoftech.com](mailto:investorservice@b2bsoftech.com)

**STATUTORY AUDITORS:**

**DHANUNJAYA & PRABHAKAR,**  
Chartered Accountants,  
5-4-5, SBI Upstairs,  
J. N. Road,  
Hyderabad – 500001.

**QUALITY AUDITORS:**

**KPMG,**  
KPMG House,  
Kamala Mills Compound,  
448, Senapathi Bapat Marg,  
Lower Parel, Mumbai – 400013

**BANKERS:**

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

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

**HSBC,**  
Nagarjuna Hills, Banjara Hills,  
Hyderabad

**LEGAL CONSULTANTS:**

**Harish Kumar & Associates,**  
Legal & Corporate Consultants,  
West Marredpally, Secunderabad

**SHARE TRANSFER AGENTS AND DEMAT REGISTRARS:**

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



## NOTICE

Notice is hereby given that the Eleventh Annual General Meeting of the members of B2B Software Technologies Limited will be held on Friday the 30<sup>th</sup> of September, 2005 at its Registered Office situated at 6-3-906/A/2, Somajiguda, Hyderabad – 500 082 at 11.00 A. M., to transact the following business:

### **ORDINARY BUSINESS:**

1. To receive, consider, approve and adopt the Audited Balance Sheet of the Company as at March 31, 2005 and the Profit and Loss Account for the Financial Year ended as on that date together with the schedules and notes thereon and the Directors' and Auditor's Report thereof.
2. To consider and appoint Dr. Y. Satyanarayana, Director who retires by rotation and being eligible offers himself for reappointment.
3. To consider and appoint Mr. Jayprakash Sappidi, Director who retires by rotation and being eligible offers himself for reappointment.
4. To consider and appoint Mr. Vikram Varma Datla, Director who retires by rotation and being eligible offers himself for reappointment.
5. To consider and appoint M/s Dhanunjaya & Prabhakar, Chartered Accountants as Statutory Auditors of the Company to hold office until the conclusion of next Annual General Meeting at such remuneration as may be decided by the Board of Directors.

### **SPECIAL BUSINESS:**

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

"RESOLVED THAT pursuant to the provisions of Section 198, 309, 310 read with Schedule XIII of the Companies Act, 1956 and subject to the approval from such other authorities as may be necessary from time to time the members of the Company do hereby accord their consent for the re appointment Mrs. P. Samantha Reddy as the Managing Director of the Company for a further period of 5 years with effect from 31.01.2005."

"FURTHER RESOLVED THAT Mrs. P. Samantha Reddy, Managing Director shall be paid a remuneration of Rs.10,00,000/- per annum."

"FURTHER RESOLVED THAT an amount of Rs. 1,000/- shall be deducted from the remuneration payable to Mrs. P. Samantha Reddy, Managing Director for use of office car for personal purposes."

**By order of the Board**

Dated: 27-06-2005

Place: Hyderabad

**P. SAMANTHA REDDY  
MANAGING DIRECTOR**

### **NOTES:**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIM/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER TO BE VALID AND EFFECTIVE MUST BE RECEIVED BY THE COMPANY AT ITS REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE TIME FIXED FOR THE MEETING.**
2. Pursuant to the provisions of Section 154 of the Companies Act, 1956, the Register of Members and Share Transfer Books of the Company will remain closed from 27.09.2005 to 30.09.2005 (both days inclusive).
3. Members holding shares in physical form are requested to intimate the change, if any, in their Registered Address to the Registrars 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. Members / Proxies should bring the Attendance slips duly filled in for identification for attending the meeting.
5. 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 BEING RE APPOINTED AS REQUIRED UNDER CLAUSE 49 OF THE LISTING AGREEMENT:****Brief Profile of Mr. Vikram Varma Datla :**

Director has expertise in software design and development with proficiency in web and client server application with extensive experience in design and implementation of e-commerce projects

**Brief Profile of Mr. Jayaprakash Sappidi :**

Mr. Sappidi earned his BE in Chemical Engineering from Birla Institute of Technology and Science, Pilani and an MS in Chemical Engineering from University of Kansas, USA. Mr. Sappidi was a President of Wissen, Inc., has helped establish the company as a key player in the knowledge and Information Management Systems, with emphasis on pharmaceutical clients. He also served as Senior Process Engineer at Philips Semiconductors.

**Brief Profile of Dr. Y. Satyanarayana :**

He is a Doctor in General Medicine and specialization in Dermatology. He has vast experience in the field of medicine with successful practice.

**Brief Profile of Mrs. P. Samantha Reddy :**

She is associated with B2B Software Technologies since the inception of the company. Under the able guidance of Dr. Nemani, she was able to steer the company during the economic down turn to its present level of operations. She is an active member of AP – State Council –Confederation of Indian Industry (CII) – and Convenor of CII-IT & C Panel. She is also on the Management Committee of Hysea. She manages the operations of B2B India as well as monitors all the wholly owned subsidiaries (WOS).

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

Mrs. P. Samantha Reddy was appointed as Managing Director of the Company for a period of 5 years with effect from 01.02.2000. The term of her appointment of Managing Director of the Company ceased on 31.01.2005.

Considering the services rendered by Mrs. P. Samantha Reddy during her tenure as Managing Director of the Company the Directors have re-appointed her as Managing Director of the Company for a further period of 5 years with effect from 31.01.2005. The said appointment was approved by the Remuneration Committee in its meeting held on 25th January, 2005.

Re-appointment of Managing Director requires the approval of the members by way of ordinary resolution. Hence this resolution is placed before you for approval.

None of the Directors other than Mrs. P. Samantha Reddy and Mr. J. Sharath Reddy are concerned or interested in this resolution.

**By order of the Board**

Dated: 27-06-2005  
Place: Hyderabad

**P. SAMANTHA REDDY  
MANAGING DIRECTOR**

**DIRECTORS' REPORT**

To,  
The Members,  
B2B Software Technologies Limited

Your Directors hereby present the Eleventh Annual Report of your Company together with the Audited Accounts including Consolidated Accounts for the financial year ended March 31, 2005 and the report of the Auditors thereon.

**FINANCIAL RESULTS:***(In Rupees)***PARTICULARS:**

	<b>2004 – 2005</b>	<b>2003 – 2004</b>
Total Income	20,873,329	15,169,670
Expenditure	20,722,625	22,688,010
Profit/(Loss) before tax	150,704	(7,518,340)
Less: Provision for tax	—	—
Current Tax	—	—
Deferred Tax	—	(1,910,463)
Profit / (Loss) after tax	150,704	(9,428,803)
Add: Brought forward from previous year	(35,237,548)	(25,808,745)
Transfer to Balance Sheet	(35,086,844)	(35,237,548)

**OPERATIONS & FUTURE PROSPECTS :** B2B is building products (IP -Intellectual property) around the base functionalities of MBS Navision, Axapta and CRM. We see tremendous growth in SME sector for ERP in India; we introduced our first 2 products of quality add-on and plant & maintenance and have added a good number of clients for these products. The company is in the process of developing verticals for specific market and industrial segments on the MBS platform.

As the US economy showed remarkable improvement, the company has entered into USA market through its wholly owned subsidiary, B2B Softech Inc and will target specific niche areas like Microsoft Business Solutions, Health Care and Business Processing Services.

During the period under review your company has established a wholly owned subsidiary under the name and style of B2B Enterprise Solutions Limited with the Registrar of Companies, Andhra Pradesh.

Your Company's shares have been delisted from The Hyderabad Stock Exchange pursuant to SEBI (Delisting Guidelines) 2003 with effect from April, 2005.

**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 entered into with Stock Exchanges, are annexed to this Report.

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

**BOARD OF DIRECTORS:** Dr. Y. Satyanarayana, Mr. Vikram Varma Datla and Mr. Jayprakash Sappidi, Directors retire by rotation at the ensuing Annual General Meeting in accordance with the provisions of the Articles of Association of the Company and the provisions of the Companies Act, 1956 and being eligible offer themselves for re-appointment.

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

- (i) in the preparation of the Annual Accounts for the year ended March 31<sup>st</sup>, 2005, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;
- (ii) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year ended on March 31<sup>st</sup>, 2005;
- (iii) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) annual accounts have been prepared on a going concern basis.



**REPLIES TO AUDIT OBSERVATIONS:****Reply to point No.2(a) of the Auditor's Report :**

The company is making efforts to expedite the recovery of the loan as per the repayment schedule agreed upon. Your management is confident of recovering a substantial loan amount during the present year.

**Reply to point No.2(b) of the Auditor's Report :**

Your management has drawn up a comprehensive business plan aimed at improving the performance of the subsidiaries mentioned. The plan involves consolidation of wholly owned subsidiaries and refocuses in their respective service offerings.

**AUDITORS:**

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

**PERSONNEL:**

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

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

The disclosures required under Section 217(1) (e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988, for the year ended March 31, 2005 are as follows:

**A. Conservation of Energy:**

Adequate measures have been taken to conserve energy wherever possible.

**B. Technology Absorption:**

The company is making continuous efforts to upgrade and automate the present Quality Management System Processes. This is to ensure improvement in the process and maximise customer satisfaction.

**C. Foreign Exchange Earnings and Outgo**

Sl. No.	Particulars	2004 – 2005	2003 – 2004
1.	Income from Software Development Services	4,318,126	70,90,167
2.	Income from Trading Activities	2,392,148	77,61,552
3.	Total Foreign Exchange Earnings	<b>6,710,274</b>	<b>1,48,51,719</b>
4.	Total Foreign Exchange Outgo – on account of travelling	<b>2,12,840</b>	<b>1,04,935</b>

**ACKNOWLEDGEMENTS:**

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

**For and on behalf of the Board**

**P Samantha Reddy**  
Managing Director

**J R Sharath**  
Director

Place: Hyderabad  
Date: June 27, 2005





## MANAGEMENT DISCUSSION AND ANALYSIS

**Trade fairs:** Your Company has participated in CeBIT 2005, Hannover, Germany. The German subsidiary has attended in SMAU, Milan, Systems Munich. As one of the leading Microsoft Business Solutions partners in India, B2B was invited to attend the Microsoft Partner Source Conference in KL Malaysia.

**Certification:** Acquired the status of Microsoft Business Solutions -Certified Partner worldwide and certified partner of MS CRM-CSA (Certified Software Advisor)

**Quality:** KPMG assessed our software development procedures and qualified us for ISO 9001:2000 certification. The company has included ERP services under ISO certification, ERP being one of the core focus areas of the company.

**Product Launch:** GeniusDoc – a healthcare product has been developed in an iterative model and simultaneously Beta tested by doctors with different specialties. The commercial launch will be announced in this financial year. The management would like to place on record, the tremendous contribution by Dr. Nemani for his functional and domain experience, time and effort, who assisted us all the way in development of this product.

**Training and Certification:** The Company has come up with a policy of certification and majority of its consultants got certified in MBS. The company has devised a robust training program for its Microsoft Business Solutions (MBS) services.

**Future outlook:** B2B Softech is a Microsoft Certified Partner of Microsoft Business Solutions (MBS) and building products (IP -Intellectual property) around the base functionalities of MBS Navision, Axapta and CRM. We see tremendous growth in SME sector for ERP in India, we introduced our first 2 products of quality add-on and plant & maintenance and have added a good number of clients for these products. The company is in the process of developing verticals for specific market and industrial segments on the MBS platform.

Since the revival of USA economy, the company is strengthening its marketing front through its wholly owned subsidiary, B2B Softech Inc and will target specific niche areas like Microsoft Business Solutions, Health care and business processing services.

The company has moved up the value chain by building intellectual property through inhouse product and add on development



## **CORPORATE GOVERNANCE**

### **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.

### **BOARD OF DIRECTORS:**

#### **Composition and Functions:**

The Board consists of 11 Directors with considerable professional experience and expertise in various fields. The Board of Directors has the ideal composition with more than half the directors being non-executive directors. Since the Company has a non-executive chairman, the Board's composition meets the stipulated requirement of at least one-third of the Board comprising independent directors.

There has been no change in the composition of the Board of Directors, since from the date of last Annual General Meeting.

None of the non-executive directors have any pecuniary relationship or transactions with the Company, except receiving sitting fee of Rs.1,000/- for attending each Board Meeting.

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

Four Board Meetings were held during the year on 11<sup>th</sup> June 2004, (which was adjourned to 13<sup>th</sup> June, 2004 and again to 21<sup>st</sup> June, 2004), 31<sup>st</sup> July, 22<sup>nd</sup> October 2004 and 27<sup>th</sup> January 2005. 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 2004 to March 2005), along with the details of Committee memberships and their other directorships are furnished below: