

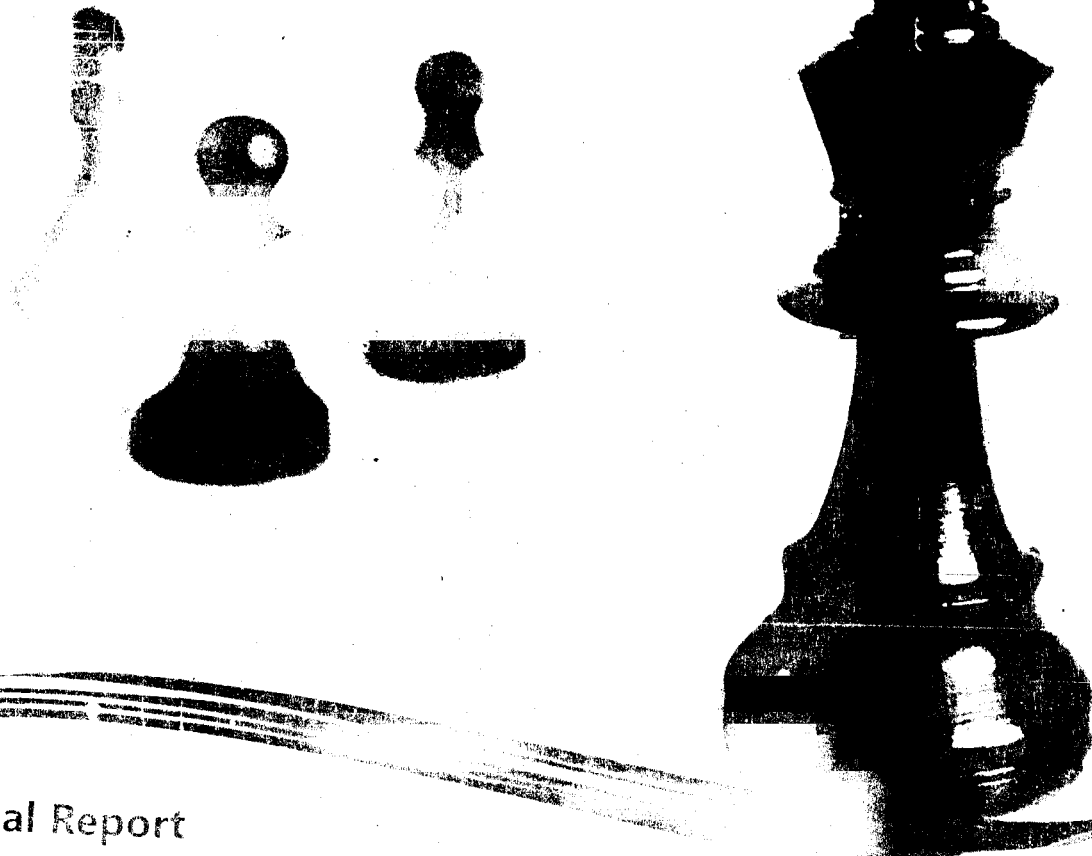


B2B SOFTWARE
TECHNOLOGIES LTD
PEOPLE . VALUES . TECHNOLOGIES

is a

2008 President's Club
member for Microsoft Dynamics[®]

Report  Junction.com



14th Annual Report
2007 - 2008

About B2B Software Technologies Ltd.

B2B Software Technologies is a "2008 President's Club member for Microsoft Dynamics", having highest base of 100 + Microsoft Dynamics clients in India; with expertise in Development NAV / AX Products is looking for resellers of B2B Verticals - Lifescience, Telecom and Add-Ons like QC, Plant Maintenance, HR-Payroll and Calibration; also seeking assignments of product development or project Implementations from partners.

B2B - Your Trusted Technology Partner



 Microsoft Dynamics™ NAV 4.0

 Microsoft Dynamics™ AX 4.0

 Microsoft Dynamics™ CRM 4.0



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DIRECTORS

1. Dr. Ram Nemani	Chairman
2. Dr. Satyanarayana Y	Director
3. Dr. Ashok Kumar Agarwal	Director
4. Mr. Anil Kumar V Epur	Director
5. Mr. Sharath Reddy J	Director
6. Mrs. Samantha Reddy P	Managing Director

REGISTERED OFFICE:

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

STATUTORY AUDITORS:

DHANUNJAYA & PRABHAKAR,
Chartered Accountants,
Opp. Santosh Swapna Theatre,
4-1-970, C-Block, # 407 & 408, IVth Floor,
Ahuja Estates, Abids Road, Hyderabad – 500001.

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



NOTICE

Notice is hereby given that the Fourteenth Annual General Meeting of the members of B2B Software Technologies Limited will be held on Tuesday the 30th of September, 2008 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, 2008 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. Anil Kumar V Epur, Director who retires by rotation and being eligible offers himself for reappointment.
3. To consider and appoint Mr. J. Sharath Reddy, Director who retires by rotation and being eligible offers himself for reappointment.
4. To consider and appoint M/s Anandam & Co, Chartered Accountants as Statutory Auditors of the Company in the place of the existing Statutory Auditors M/s. Dhanunjaya & Prabhakar, Chartered Accountants who have expressed their unwillingness to continue as Auditors of the Company due to their pre occupations.

SPECIAL BUSINESS:

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

“RESOLVED THAT pursuant to the provisions of Section 269, 198, 309, 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to such approvals as may be required from time to time the Board of Directors of the Company do hereby accord their approval for increase in the remuneration payable to Mrs. P. Samantha Reddy, Managing Director of the Company from Rs.12,50,000/- to Rs.15,00,000/- per annum including all perquisites and allowances with effect from 1st October, 2007.”

By order of the Board

Dated: 30.07.2008
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 26th September, 2008 to 30th September, 2008 (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 AS REQUIRED UNDER CLAUSE 49 OF THE LISTING AGREEMENT:

Brief Profile of Mr. Anil Kumar V Epur

Anil Kumar V Epur is a Master in Electronic Engineering and a Management Graduate in Finance & Production from Cornell University, USA.

Mr. Anil Kumar V Epur has served for VST Industries Limited in Various Departments for 20 years and held the position as Executive Director VST Natural Products Limited and presently serving as Director in VST Distribution Storage & Leasing Co., Limited and Founder of CKO (Confederation of Kisan Organisation).

Anil Kumar V Epur is closely associated with CII and held various positions including Southern Regional Chairman, CII and was also actively involved in the A.P. Expert Committee constituted by Government of Andhra Pradesh.

Brief Profile of Mr. J. Sharath Reddy

Mr. Sharath Reddy is a graduate in Engineering and Post Graduate in Finance with Minor in Information Systems from Texas A & M University. He has worked in USA for over 7 years with renowned multinational and Big 5 consulting companies in the IT sphere including Compaq, KPMG, Commerce One etc.,

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

Item No. :

Mrs. P. Samantha Reddy was appointed as the Managing Director of the Company for a period of 5 years with effect from 31.01.2005 with a remuneration of Rs.10,00,000/- per annum. Considering the services rendered by her towards the growth of Company the Board of Directors, in their meeting held on 30.10.2007, have thought it fit to revise the salary payable to her from Rs.12,50,000/- per annum to Rs.15,00,000/- per annum with effect from 1st October, 2007. The said increase in the remuneration was approved by the Remuneration Committee of the Company as required under the provisions of Schedule XIII to the Companies Act, 1956.

Increase in the remuneration payable to the Managing Director requires the approval of members by way of Ordinary Resolution. Hence, this resolution is placed before you for approval.

None of the Directors except Mrs. P. Samantha Reddy and Mr. J. Sharath Reddy is in any way, interested or concerned in the said resolution.

Dated: 30.07.2008
Place: Hyderabad

P. SAMANTHA REDDY
MANAGING DIRECTOR



DIRECTORS' REPORT

To,

The Members,
B2B Software Technologies Limited

Your Directors hereby present the Fourteenth Annual Report of your Company together with the Audited Accounts including Consolidated Accounts for the financial year ended March 31, 2008 and the report of the Auditors thereon.

FINANCIAL RESULTS:

(In Rupees)

PARTICULARS:	2007 - 2008	2006 - 2007	Consolidated 2007-2008
Total Income	50,632,298	34,275,881	75,766,734
Expenditure	47,185,550	32,041,657	75,444,064
Profit/(Loss) before tax	3,446,748	2,234,224	322,669
Less: Provision for tax	—	—	—
Fringe Benefit Tax	86,584	79,974	143,671
Deferred Tax	—	—	(2,358)
Profit / Loss after tax	3,360,164	2,154,250	181,356
Add: Brought forward from previous year	(32,347,863)	(34,502,113)	(43,906,954)
Transfer to Balance Sheet	(28,987,699)	(32,347,863)	(43,725,597)

OPERATIONS

The performance of your Company during the financial year 2007 - 2008 is encouraging. The Company has achieved a nominal profit after tax of Rs.33,60,164/- on a turnover of Rs.50,632,298/- compared to the profit of Rs.22,34,224/- on a turn over of Rs.34,275,881/- during the previous year.

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. Anil Kumar V Epur and Mr. J. Sharath Reddy retire at the ensuing Annual General Meeting and being eligible offered themselves for re-appointment.

Mr. Jayaprakash Sappidi, Mr. Durga Prasad Pammidi and Mr. Vikram Varma Datla have resigned as Directors of the Company due to their preoccupations. The Board places on record its appreciation for the services rendered by them during their tenure as Directors of the Company.

**DIRECTORS' RESPONSIBILITY STATEMENT:**

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

- (i) in the preparation of the Annual Accounts for the year ended March 31st, 2008, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;
- (ii) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year ended on March 31st, 2008;
- (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. 2a of Auditors Report

The loan would be recovered by pledged collateral security

Reply to point No. 2b of Auditors Report:

Appropriate action will be taken to address the concerned issues.

AUDITORS:

M/s. Dhanunjaya & Prabhakar, Chartered Accountants have expressed their inability to continue as Statutory Auditors of the Company due to pre-occupations. The Board of Directors have identified M/s. Anandam & Co., Chartered Accountants to be appointed as Statutory Auditors of the Company. M/s. Anandam & 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 Board of Directors recommend the appointment of M/s. Anandam & 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)(g) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988, for the year ended March 31, 2008 are as follows:

A. Conservation of energy:

Adequate measures have been taken to conserve energy wherever possible.

B. Technology Absorption:

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

C. Foreign Exchange Earnings and Outgo

		(in Rs.)	
Sl. No.	Particulars	2007 - 2008	2006 - 2007
1.	Income from Software Development Services	20,441,490	18,489,108
2.	Income from Trading Activities	—	3,181,184
3.	Total Foreign Exchange Earnings	20,441,490	21,670,292
4.	Foreign Exchange Outgo - on account of traveling	580,609	341,602
5.	Foreign Exchange Outgo - on account of Purchase of Software and Others	65,84,116	3,510,620
6.	Total Foreign Exchange Outgo	71,64,725	3,852,222

**ACKNOWLEDGEMENTS:**

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

Place : Hyderabad
Date : 30.07.2008

For and on behalf of the Board

P. SAMANTHA REDDY
Managing Director
Dr. Y. SATYANARAYANA
Director

ANNEXURE FOR DIRECTORS REPORT**DETAILS OF STOCK OPTIONS**

The ESOP Scheme 2007 was approved by the Board of Directors at its meeting held on 27.07.2007 and was approved by Special Resolution passed by the shareholders in the Annual General Meeting of the Company held on 28th September, 2007.

The Company has formed a trust under the name and style of "B2B ESOP TRUST" for administration and implementation of the ESOP Scheme 2007. Accordingly in the Board Meeting held on 24th of April, 2008 the Company has allotted 6,00,000 Equity Shares of Rs. 10/- each to the ESOP Trust. The trust has granted 31,000 options to the eligible employees of the Company and the vesting of the options would be during the next year. Pursuant to SEBI guidelines on Stock Options

ESOP Scheme 2007

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



MANAGEMENT DISCUSSION AND ANALYSIS

B2B is proud to announce that B2B has moved up a notch to bag the prestigious "Presidents Club Award" from Microsoft.

To reiterate our Mission and Vision statement

Mission

To be a leading global company offering comprehensive solutions in Business applications, network infrastructure, Business Consulting with compelling product offerings differentiated and customized for specific market and customer segment

Our Vision

To be the first choice for comprehensive business solutions in all the regions we operate

We achieve this by:

Recruiting and developing the best of talent with a commitment to customers and stakeholders and B2B ians

Our Commitment to customer is to delivery on time every time fulfilling promises and meeting targets with affordable innovative tailored solutions, comprehending client business requirements and enabling technology to meet Business Objectives.

Our commitment to stakeholders is to grow our revenues and profitability year on year with commensurate returns.

Our Commitment to fellow B2B ians is to offer an enriched learning experience, inspiring work environment, encourage leadership skills and enhance their wealth (ESOP)

In order to enhance our competitive edge, we continuously offer unique value added quality services in line with the best practices of the IT industry. We continuously invest in product development through internal accruals thereby building intellectual property for the company.

Company has built intangible assets through its extensive experience in MS Dynamics both as an IIV/Product Developer and project implementer

We innovate and continuously upgrade technology and skills there by ensuring high standards of service to our customers

Our Commitment to Society at large is to contribute to the cause of the under privileged, and sensitive people by conducting health awareness programs

We take our role in Corporate Social responsibility extremely seriously! Under the PPP (Public Private Partnership) with the Government of India, B2B has adopted a local technical training institute and enabling up gradation into a Center of Excellence thus facilitating 1-year vocational computer skills development programs to the underprivileged youth.

B2B - Your trusted technology partner

Our Business Model:

Building Industry specific verticals e.g. Telecom, Process Industry, Formulations, Bulk Drugs, Food Processing, Discrete Mfg, HR & Payroll on a base of Microsoft Dynamics Technologies.

New Initiatives

1. B2B has identified quality partner to commence implementation of CMMi.
2. B2B is evaluating the prospect of associating with Microsoft as a training partner to offer training on MS dynamics Nav and Ax.
3. B2B is working on introducing a cost effective pricing models for its products in conjunction with Microsoft.

Outlook:-

The Alarming rate of inflation and the possibility of a slowdown in the Indian economy may temporarily reduce ERP sales in the domestic market in the latter part of the financial year 2008-09. To offset this slowdown the company Plans to concentrate on increasing business from the international consulting division and drive deeper engagements with existing clients by offering more value added services

Risks and Risk Mitigations:

1. Succession planning and resource competency is an ongoing issue which is addressed by continuous investment in training and competency mapping of resources
2. B2B is constantly looking for innovative ways to improve the quality of lead generation.



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

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

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

Five Board Meetings were held during the financial year 2007-2008 on the following dates:

Sl. No.	Date of Meeting
1.	27.06.2007
2.	27.07.2007
3.	30.10.2007
4.	18.01.2008
5.	11.02.2008

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 2007 to March 2008), along with the details of Committee memberships and their other directorships are furnished below: