

Board of Directors

N.Satish Kumar	<i>Managing Director</i>
B.H.R.Balaji	<i>Executive Director</i>
K.Radha Krishna	<i>Director - Finance</i>
B. Sreedhara Reddy	<i>Director – Admn.</i>
Y. Anand Swaroop	<i>Director</i>
B.Suresh	<i>Director</i>

Auditors

Ummareddy & Associates
Chartered Accountants
Jabbar Apartments,
Begumpet,
Hyderabad - 16

Regd. Office

3A, 3rd Floor,
Samrat Complex,
Saifabad, Hyderabad-04

Registrars & Share Transfer Agents

Sindhu Corporate Services Pvt Ltd
18A, (New No. 492),
East Marredpally
Secunderabad – 26

Bankers

Central Bank of India
Corporate Finance Branch
Koti, Hyderabad

SOUTHERN ONLINE SERVICES LIMITED

NOTICE

Notice is hereby given that the **Fifth Annual General Meeting** of the Members of the Company will be held on **Tuesday, the 30th September 2003** at 11.00 A.M. at Dream Valley Resorts, Srinagar, Gandipet, Hyderabad-500 075 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as on 31st March 2003 and Audited Profit & Loss Account for the year ended on that date together with the Directors' Report and Auditors' Report thereon.
2. To appoint a Director in place of Mr.B. Sreedhara Reddy, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. B H R Balaji, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint M/s. Ummareddy & Associates, Chartered Accountants, Hyderabad as Auditors of the Company to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting at remuneration as may be fixed by the Board of Directors of the Company.

On behalf of the Board

Place : Hyderabad
Date : 29.08.2003.

N. Satish Kumar
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. The Register of Members and Share Transfer Books of the Company will remain closed from 27.09.2003 to 30.09.2003 (both days inclusive).
3. The Members are requested to intimate any change in their address quoting their Registered Folio.
4. The Members are requested to bring Annual Report to the 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.
5. At the ensuing Annual General Meeting, Mr. B.Sreedhara Reddy and Mr. B H R Balaji retires by rotation and being eligible, offers themselves for reappointment. Pursuant to Clause 49 of the Listing Agreement, the brief profile of the directors are given below:
 - A. Mr. B. Sreedhara Reddy aged about 35 years, is an Engineer by profession. He has been associated with the Company since November, 1998 and has made significant contributions to the progress of the Company. He was appointed as Director-Admn. by the shareholders in the EGM held on 05.01.2000 for a period of 5 years.

SOUTHERN ONLINE SERVICES LIMITED

Mr. Sreedhara Reddy has inherent capabilities in the area of administration. His experience and expertise would be of immense value to the efficient functioning of and operations of the company. Mr. Sreedhara Reddy does not hold any other directorship.

- B. Mr. Balaji who aged about 32 years, is a graduate in Electronics & Telecommunication Engineering.

Prior to promoting Southern online, Mr. Balaji worked in Choice Solutions Private Ltd., Sagarsoft (India) Ltd, Worldwide and with Worldwide Web Institute as Technical Consultant. Mr. Balaji has vast knowledge and experience in administration and support of Internet/Intranet for corporate networks,

Enterprise solutions and other Products. He also has development experience on web-based application. He has 9 years experience in the IT field. His professional knowledge and expertise would be of immense useful to the efficient functioning of the technical department.

He is on the Board of the Company since November, 1998. The shareholders in the EGM held on 05.01.2000 appointed him as Technical Director. Further he was elevated as Executive Director in the year 2001. He does not hold any other directorship.

On behalf of the Board

Place : Hyderabad
Date : 29.08.2003

N. Satish Kumar
Managing Director

SOUTHERN ONLINE SERVICES LIMITED

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the **Fifth Annual Report** together with the Audited Accounts of the company for the year ended 31st March 2003.

Financial Results

The highlights of the financial performance are summarized below:

(Rs. in Lakhs)

Particulars	Year Ended March 31,2003	Year Ended March 31, 2002
Total Income	307.10	309.04
Operating Profit	89.91	92.43
Less: Depreciation	75.49	75.45
Less: Misc. Expenditure written off.	9.84	9.73
Net Profit carried forward to Balance Sheet	4.22	5.97

Review and Prospects

During the year under review, your Company recorded total revenue of Rs.307.10 Lakhs. The profit after tax reported by the Company stood at with a net profit of Rs.4.22 Lakhs. The Internet access has become expensive after the local pulse rate has been reduced from 3 minute to 2 minute from April 1, according to Telecom Regulatory Authority of India (TRAI) orders. This has shown impact on the Indian Internet industry and also the Company's dial up segment, which in turn affected the Company's profitability. The Company has been planning to provide the Internet Services through Cable TV, W-LAN etc to enhance the quality of

service. The Company also has been providing VOIP services to corporates during this year.

Your Company has been providing the following services:

- Dial up and Lease Line Services
- Colocation Server
- Dedicated Server
- Corporate e' Mail
- Web hosting /Designing
- FTP Services
- VOIP
- Application Server
- DSL

Internet Industry in India*

ISP Licenses Issued	540 Approx.
Operational ISPs	185 Approx.
Cities/Towns covered	340 Approx.
Internet Subscribers	3.3 million Approx.
Cyber Cafes / Public Access Kiosks	12,000 Approx.
In-principal approval for setting up Int'l Gateways	45 ISPs
Operational Int'l Gateways by 8 – 9 ISPs	40 +
Total Estimated Investment made by ISPs	Rs. 6000 crores
Estimated Investment made on Eqpt. by ISPs	Rs. 2500 crores
Estimated Employment Provided (Direct/Indirect) by Internet Industry	1.1 lac

* As on June' 02. Source: ISPAI.

SOUTHERN ONLINE SERVICES LIMITED

Software Development

During the year under review your Company has further developed CRM project which was developed in the previous year for internal use to provide better and quality support to Leased / Dialup and Web hosting customers. The project helps in detecting the faults of the complaints rapidly and effortlessly to resolve the problems at the earliest. The Company has developed Quality of Service Box and Firewalls, which hold customers for committed service and avoid unnecessary traffic like DOS, SPAM, Trojam, with firewall.

Even this year also your Company has completed a project for Idea Cellular and developed Customer Support Module, DNS Management project and some web sites for the customers.

Company's Tie-ups

During the year your Company has entered a tie up with Bharathi and Dishnet for the Internet peering and Optic Fiber Internet Gateways. Further your Company continues to maintain its tie-ups with Intel, CMC Ltd and many others.

Your Company has been serving the corporate customers through Wireless Technology and also providing Internet Service through Cable Technology for both individual and corporate segments. Your Company continues to secure new and repeated orders from Multinationals, Government Departments, Educational Institutions and other organisations.

International Gateway

Your Company presently provides Internet services as a licensed ISP via our own Internet Satellite Earth Station and also has a redundancy through Videsh Sanchar Nigam Ltd (VSNL), Bharati Broad Networks Ltd, and Dishnet DSL Ltd.

Organisational Changes

Pursuant to Article 48 of the Articles of Association of the Company, Mr. B. Sreedhara Reddy, Director and Mr. B.H.R Balaji, Director are liable to retire

by rotation at the ensuing Annual General Meeting and being eligible, offered themselves for re-appointment.

Mr. C.M. Ramesh, the Chairman of the Company has resigned as Director of the Company with effect from 17th March 2003 due to his personal reasons and other preoccupations. Further Mr.P.Niranjana Rao, Mr.V.Durga Prasad and Mr. K. Tejesh Kumar, Directors of the Company also have resigned on 17th March 2003 due to their personal reasons.

Directors' Responsibility Statement

As required under Section 217 (2AA), which was introduced by the Companies (Amendment) Act, 2000 your Directors confirm that:

- i) In the preparation of the annual accounts, the applicable accounting standards have been followed.
- ii) The Directors have 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 as on 31st March 2003 and of the profit or loss of the company for the year ended 31st March 2003.
- iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) The Directors have prepared the annual accounts on a going concern basis.

Auditors

M/s Ummareddy & Associates, Chartered Accountants, the Statutory Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting and being eligible, offered themselves for reappointment.

SOUTHERN ONLINE SERVICES LIMITED

Corporate Governance

Your Company complied with the provisions of Corporate Governance during this financial year, 2003-04. A separate report on Corporate Governance on its compliance is attached as Annexure to this Report.

Fixed Deposits

The Company has not invited/accepted any fixed deposits from the public in terms of Section 58A of the Companies Act, 1956.

Personnel

None of the employees is covered under Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

Information as per Section 217 (1) (e) of the Companies Act, 1956

Your Company has no activity relating to conservation of energy or technology absorption. During the year 2002 - 03, there is no foreign exchange earnings. However there was foreign exchange outflow of Rs. 38.11 Lakhs towards bandwidth and technical know-how charges.

Stock Exchanges

The Company's Equity shares are listed in the Hyderabad Stock Exchange Ltd and the Bangalore Stock Exchange Ltd. The Company is yet to pay the Listing Fees of Rs. 17,500/- to Bangalore Stock Exchange for this financial year.

Acknowledgement

Your Directors place on record their appreciation of the continuous assistance and co-operation extended to your Company by the customers, bankers, Central & State Governments and shareholders. The Directors also sincerely acknowledge the significant contributions made by all the employees for their dedicated services to the Company.

On behalf of the Board

Place : Hyderabad

N. Satish Kumar

Date : 29.08.2003.

Managing Director

THE MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

Industry Structure and Development:

In India the Internet Services were launched by VSNL in August 1995, which was the sole provider of Internet Services in the Country for the first four years. The Government ended VSNL's monopoly by allowing provision of Internet Services by Private Operators in November 1998. Over the last five years, DoT has issued licenses to over 540 potential Internet Service Providers, about 100 in Category 'A' and about 220 each in Category 'B' and 'C'. About 185 of these licensees have started their operations.

The Internet is certainly a major phenomenon in India today. Everywhere one looks, the signs of its arrival and adoption are visible. In fact it is being universally recognized that as the Internet proliferates, so will applications riding on Internet like E-governance,

E-Commerce, E-Learning etc. The usage of Internet must be expanded to augment the National Interest and to be part of emerging global E-economy. It also enables the citizens to avail of the benefits arising out of IT enabled services.

Opportunities and Threats

The New Telecom Policy, 1999 (NTP '99) provides more opportunities to Internet Industry as it aims to achieve tele-density of 7 per 100 by the year 2005 and 15 per 100 by the year 2010. The NTP '99 also stipulates targets for providing Internet Access to all District Headquarters. The Government has also taken the following initiatives to proliferate the Internet Services in the Country:

- ISPs have been permitted to set up International Gateways by having business arrangement with Foreign Satellites Providers and Collaborators.

SOUTHERN ONLINE SERVICES LIMITED

- ISPs have been permitted to provide last mile access using Radio and Fiber Optics.
- ISPs have been permitted to provide ISP Services through Cable T V Infrastructure / Operators.
- The Government has initiated an ambitious plan to developed National Internet Backbone (NIB) in the country.
- Adoption of Information Technology Act, a law recognising electronic transactions and thus providing a legal framework for E-commerce in India.
- Internet Telephony Services opened up to ISPs w.e.f. April 1, 2002.

During the first three years of VSNL monopoly, the Internet subscriber base grew very slowly. By the end of March 1998, it had barely reached 140,000 subscribers. The end of VSNL's monopoly changed things dramatically wherein, the entry of private players, unlimited and open competition, and the lowering of tariffs, among other factors, led to the phenomenal surge in the subscriber base growth. Between March '99 and March '01, the subscriber base grew more than 200 percent per year, from 280,000 to 3,000,000.

However, from April 2001 onwards, the growth rate started declining on all India basis. The current Internet subscriber base in India is 3.8 Million and the user base is 16.5 Million. The planned projection is 230 Million by the end of the year 2007. (*Source: ISPAI*)

Outlook for the Industry

It has been widely recognized that the diffusion of the Internet and its associated applications (e.g., e-governance, electronic commerce, e-banking, e-learning etc.) can fuel the growth of a nation's economy. Internet significantly facilitates the process of development of the nations and its citizens in all respects, be it economic, social, or cultural.

However, it must be noted that for sustaining such applications and Internet as a whole there must be a critical mass of Internet users. It is therefore very important to encourage the Internet growth and usage. To achieve this goal we should recognise that one of the most significant factors influencing the growth of Internet is the cost to consumers for Internet access and improvement in quality of service.

Internal Control System and their Adequacy

The Company has adequate internal control systems and procedures in all operational areas and at all levels – equipments procurement, finance, administration marketing and personnel departments. The Company also has internal Audit system commensurate with its size and nature of business. The internal audit function will be done by a firm of Chartered Accountants. The Audit Committee reviews the internal audit reports and the adequacy of internal controls from time to time.

Discussion on Financial Performance with respect to Operational Performance

During the year under review the Company has achieved a turnover of Rs. 307.10 lakhs with a net profit of Rs. 4.22 lakhs as against Rs. 309.04 lakhs with a net profit of Rs. 5.97 lakhs in the previous year. In spite of recession in the market the Company achieved this profit during this year. The Company has been increasing its subscriber base year by year.

Human Resource Development and Industrial Relations

The Company believes that the quality of its employees is the key to its success in the long run and is committed to provide necessary human resource development and training opportunities to equip them with skill, which enables them to adapt to contemporary technological advancements.

Industrial relations during the year are cordial and the Company is committed to maintain the same in future.

SOUTHERN ONLINE SERVICES LIMITED

REPORT ON CORPORATE GOVERNANCE

1. Company's Philosophy

Southern Online gives vital importance to Corporate Governance in the entire gamut of its business philosophy. The guiding forces of Corporate Governance at Southern Online are its core values – Quality operations, Customer satisfaction, Shareholder's value, Belief in people. Southern Online's goal is to be the best ISP in AP. While fulfilling its commitment to deliver the best Internet Services to its customers, Southern Online

endeavors to adopt the best of global practices in accounting, manufacturing and accountability to stakeholders.

2. Board Composition

For the financial year ended 31st March 2003, the Board comprised of 6 Directors of which four are Executive Directors and the others are Independent Directors. The detailed composition of the Board is given below.

Name	Designation	No.of Meetings Attended	Attendance at the last AGM	No. of other Directorships /Committees
C.M. Ramesh*	Chairman	2	NO	1
N. Satish Kumar	Managing Director	6	YES	Nil
K.Radha Krishna	Director Finance	7	YES	Nil
B. Sreedhar Reddy	Admn. Director	5	YES	Nil
B.H.R. Balaji	Executive Director	5	YES	Nil
Y. Anand Swaroop	Independent & Non-executive Director	4	YES	1
B. Suresh	" "	3	NO	Nil
P. Niranjan Rao*	" "	2	YES	Nil
V. Durga Prasad*	" "	3	YES	1
K. Tejesh Kumar*	" "	2	NO	Nil

During the year under review eight Board Meetings were held on April 18, 2002; June 29, 2002; July 31, 2002; September 30, 2002; October 31, 2002; December 19, 2002; January 31, 2003 and March 20 2003. The time gap between any two Board Meetings did not exceed more than four months.

3. Audit Committee

Adhering to the principles envisaged in Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956 the Audit Committee was constituted as under:

Mr. Anand Swaroop, Chairman
Mr. P. Niranjan Rao, Director*
Mr. V. Durga Prasad, Director*
Mr. K.Radha Krishna, Director**
Mr. B.Suresh, Director**

It comprises of one executive and two non-executive independent directors. The committee met thrice during the year under review, on 22nd August 2002, 30th September 2002 and 30th January 2003. The Statutory Auditors and the Internal Auditor are the permanent invitees to the Meetings. The Asst. Company Secretary acts as Secretary to the Audit Committee.

4. Remuneration Committee

The Non-executive Directors are paid sitting fees for attending the Board & Committee meetings. The Remuneration Committee met once on 30th January 2003 and all the members of the committee were present at the meeting. The members of the Committee is as under:

SOUTHERN ONLINE SERVICES LIMITED

Mr. Y. Anand Swaroop, Chairman
Mr. K. Tejesh Kumar*
Mr. V. Durga Prasad*
Mr. B. Sreedhara Reddy, Director**
Mr. B.Suresh, Director**

The details of sitting fees paid to the Non-Executive Directors for attending Board Meetings and Committee Meetings during the year under review are as follows:

Name of Director	(Rs.)
Y. Anand Swaroop	6000
P. Niranjana Rao	3000
V. Durga Prasad	4500
K. Tejesh Kumar	3000
B.Suresh	4500

The Remuneration paid to the Whole time Directors during the year 2002 – 03 is as follows:

Name of Director	(Rs.)
N. Satish Kumar	2,54,664
K. Radha Krishna	2,54,664
B. Sreedhara Reddy	2,54,664
B H R Balaji	2,54,664

6. General Body Meetings

The details of last three Annual General Meetings are as follows:

Year	Date	Venue	Time
2001 - 2002	30.09.2002	Golden Triangle, Nanakram Guda, Lingampally, Hyderabad.	12.00 P.M
2000 - 2001	27.09.2001	Golden Triangle, Nanakram Guda, Lingampally, Hyderabad.	11.30 A.M
1999 - 2000	29.11.2000	Chiraan Fort, 1-8-333 & 334, A-Wane,Begumpet, Opp. Police Lines, Secunderabad – 500 003	3.00 P.M

No postal ballots have been conducted during the previous three years. At the forthcoming AGM there is no item on the agenda that needs approval by means of postal ballot.

The Company does not have any stock option scheme to the Whole-time Directors. The appointments are made for a period of five years on the terms and conditions in the respective resolutions passed by the members in the General Meetings, which do not provide for severance fees.

5. Investor Grievance Committee

The Board constituted an Investors' Grievance Committee to consider Share Transfers, Dematerialization of Shares, Shareholders' Complaints etc. Initially the Committee was constituted with Mr. V.Durga Prasad as Chairman and Mr. Anad Swaroop and Mr. B. Suresh as members. After he resignation of Mr. Durga Prasad the Committee is reconstituted with Mr. Y. Anand Swaroop as Chairman and Mr. B. Suresh as member. Both of them are non-executive and independent Directors. The transfer of shares was processed by the Share Transfer Committee within 15 days of receipt of request for transfer. During the period under review 68 complaints / requests were received from the shareholders, all of them have been resolved and there are no pending Share Transfers / Complaints as on date of this report. Mr. R.Harsha Vardhan Reddy, Asst. Company Secretary is the Compliance Officer.

7. Disclosures

There are no materially significant related party transactions, material in nature, with its Promoters, Directors or the Management, their subsidiaries or

SOUTHERN ONLINE SERVICES LIMITED

relatives etc. having potential conflict with the interests of the Company at large.

No penalties have been imposed on the Company by the Stock Exchanges where the Company's shares are listed or SEBI or any statutory authority, on any matter.

8. Means of Communication

The Financial Results and shareholding pattern are submitted to the Stock Exchanges on quarterly basis

and the financial results have been published in prominent daily newspapers, viz. Business Standards and Andhra Bhoomi. These financial statements, press releases are also posted on the Company's website, at www.sol.net.in. As the financial performance of the Company is well published, individual communication of half yearly results are not sent to the shareholders.

The Management Discussion and Analysis Report is included as annexure to the Directors' Report.

9. General Shareholder Information:

1. Date, Time and Venue of the 5th Annual : 30.09.2003, 11.00 A.M
General Meeting Dream Valley Resorts, Srinagar,
Gandipet, Hyderabad - 75.
2. Financial Calender : 1st April to 31st March
Financial Reporting:
First Quarter - 31.07.2002
Second Quarter - 31.10.2002
Third Quarter - 31.01.2003
Fourth Quarter - 30.06.2003
3. Book Closure Date : 27.09.2003 to 30.09.2003
(both days inclusive)
4. Listing on Stock Exchanges : The Hyderabad Stock Exchnage Ltd
The Bangalore Stock Exchnage Ltd
5. Share Transfer System : Shares lodged for Physical Transfer would be
registered within a period of 15 days if the documents
are clear in all respects by the R & T Agents and an
option letter shall be dispatched to the shareholders
for dematerialisation of the shares.
6. (A) Pattern of Shareholding as on 31.03.2003

Description	No. of Shares held	Percentage of Shareholding
Promoters & Relatives	17,77,390	33.16
Resident Indians	28,86,509	53.84
NRIs	4,13,750	7.72
FII/OCB	10,000	0.19
Financial Institutions and Banks	—	—
Domestic Companies	2,72,651	5.09
Total	53,60,300	100.00

SOUTHERN ONLINE SERVICES LIMITED

8. (B) Distribution of Shareholding as on 31.03.2003

Range (Rs)	No. of Shareholders	% of Total Shareholders	No. of Shares Shares	% of Total Shareholding
Upto 5000	2,577	81.04	5,02,157	10.20
5001 – 10000	176	5.53	1,56,728	2.90
10001 – 20000	124	3.90	2,00,611	3.71
20001 – 30000	102	3.21	2,66,215	4.92
30001 – 40000	40	1.26	1,42,600	2.64
40001 – 50000	43	1.35	2,07,004	3.83
50001 – 100000	63	1.98	4,95,916	9.17
More than 100000	55	1.73	33,89,069	62.65
Total	3,256	100.00	53,60,300	100.00

9. Dematerialisation of Shares and Liquidity

Trading in Company's shares is permitted only in dematerialised form for all investors. The ISIN allotted to the Company's scrip is INE 371B01015. Investors are therefore advised to open a demat account with a Depository participant of their choice to trade in dematerialized form. Over 64% of the Company's shares are now held in electronic form. The list of depository participants is available with the National Depository Limited (NSDL) at www.nsdl.co.in.

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

10. Address for Correspondence

Registered office: Flat No. A3, 3rd Floor, Office Block, Samrat Complex, Saifabad, Hyderabad-500 004.

R & T Agent : Sindhu Corporate Services Pvt. Ltd, 18A, (new no.492), East Marredpally, Secunderabad – 500 026

AUDITORS CERTIFICATE REGARDING CORPORATE GOVERNANCE

To,
The Members of Southern Online Services Ltd,

We have examined the compliance of conditions of Corporate Governance by Southern Online Services Ltd for the year ended March 31, 2003, as stipulated in Clause 49 of the Listing Agreement of the Company with Stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the 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 and on the basis

of our examination described above, we certify that the company has complied with the conditions of corporate Governance as stipulated in the above mentioned Listing agreement.

We state that no investor grievances are pending for a period exceeding one month against the Company as per 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 : 30.06.2003

for **Ummareddy & Associates**
Chartered Accountants

A. Koteswara Rao
Partner

SOUTHERN ONLINE SERVICES LIMITED

AUDITORS' REPORT

The Members of

SOUTHERN ONLINE SERVICES LIMITED

We have audited the attached Balance Sheet of SOUTHERN ONLINE SERVICES LTD, as at 31st March, 2003 and also the Profit & Loss Account and the cash flow statement for the year ended on that date annexed thereto. 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.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are 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.

1. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
2. In our opinion, proper books of accounts as required by law have been kept by the Company so far as it appears from our examination of such books;
3. The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account submitted to us;
4. In our opinion, the Profit & Loss Account and the Balance Sheet comply with the accounting standards referred to in Sub-section (3c) of Section 211 of the Companies Act, 1956;
5. On the basis of written representations received from all the Directors as on 31.03.2003, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31.03.2003 for being appointed as Director in terms of Clause (g) of Sub-section

(1) of Section 274 of the Companies Act, 1956;

6. In our opinion and to the best of our information and according to the explanations given to us, the 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:
 - a) in the case of the Balance Sheet, of the state of affairs of the Company as on 31st March, 2003;
 - b) in the case of the Profit and Loss Account, of the Profit for the year ended on that date.
 - c) In the case of cash flow statement, of the cash flows for the year ended on that date.
- 7) As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988, issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, and on the basis of such checks of books and records of the Company as we considered appropriate and according to the information and explanations given to us during the course of audit, we further state on the matters specified in paragraphs 4 and 5 of the said order that:
 - 7.1) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. The management at reasonable intervals has physically verified the fixed assets of the Company and no material discrepancies have been noticed on such verification.
 - 7.2) None of the fixed assets has been revalued during the year.
 - 7.3) The management at reasonable intervals in respect of the stock has conducted the physical verification. The procedure of physical verification of stock followed by the management is reasonable and adequate in relation to the size of the Company and the nature of its business.
 - 7.4) No material discrepancies have been noticed on physical verification between physical stock as compared to book records.

SOUTHERN ONLINE SERVICES LIMITED

- 7.5) On the basis of our examination of stock records we are of the opinion that the valuation of stocks is fair and proper in accordance with normally accepted accounting principles and is on the same basis as in the preceding year.
- 7.6) The Company has taken unsecured interest free loan of Rs. 7,05,298/- from directors, the parties listed in the Register maintained under Section 301 of the Companies Act, 1956, (1 of 1956). The terms and conditions are not prejudicial to the interest of the Company.
- 7.7) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.
- 7.8) In our opinion there are adequate internal control procedures commensurate with the size of the Company and the nature of the business with regard to the purchase of plant and machinery, equipment and other assets and with regard to the services rendered.
- 7.9) The Company has not accepted any deposits from the public and consequently the provisions of Section 58-A of the Companies Act, 1956, and the Companies (Acceptance of Deposits) Rules, 1975 are not applicable.
- 7.10) The Company has Internal Audit system commensurate with its size and nature of its business.
- 7.11) According to the information and explanations given to us, maintenance of cost records has not been prescribed by the Central Government under Section 209 (1) (d) of the Companies Act, 1956, for any of the activities of the Company.
- 7.12) According to the information and explanations given to us the Company is in general regular in remitting the Provident Fund and Employees State Insurance amounts with appropriate authorities.
- 7.13) In our opinion and according to the information and explanations given to us, the transactions of purchases made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956, and aggregating during the year to Rs. 50,000/- or more in respect of each party have been made at prices and terms which are reasonable, having regard to the prevailing market prices or the prices at which transactions for similar goods or materials have been made with other parties.
- 7.14) According to the information and explanations given to us and as per the records of the company examined by us, there are no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Customs Duty and Excise Duty which have remained outstanding as at 31st March, 2003 for a period of more than six months from the date they became payable.
- 7.15) According to the information and explanations given to us and as per the records of the Company examined by us, personal expenses of employees or Directors have not been charged to revenue account, other than those payable under contractual obligations in accordance with generally accepted business practice.
- 7.16) The Company is not a Sick Industrial Company within the meaning of the clause (O) of the Sub Section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
- 7.17) The Company has a reasonable system of allocating man-hours utilized to the relative jobs, commensurate with its size and nature of its business.
- 7.18) There is a reasonable system of authorization at proper levels, and an adequate system of internal control commensurate with the size of the Company and the nature of its business.

for **UMMAREDDY & ASSOCIATES**
Chartered Accountants

A.KOTESWARA RAO
Partner

Place : Hyderabad.
Date : 30.06.2003

SOUTHERN ONLINE SERVICES LIMITED

Balance Sheet as at 31st March, 2003

Description	Schedule	As at	As at
	No.	31.03.2003 (Rs.)	31.03.2002 (Rs.)
I. SOURCES OF FUNDS :			
1. Shareholders' Funds :			
a. Share Capital	1	53,603,000	53,603,000
b. Reserves and Surplus	2	11,515,293	11,093,248
2. Loan Funds :			
a. Secured Loans	3	9,192,124	10,258,038
b. Unsecured Loans	4	1,278,798	840,000
TOTAL :		<u>75,589,215</u>	<u>75,794,285</u>
II. APPLICATION OF FUNDS :			
1. Fixed Assets :			
a. Gross Block	5	48,049,187	47,916,125
b. Less : Depreciation		22,814,263	15,349,701
c. Net Block		25,234,924	32,566,424
2. Investments			
		-	-
3. Current Assets, Loans and Advances :			
Less : Current Liabilities & Provisions :	6	49,624,686	40,813,179
	7	3,106,693	2,405,908
Net Current Assets		46,517,993	38,407,272
4. Miscellaneous Expenditure			
(to the extent not written off or adjusted)	8	3,836,298	4,820,590
TOTAL :		<u>75,589,215</u>	<u>75,794,285</u>
Notes forming part of Accounts	13		

AS PER OUR REPORT OF EVEN DATE
for UMMAREDDY & ASSOCIATES
Chartered Accountants

FOR AND ON BEHALF OF THE BOARD

A. KOTESWARA RAO
Partner

N.SATISH KUMAR
Managing Director

B.H.R.BALAJI
Executive Director

Place : Hyderabad
Date : 30.06.2003

K.RADHA KRISHNA
Finance Director

SOUTHERN ONLINE SERVICES LIMITED

Profit and Loss Account for the year ended 31st March, 2003

Description	Schedule No.	Year ended 31.03.2003 (Rs.)	Year ended 31.03.2002 (Rs.)
I. INCOME			
Internet and related Services.		29,931,795	29,361,542
Sale of Computer Hardware.		724,730	1,285,390
Other Income		53,344	257,369
TOTAL :		30,709,869	30,904,301
II. EXPENDITURE			
Purchases		500,000	824,006
Personnel Cost	9	3,331,574	4,876,652
Operating & Administrative Expenses:	10	10,859,251	9,773,922
Financial Expenses	11	1,705,661	1,559,834
Marketing Expenses	12	5,322,612	4,627,343
Sub Total		21,719,097	21,661,757
Operating Profit		8,990,771	9,242,544
Depreciation		7,549,434	7,545,355
Miscellaneous expenditure written off		984,292	973,256
Prior Period Expenses		-	66,969
Profit Before Tax		457,045	656,964
Provision for Tax		35,000	60,000
Profit After tax		422,045	596,964
Add : Profit brought forward		1,093,248	496,284
Profit available for appropriation		1,515,293	1,093,248
Less : Transferred to General Reserve		-	-
Profit Transferred to Balance Sheet		1,515,293	1,093,248

AS PER OUR REPORT OF EVEN DATE
for UMMAREDDY & ASSOCIATES
Chartered Accountants

FOR AND ON BEHALF OF THE BOARD

A. KOTESWARA RAO
Partner

N.SATISH KUMAR
Managing Director

B.H.R.BALAJI
Executive Director

Place : Hyderabad
Date : 30.06.2003

K.RADHA KRISHNA
Finance Director

SOUTHERN ONLINE SERVICES LIMITED

Schedules forming part of the Balance Sheet

Description	As at 31.03.2003 (Rs.)	As at 31.03.2002 (Rs.)
1. Share Capital :		
Authorised :		
60,00,000 Equity Shares of Rs.10/- each.	<u>60,000,000</u>	<u>60,000,000</u>
Issued, Subscribed & Paid-up :		
53,60,300 Equity Shares of Rs.10/- each fully paid up	<u>53,603,000</u>	<u>53,603,000</u>
TOTAL :	<u><u>53,603,000</u></u>	<u><u>53,603,000</u></u>
2. Reserves & Surplus :		
Profit & Loss A/c	<u>1,515,293</u>	1,093,248
General Reserve	<u>10,000,000</u>	10,000,000
TOTAL :	<u><u>11,515,293</u></u>	<u><u>11,093,248</u></u>
3. Secured Loans :		
Term Loan from Central Bank Of India ,Koti, Hyderabad. (Secured by hypothication of EDP Equipment and equitable mortgagage of Land & Building of Directors.)	<u>5,625,580</u>	7,034,138
Bank Overdraft from Central Bank of India, Koti, Hyderabad against Debtors	<u>3,566,544</u>	3,223,900
TOTAL :	<u><u>9,192,124</u></u>	<u><u>10,258,038</u></u>
4. Un Secured Loans :		
a) Loans from Directors.	<u>705,298</u>	-
b) Loans from Others. Central Bank of India, Koti, Hyderabad		
Refundable Deposits from Dealers	<u>573,500</u>	840,000
TOTAL :	<u><u>1,278,798</u></u>	<u><u>840,000</u></u>

SOUTHERN ONLINE SERVICES LIMITED

5. Fixed Assets :

S.No.	ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As at 01.04.2002	Additions during the year	Deductions during the year	As at 31.03.2003	Upto 31.03.2002	For the year	Deductions during the year	Upto 31.03.2003	As at 31.03.2003	As at 31.03.2002
1	EDP Equipment	45,574,353	374,662	241,600	45,707,415	15,020,419	7,419,711	84,872	22,355,258	23,195,429	30,553,934
2	Office Equipment	1,170,186	-	-	1,170,186	139,321	74,073	-	213,394	956,792	1,030,865
3	Furniture & Fixtures	1,171,586	-	-	1,171,586	189,961	55,650	-	245,611	925,975	981,625
	T O T A L :	47,916,125	374,662	241,600	48,049,187	15,349,701	7,549,434	84,872	22,814,263	25,078,196	32,566,424
	Previous Year	48,169,873	1,491,848	1,745,596	47,916,125	7,940,264	7,545,355	135,918	15,349,701	32,566,424	40,229,608

SOUTHERN ONLINE SERVICES LIMITED

Description	As at 31.03.2003 (Rs.)	As at 31.03.2002 (Rs.)
6. Current Assets, Loans & Advances :		
A. Current Assets:		
a) Sundry Debtors (Un Secured considered Good)		
Debts outstanding for a period exceeding six months	36,090,657	26,515,525
Other Debts	<u>8,201,813</u>	<u>7,798,713</u> 34,314,238
b) Pre-paid Expenses	1,042,292	959,068
c) Tax Deducted at Source.	88,745	58,771
d) Cash and Bank Balances		
Cash on Hand	332,892	608,092
Balances with Scheduled Banks		
- on Current Accounts	76,866	179,939
- Short Term Deposits	<u>866,041</u>	<u>826,935</u> 1,614,966
e) Deposits		
Telephone Deposits	1,458,723	1,485,220
Other Deposits	<u>339,669</u>	<u>497,654</u> 1,982,874
f) Stock of CD's.	185,052	251,503
B. Loans and Advances:		
a) Advances for Capital Goods	542,682	914,322
b) Advances to Staff	399,254	717,437
TOTAL :	<u><u>49,624,686</u></u>	<u><u>40,813,179</u></u>

SOUTHERN ONLINE SERVICES LIMITED

Description	As at 31.03.2003 (Rs.)	As at 31.03.2002 (Rs.)
7. Current Liabilities & Provisions :		
Sundry Creditors for Capital Goods	75,501	361,792
Sundry Creditors for Expenses	308,598	1,095,688
Outstanding Liabilities	2,307,594	948,428
Chit Payable	415,000	-
TOTAL :	<u>3,106,693</u>	<u>2,405,908</u>

8. Miscellaneous Expenditure :

(to the extent not written off or adjusted)

a) Preliminary Expenses	90,942		136,414	
Less: Written Off During the year	<u>45,472</u>	45,470	<u>45,472</u>	90,942
b) Deferred Revenue Expenses.	4,729,648		5,215,931	
Add: Additions During the year			441,501	
Less: Written Off During the year	<u>938,820</u>	3,790,828	<u>927,784</u>	4,729,648
TOTAL :		<u>3,836,298</u>		<u>4,820,590</u>

SOUTHERN ONLINE SERVICES LIMITED

Schedules forming part of the Profit and Loss Account

Description	Year ended 31.03.2003 (Rs.)	Year ended 31.03.2002 (Rs.)
9. Personnel Cost :		
Salaries	3,226,099	4,750,556
Staff Welfare	105,475	126,095
TOTAL :	3,331,574	4,876,652
10. Operating & Administrative Expenses :		
AGM & Board Meeting Expenses	56,261	59,471
Audit Fee	77,600	72,000
Electrical Charges	401,476	861,800
Floppys and CDs	80,000	55,250
General Expenses	163,974	141,630
Insurance	64,537	223,655
Lease Line Rentals	7,520,248	5,688,587
Membership, Books & Periodicals	116,947	136,649
Office Maintenance	102,918	199,822
Consultancy Charges	42,000	240,000
Printing & Stationery	92,160	92,881
Postage & Telegrams	6,967	7,483
Rent , Rates & Taxes	554,579	430,500
Secretarial Expenses	51,760	120,616
Security Service	112,230	101,177
Telephone, Mobile & Pager Expenses	1,035,437	1,171,978
Travelling & Conveyance Expenses	214,971	170,424
Loss on Chits	83,460	-
Loss on Sale of Fixed Assets	81,728	-
TOTAL :	10,859,251	9,773,922
11. Financial Expenses :		
Interest on Term Loan	1,091,442	1,139,692
Interest on Over Draft.	491,874	318,357
Bank Charges	122,345	101,785
TOTAL :	1,705,661	1,559,834
12. Marketing Expenses :		
Advertisement	152,160	157,910
Comissions & Discounts	839,623	4,414,456
Business Promotion	52,107	54,977
Bad Debts	4,278,722	-
TOTAL :	5,322,612	4,627,343

SOUTHERN ONLINE SERVICES LIMITED

SCHEDULE – 13: NOTES FORMING PART OF THE ACCOUNTS

I. SIGNIFICANT ACCOUNTING POLICIES:

1. Basis of Preparation of Financial Statements:

- a. Financial Statements have been prepared under the historical cost convention and in accordance with generally accepted Accounting Principles and Provisions of the Companies Act, 1956 as applicable to the Company.
- b. Accounting Policies not specially referred to otherwise are consistent and consonance with generally accepted Accounting Principles followed by the Company.

2. Revenue Reorganization:

- a) Dial Up Services: Internet Access is provided to the customers for a specified Number of Hours either based up on the advances received or , billed to the customers, which is to be utilized within a specified period. The Company recognizes revenue based on the bills raised on customer at the time of facilitating the Internet access.
- b) Leased Line Services: Leased Line Services are provided to the customers for a specified period of time. The Company recognizes revenue in the year of raising Invoices on the customers.
- c) Web hosting and Co-location Services: These services are provided to the customers for a specified period of time. The company recognizes revenue in the year of raising invoices on the customers.
- d) FTP Services: These services are provided to the customers for a specified period of time. The Company recognizes revenue in the year of raising invoices on the customers.

3. **Fixed Assets**: Fixed assets are stated at the cost of acquisition less accumulated depreciation,

direct costs are capitalized until the assets are ready to put to use. These costs include installation cost, duties, taxes and other allocated expenses including finance cost relating to specified borrowing incurred during the construction period.

4. **Depreciation**: Depreciation on Fixed Assets has been provided on Straight Line Method as per the rates mentioned in Schedule XIV of the Companies Act, 1956.

5. Miscellaneous Expenditure:

- a) Preliminary Expenses: Expenditure (to the extent not written off or adjusted) incurred in connection with formation of the Company has been amortized over a period of 5 years.
- b) Public Issue Expenses: Expenditure incurred in connection with the Public Issue of Rs.1.34 Lakhs has been amortized over a period of 5 years.
- c) Deferred Revenue Expenses: Processing Fee incurred in connection with obtaining Gateway facilities has been amortized over a period of 10 years.
- d) Technical Know-how: Expenditure incurred in connection with Technical know-how has been amortized over a period of 10 years.
- e) Software Expenditure: Expenditure incurred in connection with RBS billing software and data entry software has been amortized over a period of 10 years.
6. **Contingent Liabilities**: No liability was provided for in respect of Contingent liability but only mentioned by way of notes on accounts.

SOUTHERN ONLINE SERVICES LIMITED

II. NOTES ON ACCOUNTS:

1. Managerial Remuneration:

A. Managerial Remuneration paid to the Whole Time Directors:

	2002-2003	2001-2002
	Rs.	Rs.

Salaries & Allowances	10,18,656	22,00,320
-----------------------	------------------	-----------

B. No computation of Profit under Section 350 of the Companies Act, 1956 has been given since no commission was paid to Directors.

2. Auditors Remuneration:

For Statutory Audit	20,000	20,000
For Tax Audit	16,000	16,000
For Other Services	4,000	4,000
	40,000	40,000

3. Contingent Liabilities not provided for:
Counter Guarantee given to Bankers in respect of guarantees issued by the Bankers in favour of the President of India, acting through the Telegraph Authority.

	20,00,000	20,00,000
	20,00,000	20,00,000

4. Preliminary Expenses includes Registration Charges for increasing the Authorised Share Capital.

5. Deferred Revenue Expenses includes Public Issue Expenses, Technical know how and Billing Software Expenditure.

6. Cash and Bank Balances include Rs. 8,66,041/- representing fixed deposits lodged with Banker as margin money against guarantees issued by them (Previous year Rs. 8,26,935/-).

7. Balances appearing under different accounts of Debtors, Creditors, Loans and Advances are subject to confirmation from the parties.

8. Previous year figures have been regrouped / reclassified / rearranged wherever necessary for better comparison with current year figures.

9. The Company is engaged in the Business of providing Internet service and other related Services. The rendering of such services is not capable of being expressed in any generic unit and hence it is not possible to give the quantitative details of sales and information as required under paragraphs 3, 4C and 4 D of Part II of Schedule - VI to the Companies Act, 1956. In respect of Trading Division the Quantitative details are as follows:

SOUTHERN ONLINE SERVICES LIMITED

S.NO	DESCRIPTION	PURCHASE		SALE		CLOSING STOCK	
		Qty	Value Rs.	Qty	Value Rs.	Qty	Value Rs.
01.	Compaque Server	1	1,38,000	1	3,00,000	NIL	NIL
02.	CISCO ROUTER	1	1,99,000	1	2,10,000	NIL	NIL
03.	PRESTIGE 153 X	3	89,500	3	1,24,500	NIL	NIL
04.	VOIP Boxes	4	73,500	4	1,14,662	NIL	NIL

AS PER OUR REPORT OF EVEN DATE
for **UMMAREDDY & ASSOCIATES**
Chartered Accountants

FOR AND ON BEHALF OF THE BOARD

A. KOTESWARA RAO
Partner

N.SATISH KUMAR
Managing Director

B.H.R.BALAJI
Executive Director

Place : Hyderabad
Date : 30.06.2003

K.RADHA KRISHNA
Finance Director

SOUTHERN ONLINE SERVICES LIMITED

CASH FLOW FOR THE YEAR ENDED 31ST MARCH 2003.

Year Ended
31.03.2003
Rupees

I CASH FLOW FROM OPERATIONS

Profit as per Profit & Loss Account	422,045
ADD : Adjustments for	
A. Depreciation	7,549,434
B. Preliminary Expenses Written off	984,292
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	8,955,771
ADD / LESS : Adjustments for Working Capital	
A. Increase in Current Assets	(9,727,298)
B. Decrease in Loan & Advances	576,625
C. Decrease in Current Liabilities	700,785
CASH GENERATED FROM OPERATIONS	(9,150,673)
NET CASH FROM OPERATING ACTIVITIES	- "A" 505,884

II CASH FLOW FROM INVESTING ACTIVITIES

A. Purchase of Fixed Assets	(374,662)
B. Sale of Fixed Assets	156,728
C. Preliminary Expenses Spent	-
NET CASH USED IN INVESTING ACTIVITIES	- "B" (217,934)

III CASH FLOW FROM FINANCING ACTIVITIES

A. Proceeds of Shares Issue	
B. Secured Loans Taken	(1,065,915)
C. Un Secured Loans Repaid	438,798
NET CASH USED IN FINANCING ACTIVITIES	- "C" (627,117)
Net Increase in Cash or Cash Equivalents	(339,167)
Opening Cash & Bank Balances	1,614,966
ADD:Net increase in Cash & Cash Equivalents	(339,167)
Closing Cash & Bank Balances as on 31.03.2002	1,275,799

For and on behalf of the Board of Directors.

Place : Hyderabad
Date : 30.06.2003

N.SATISH KUMAR
Managing Director

B.H.R.BALAJI
Executive Director

K.RADHA KRISHNA
Director Finance

Auditor's Certificate

We have verified the above Cash Flow Statement of SOUTHERN ONLINE SERVICES LIMITED derived from Audited Financial Statements for the year ended 31st March 2003, and found the same in accordance therewith, and also with the requirement of clause 32 of the Listing Agreement.

for Ummareddy & Associates
Chartered Accountants

Place : Hyderabad
Date : 30.06.2003

A.KOTESWARA RAO
Partner

SOUTHERN ONLINE SERVICES LIMITED

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration Number	30463
State Code Number	01
Balance Sheet Date	31 st March 2003

II. Capital Raised During the Year (Amount in Rs Thousands)

Public Issue	NIL
Right Issue	NIL
Bonus issue	NIL
Private Placement	NIL

III. Position of Mobilization and Deployment of Funds (Amount in Rs Thousands)

Total Liabilities	75589
Total Assets	75589

Sources of Funds

Paid-up Capital	53603
Reserves & Surplus	11515
Secured Loans	9192
Unsecured Loans	1279

Application of Funds

Net Fixed Assets	25235
Investments	NIL
Net Current Assets	46518
Miscellaneous Expenditure	984
Accumulated Losses	NIL

IV. Performance of Company (Amount in Rs Thousands)

Turnover	30710
Total Expenditure	30253
Profit /Loss Before Tax +(-)	457
Profit /Loss After Tax +(-)	422
Earnings per Share in Rs	0 .08
Dividend Rate %	NIL

V. Generic Names of principal products/ services of Company

Item Code No. (ITC Code)	NIL
Product Description	
Internet Service Providers	

For and on behalf of the Board of Directors

Place : Hyderabad

N.SATISH KUMAR

B.H.R. BALAJI

K.RADHA KRISHNA

Date : 29.08.2003

Managing Director

Executive Director

Finance Director

SOUTHERN ONLINE SERVICES LIMITED

SOUTHERN ONLINE SERVICES LIMITED

3A, 3rd Floor, Samrat Complex, Office Block, Saifabad, Hyderabad - 500 004.

PROXY FORM

Folio No. DPID No.* Client ID No.*

I/We of in the district

of being a member/members of the above named company, hereby

appoint Mr./Ms./Kum in the district of as

my our proxy to attend and vote for me/us on my/our behalf at the **Fifth Annual General Meeting** of the Company to be held on Tuesday, the 30th September, 2003 at 11.00 am at Dream Valley Resorts, Srinagar, Gandipet, Hyderabad-500 075 or at any adjournment thereof.

Signed this day of 2003

Address

.....

Affix Rs. 1/-
Revenue
Stamp

Signed

* Applicable for investors holding shares in electronic form.

Note : The proxy form duly completed must be deposited at Regd. Office not less than 48 hours before the time for holding the meeting. A proxy need not be a member of the Company.

SOUTHERN ONLINE SERVICES LIMITED

3A, 3rd Floor, Samrat Complex, Office Block, Saifabad, Hyderabad - 500 004.

ATTENDANCE SLIP

I hereby record my presence at the **Fifth Annual General Meeting** of the Company on Tuesday, the 30th September, 2003 at 11.00 am at Dream Valley Resorts, Srinagar, Gandipet, Hyderabad-500 075

.....
Full name of the Shareholder (in block letters)

.....
Signature

Folio No./DPID & Client ID

No. of Shares held

.....
Full name of the proxy (in block letters)
(To be filled if the Proxy attends instead
of the member)

.....
Signature

Note : Shareholders attending the meeting in person or by proxy are requested to complete the attendance slip and hand it over at the entrance of the meeting hall. Please carry a copy of the Annual Report.

