

# 14th Annual Report 2011-2012



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distances

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**SOUTHERN ONLINE BIO TECHNOLOGIES LTD**

widening  
horizons



Smart Solutions and Eco Friendly



ISP Division - Hyderabad



SBT Biodiesel Plant - Samsthan Narayanpur (Village & Mandal), Nalgonda Dist.,

- 
- Board of Directors** : **Mr. Y. Anand Swaroop** Chairman  
**Mr. N. Satish Kumar** Managing Director  
**Mr. K. Radha Krishna** Director – Finance  
**Mr. B.H.R. Balaji** Executive Director  
**Mr. B.Sreedhara Reddy** Director - Admin.  
**Mr. K.Tejesh Kumar** Director  
**Ms. T. Rohini Reddy** Director  
**Mr. Ashiwini Kumar Tripathi** Director  
**Mr. Kishor Shah** Director  
**Mr. Christian A Schmidt** Director
- Company Secretary** : **Ms G Anupama**
- Regd. Office** : 3A, 3rd Floor, Samrat Complex,  
Saifabad, Hyderabad-500 004.  
Tel: (040) 2324 1999  
Fax: (040) 2324 1444  
Website: www.sol.net.in  
Email: info@sol.net.in
- Auditors** : **M/s. P. Murali & Co.,**  
Chartered Accountants  
6-3-655/2/3, Somajiguda  
Hyderabad – 500 082
- Registrars & Share  
Transfer Agents** : **M/s. Aarthi Consultants Pvt. Ltd.**  
1-2-285, Domalguda, Hyderabad-500 029.  
Tel: (040) 27642217 / 27638111  
Fax: (040) 27632184  
Email: info@aarthicconsultants.com
- Bankers** : **Bank of India** **UCO Bank**  
Banjara Hills Branch Krishnama House,  
Chandra Apartments, No. 8-2-418 (Ground Floor),  
Road No.7, Road No. 7, Banjara Hills,  
Hyderabad – 500 034 Hyderabad – 500 034
- State Bank of Hyderabad** **Punjab National Bank**  
Overseas Branch Deccan Chambers,  
6-3-652, “KAUTILYA” Opp Allwyn, Erragadda,  
Somajiguda, Sanath Nagar,  
Hyderabad – 500 082 Hyderabad-500 018

## NOTICE

NOTICE is hereby given that the Fourteenth Annual General Meeting of the Members of the Company will be held on Saturday the 29th September 2012 at 11.30 am at Maisamma Garden, #4-1-6/2, Kalikanagar, Opp. Kalimandir Temple, Bandlaguda Jagir, Rajendranagar, Hyderabad-500 086 to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as on 31st March 2012 and Audited Profit & Loss Account for the year ended on that date together with the Directors' Report and Auditors' Report.
2. To appoint a Director in place of Mr Kishor Shah, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr Christian A Schmidt who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint M/s.P.Murali & Co., Chartered Accountants, Hyderabad as Auditors of the Company and to fix their remuneration.

### 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 Mr Ashiwini Kumar Tripathi, who was appointed as an Additional Director of the Company by the Board of Directors, who holds office under Section 260 of the Companies Act, 1956, upto the date of ensuing Annual General Meeting and in respect of whom the Company has received a notice in writing proposing his candidature for the

office of a Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

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

“RESOLVED THAT pursuant to the provisions of Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactments thereof for the time being in force), and enabling provisions of the Memorandum and Articles of Association of the Company, the Listing Agreement(s) entered into by the Company with Stock Exchange(s), where the shares of the Company are listed and in accordance with the applicable guidelines issued by Securities and Exchange Board of India (Issue of Capital and Disclosures Requirements) Regulation 2009, (“SEBI ICDR Regulations) as may be applicable to the preferential issue of Equity shares and other applicable regulations, rules, guidelines of the Securities and Exchange Board of India (SEBI), Reserve Bank of India (“RBI”), Government of India (“GOI”) if any and subject to such conditions and notifications as may be considered appropriate by the Board of Directors of the Company (hereinafter referred to as Board which term shall be deemed to include any committee constituted/ to be constituted by the Board to exercise any of the powers confirmed by this resolution) and subject to such approvals, consents, permissions and sanctions of SEBI, Stock Exchanges, RBI, GOI or such appropriate and / or concerned authorities and departments as may be required by law and as may be necessary and subject to such conditions and modifications as may be prescribed or imposed upon and accepted by the Board while granting such approvals consents, permissions and

sanctions and which may be agreed to by or any other authorities as may be necessary for that purpose, the consent of the members be and is hereby accorded to the Board to offer, issue, allot and deliver Equity shares not exceeding 62,50,000 (Sixty Two Lakhs Fifty thousand) Equity shares in one or more tranches aggregating upto Rs 6,25,00,000 (Rupees Six Crores Twenty Five Lakhs only) which shall rank pari-passu with existing equity shares of the company at a price of Rs 10/- each per Equity share which shall not be less than the price computed with reference to the relevant date as prescribed under Regulation 76 of SEBI ICDR Regulations to the person falling under Promoter / others on a preferential allotment basis.

S. No.	Name of the proposed allottee	No.of Equity shares to be allotted
1	Poondla Dayakar Reddy	4,27,500
2	Poondla Sunil	4,40,000
3	Sai Mitra Dittakavi	2,00,000
4	M Madhu Sudhan Reddy	2,00,000
5	Y Sandya Rani	4,50,000
6	K Prasuna	4,10,000
7	Sirisha Yarlagadda	8,60,000
8	K Tejesh Kumar	8,60,000
9	N Satish Kumar	6,70,000
10	K Radha Krishna	6,72,000
11	B Sreedhara Reddy	8,60,500
12	BHR Balaji	2,00,000
	<b>Total</b>	<b>62,50,000</b>

“RESOLVED FURTHER that the relevant date for calculating the minimum issue price of the equity shares, in terms of the provisions of SEBI ICDR Regulations 2009 shall be August 30th, 2012 i.e. thirty days prior to the date of this meeting.”

“RESOLVED FURTHER that the Board be and is hereby authorized to decide and approve the

other terms and conditions of the issue and also to vary, to modify or alter any of the terms and conditions as may deem expedient subject to the compliance with the applicable guidelines, notifications, rules and regulations, to the extent applicable as SEBI/RBI/GOI or such other appropriate authorities within or outside India may prescribe from time to time.”

“RESOLVED FURTHER that for the purpose of giving effect to the above resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to the offer/issue, allotment, listing and utilization of the proceeds and to finalize and execute all deeds, documents and writings as may be necessary, proper, desirable or expedient as it may deem fit without being required to seek any further consent or approval of the shareholders of the Company to the intent that the shareholders shall be deemed to have given their approval thereto by the authority of this resolution.”

“RESOLVED FURTHER that the Board of the Company be and is hereby authorized to delegate such powers to executives of the Company and/or others as it may deem fit and proper to give effect to the above said resolution.”

On behalf of the Board

Place : Hyderabad

Date : 30.08.2012

**N. Satish Kumar**

Managing Director

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE THERE AT INSTEAD OF HIMSELF / HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.



2. An instrument appointing proxy to be effective must be lodged at the Registered Office of the Company at least 48 hours before the meeting.
3. An Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 is herewith annexed.
4. The Register of Members / Register of Beneficiaries and Share Transfer Books of the Company will remain closed from Friday 21st September 2012 to Tuesday 25th September 2012 (both days inclusive).
5. Members who hold shares in dematerialized form are requested to write their Client ID and DP ID Numbers and those who hold shares in physical form are requested to write their Folio Number in the Attendance Slip for attending the Meeting.
6. Members holding shares in physical form are requested to notify / send any change in their address/e-mail ID to the Company's Share Transfer Agents, or to the Company at its registered office.
7. Members holding shares in dematerialization form are requested to notify/send any change in their address/e-mail ID to the concerned depository participant(s).
8. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
9. Section 109A of the Companies Act, 1956 extends the nomination facility to individual shareholders of the company. Therefore, shareholders willing to avail this facility may make nomination in form 2B.
10. Shareholders / proxies should bring duly filled attendance slips sent herewith for attending the meeting along with copies of Annual Reports to the Annual General Meeting.
11. As part of Green Initiative in corporate governance the Ministry of Corporate Affairs (MCA), Government of India vide its circular has allowed paperless compliances by Companies inter-alia stating that if the Company sends official documents to their shareholders electronically, it will be in compliance with the provisions of Section 53 of the Companies Act, 1956. Members who have not registered their email address with the Company can now register the same by submitting duly filled in E-communication registration form attached at the end of this report. The members holding shares in electronic form are requested to register their e-mail address with their Depository Participants only. The Members of the Company who have registered such email address with Depository participants can receive the communication in physical form, upon request.
12. At the ensuing Annual General Meeting, Mr Kishor Shah and Mr Christian A Schmidt retire by rotation and being eligible offered themselves for re-appointment. Pursuant to Clause 49 of the Listing Agreement, brief profile of each of these directors is given below:
  - A. Mr. Kishor Shah, aged about 56 years is B.Com (H), ACA and ACS. He has also passed all the examinations of The Institute of Cost and Management Accountants., U.K.,  
Mr. Shah has over 30 years of Post Qualifications experience in Investment Banking and Wealth Management Operations includes Mergers and Acquisitions, Portfolio Management, Takeovers, Valuation of Shares, Underwriting, Loan Syndication and Advisory Functions etc., Mr. Shah occupied many Senior Level Positions in well established organizations. His vast

knowledge, vast experience and relations help our Company in tiding over current challenging situation.

B. Mr. Christian A Schmidt, born on 13th March 1953 possessing MBA., Ph.D. Mr. Schmidt after his post Qualification having a vast rich experience in finance and consultancy fields. He held many Senior Level Positions in World Bank and other reputed Banks abroad. Presently he is an economic lecturer, a broad member of Oxfam Germany, and serves on the boards of several of his co-owned companies in panama, Mexico and the U.S. He is also Senior Advisor to our Company.

On behalf of the Board

Place : Hyderabad

**N. Satish Kumar**

Date : 30.08.2012

Managing Director

#### EXPLANATORY STATEMENT

[Pursuant to Section 173(2) of the Companies Act, 1956]

##### **Item 5: Appointment of Mr Ashiwini Kumar Tripathi as a Director of the Company**

Mr Ashiwini Kumar Tripathi was appointed as by the Board of Directors as an Additional Director with effect from 13th December 2011 under Section 260 of the Companies Act 1956, Mr Ashiwini Kumar Tripathi holds office upto the date of this Annual General Meeting. The Company has received a notice in writing under Section 257 of the Companies Act, 1956, along with a deposit of Rs 500/- from a member signifying his intention to propose the name of Mr Ashiwini Kumar Tripathi as a candidature for the office of Director.

Mr. Ashiwini Kumar Tripathi aged 42 years, having qualification of PGDM - Specialization in Finance and Professional Diploma in Financial Management has had a very good academic career.

Mr Ashiwini Kumar Tripathi is currently Whole Time Director – Head of Operations and

Fund Management of Wealth Management Advisory Services Ltd (A Company associated with Mackertich and SMIFS Group) Mr. Tripathi has 18 years of real time experience in Securities Markets, Mutual Funds and other securities businesses including fixed income securities, Portfolio Management and treasury operations and played instrumental role in providing portfolio advisory services to the high net-worth individuals and corporates. He was earlier employed with C. Mackertich Ltd and Group Companies, Kolkata.

The Board of Directors accordingly recommends the passing of this resolution as Ordinary resolution as set out in the accompanying notice.

None of the Directors of the Company except Mr Ashiwini Kumar Tripathi to the extent of his appointment as director is concerned or interested in this resolution.

##### **Item 6: Issue of shares to promoter(s)/others on preferential Basis.**

Your Board of Directors of the Company at its meeting held on 30th August 2012, resolved to issue an offer for subscription and allot upto 62,50,000 Equity shares to promoter(s)/others. Since the Equity shares are proposed to be issued on private placement basis and not on rights basis to all the existing shareholders of the Company, consent of the shareholders by way of special Resolution is necessary in terms of Section 81(1A) of the Companies Act 1956. Moreover since the company shares are listed on the Stock Exchange the provision of the SEBI ICDR Regulations 2009 in so far as they relate to the Preferential Issues are also applicable to this issue.

The details of the issue and other particulars as required in terms of the SEBI ICDR Regulations 2009 are given as under:

##### **1. Object of the Issue through preferential Allotment:**

The Company has raised Rs 6.25 crores 5.

(Rupees Six Crore Twenty Five Lakhs) through preferential allotment to pay the pending capex creditors and also to upgrade the capacity and operation flexibility of the Bio Diesel Refinery unit at Visakhapatnam.

## 2. Pricing of the Issue and Relevant Date:

Relevant price arrived as per chapter VII of SEBI ICDR regulations 2009 and subsequent amendments thereto is Rs. 5.59ps. As the relevant price is less than face of Rs. 10/- per share, the reduced price of the facility share shall be Rs. 10/- per share.

A Certificate will be obtained from the Statutory Auditors of the Company confirming the minimum price for the preferential Issue as per the Preferential Issue guidelines in Chapter VII of SEBI ICDR Regulations 2009 and subsequent amendments thereto and the compliance of the relevant regulations and the same

will be made available for inspection at the registered office of the Company.

The Relevant date for the purpose of pricing of the resultant share is 30th August 2012 being the date which is 30 days prior to the date of the Annual General Meeting.

## 3. Intention of the promoters or their associates and relatives, directors/key managerial persons to subscribe to the offer.

Out of the total issue of 62,50,000 equity shares on preferential basis, the promoters or their associates and relatives, directors/key managerial persons of the company are subscribing to the extent of 41,22,500 Equity shares in the current preferential allotment.

## 4. Identity of the proposed allottees and percentage of the pre and post preferential issue capital that may be held by them.

Identity of the proposed allottees and percentage of pre and post preferential issue is as under:

S. No	Name of the proposed allottee	category	Pre issue holding		Equity shares proposed to be allotted	Post issue holding	
			shares	%		shares	%
1	Poondla Dayakara Reddy	Non Promoter	14,000	0.04	4,27,500	4,41,500	1.08
2	Poondla Sunil	Non Promoter	3,10,000	0.90	4,40,000	7,50,000	1.84
3	Sai Mitra Dittakavi	Non Promoter	50	-	2,00,000	2,00,050	0.49
4	M Madhusudhan Reddy	Non Promoter	0	-	2,00,000	2,00,000	0.49
5	Y Sandhya Rani	Non Promoter	12,595	0.04	4,50,000	4,62,595	1.13
6	K Prasuna	Non Promoter	-	-	4,10,000	4,10,000	1.00
7	Sirisha Yarlagadda	Promoter Group	25,917	0.08	8,60,000	8,85,917	2.17
8	K Tejesh Kumar	Promoter	11,63,379	3.36	8,60,000	20,23,379	4.95
9	N Satish Kumar	Promoter	21,76,292	6.29	6,70,000	28,46,292	6.97
10	K Radha Krishna	Promoter	5,11,657	1.48	6,72,000	11,83,657	2.90
11	B Sreedhara Reddy	Promoter	5,11,657	1.48	8,60,500	13,72,157	3.36
12	BHR Balaji	Promoter	5,11,657	1.48	2,00,000	7,11,657	1.74
		<b>Total</b>	<b>52,37,204</b>		<b>62,50,000</b>	<b>1,14,87,204</b>	



**5. Shareholding pattern before and after the preferential issue:**

S. No.	Category	PRE PREFERENTIAL ISSUE		POST PREFERENTIAL ISSUE	
		No. of Shares As on 30.08.2012	%	No. of Shares	%
A	Promoters' Holding				
1.	Promoters				
	Indian Promoters				
	Foreign Promoters	6,049,479	17.48	10197896	24.96
2.	Persons acting in concert / Promoters Associates	-	-	-	-
	<b>Sub-Total</b>	<b>6,049,479</b>	<b>17.48</b>	<b>10197896</b>	<b>24.96</b>
<b>B.</b>	<b>Non – promoters Holding</b>	-	-	-	-
<b>3</b>	<b>Institutional Investors</b>	-	-	-	-
	a Mutual Funds and UTI	-	-	-	-
	b Banks, Financial Institutions, Insurance Co., (Central Govt. institutions Non-government institutions)	-	-	-	-
	c Foreign Institutional Investors	5,975,950	17.26	5,975,950	14.62
	<b>Sub – Total</b>	<b>5,975,950</b>	<b>17.26</b>	<b>5,975,950</b>	<b>14.62</b>
4.	Others	-	-	-	-
	a Private corporate Bodies	8,164,532	23.59	8,164,532	19.98
	b Indian Public	12,544,877	36.24	14,646,460	35.84
	c NRI's / OCB's / Foreign Nationals	1,875,087	5.42	1,875,087	4.59
	d Any others Trusts Clearing Members	3,890	0.01	3,890	0.01
	<b>Sub – Total</b>	<b>22,588,386</b>	<b>65.26</b>	<b>24,689,969</b>	<b>60.42</b>
	<b>Grand Total</b>	<b>34,613,815</b>	<b>100</b>	<b>40,863,815</b>	<b>100</b>

**6. Proposed Time Limit within which the allotment shall be completed :**

The Allotment of equity shares shall be completed within 15 days from the date of passing of the resolution by the shareholders at the AGM, provided that where the allotment is pending on account of pendency of any approval from any regulatory authority or the central government, the allotment shall be completed by the company within 15 days of the receipt of the last of the applicable regulatory approval.

**7. Holding of shares in the Demat account, non disposal of shares by the proposed allottees and lock in period of shares**

The entire shareholding of the proposed allottees of the company if any is held by them in dematerialized form. The entire pre preferential shareholding of such allottees shall be under lock in. The shareholders who have sold their shares during the six months period prior to the relevant date shall not be eligible for allotment of equity shares on preferential basis.

**8. Undertaking to recomputed price:**

The price of the shares will be recomputed in terms of provisions of SEBI ICDR Regulations, where it is required to do so. That the amount payable on account of the re-computation of price is not paid within the time stipulated in these regulations, the shares shall be continue to be locked in till the time such amount is paid by the allottees.

**9. Change in control:**

There will be no change in the control of the company as a result of the proposed preferential allotment.

**10. Lock-in Period**

The Equity shares allotted to the proposed allottees shall be subject to 'lock-in' for such period as the case may be from the date of their allotment as per clause 78 of the SEBI ICDR Regulations 2009.

**11. Auditor Certificate**

The certificate from the statutory Auditors with a determination of price in accordance with the SEBI ICDR Regulations 2009 is available for inspection upto the date of the Annual General Meeting at the Registered office of the Company on any working day and also at the place of the meeting on the meeting day.

**12. SEBI Take Over code**

The provisions of the SEBI (Substantial Acquisition of shares and Take over) Regulations 1997, are not attracted and so the proposed allottees are not required to make an open offer and comply with formalities related to an open offer of this preferential allotment.

**13. Compliance**

The company has complied with the requirement of listing agreement

including clause 40A i.e., maintaining a minimum of 25% of the paidup capital in the hands of the public and will comply the same The provisions of the Companies Act, 1956 require the Company to seek the approval of the members through Special Resolution for issue of shares on preferential basis.

The Board of Directors accordingly recommends the passing of this resolution as a special Resolution as set out at the accompanying notice.

None of the Directors of your Company except Mr N Satish Kumar, Mr K Radha Krishna, Mr B Sreedhara Reddy, Mr BHR Balaji and Mr K Tejesh Kumar is interested or concerned in this proposed resolution.

On behalf of the Board

Place : Hyderabad

**N. Satish Kumar**

Date : 30.08.2012

Managing Director

## DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the Fourteenth Annual Report together with the Audited Balance Sheet, Profit & Loss Account and Cash Flow Statement for the financial year ended 31st March, 2012.

### Financial Results

The highlights of the financial results for the year under review along with the comparative figures for the previous year are as follows: (Rs. in Lakhs)

Particulars	2011 – 12	2010 – 11
Total Income	9151.22	6088.28
Operating Profit	(2650.94)	(226.82)
Less: Depreciation and amortization expense	708.26	471.76
Less: Provision for Tax	-	-
Net Loss (after deferred tax assets provision)	(3590.99)	(1068.83)

### Review and Prospects

The total revenue of the Company for the financial year ended 31st March, 2012 is Rs.9151.22 Lakhs as compared to the previous year's total revenue of Rs 6088.28 Lakhs. During this financial year the Company has incurred a net loss of Rs. 3590.99 Lakhs as against the previous year's net loss of Rs 1068.83 Lakhs (after deferred tax assets provision). The net loss incurred is due to very Low average capacity utilization in FY 2011-12 mainly due to initial teething problems and bottle neck in handling high FFA oils resulting in delay of stabilization of the Vizag plant also due to above reasons Net working Capital (NWC) was eroded towards repayment of Term loans, Interest and operating expenses and hence there was shortfall of NWC to run the plant continuously, even at break even capacity.

### The Company's Products / Services

The Company has been providing a wide spectrum of services, which includes basic services like Internet access, E-mail etc. and value added services such as Add on hours. The Company presently provides Internet Services as a Licensed ISP. The Company's services include the following:

- Server Co-Location
- Leased Line services (Terrestrial and RF links)
- Dedicated Servers
- Networking Solutions
- Web Hosting
- VOIP Services

### Biodiesel Units

Your Company has two Biodiesel Units

1. One is at Samsthan Narayanpur Village & Mandal, Nalgonda District with 30,000 Liters per day capacity .
2. The other unit is at APIIC-SEZ, Atchutapuram, Rambilli Mandal, Visakhapatnam with 2,50,000 Liters per day capacity.

The Company has been supplying biodiesel to various well reputed customers like Kirloskar Oil Engines, Panama Petro Chem, Ipsa Texchem, Sovino foods Pvt Ltd, Real Bakers Pvt Ltd, Anand foods Pvt Ltd, Parle group, Evergreen Energy Inc., Witmans Industries, Biking Foods Pvt Ltd and other traders etc

### Plant at Vizag

As stated earlier all modifications have taken

place and Raw Material supply & finished product contracts are signed and are in place. The unit is ready for production. Once the additional working capital is infused production will be commenced.

### **Plant at Tondiarpet, Chennai.**

Having experience in setting up two Biodiesel units, now your company has got an order from Indian Railways Organization for Alternate Fuels (IROAF), Ministry of Railways to set up/construct, maintenance and operation of 30 tons per day capacity biodiesel unit at Tondiarpet, Chennai. The Company has started implementing the Biodiesel project for IROAF. The progress of execution of the project is satisfactory.

### **Enhancement of Credit Facilities from Consortium Banks**

During the year the company has got additional sanction of Rs 24.52 crores towards the pending Capex creditors and addition of new equipment for the Capacity enhancement and operational flexibility. Also Additional Funded Interest Term Loan (FITL) of Rs 10.71 crores was sanctioned to provide Interest moratorium for the existing Term loan. Originally Rs 44.65 crores of working capital was sanctioned for both units Viz Nalgonda and Vizag units together and the same was eroded due to delay in stabilization of the Vizag Unit. As such eroded NWC of Rs22.00 crores is converted to working capital Term loan (WCTL) based on the September 2011 current assets and the balance of Rs 22.65 Crores was only available as working capital limits for both the units, which was not sufficient to run the Vizag Plant. Above additional facilities were sanctioned and joint documentation was executed by all the banks in the month of March 2012 without funding the eroded additional working capital limits.

However in the recent consortium meeting held on 13th June 2012, all consortium banks have

in-principally agreed to fund the required additional working capital for Vizag Unit as per the TEV study done by the lead Banker, Bank of India. Accordingly proposal was sent to their respective consortium banks Head offices for approval of additional working capital.

### **Directors**

Pursuant to Article 48 of the Articles of Association of the Company, Mr Kishor Shah and Mr Christian A Schmidt Directors, whose period of office is determined to retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

### **Corporate Governance**

Your Directors are happy to report that your Company is in compliance with the Corporate Governance requirements as per Clause 49 of the Listing Agreement with the Stock Exchanges. A separate section on Corporate Governance and Management Discussion and Analysis together with a certificate from the Statutory Auditor's confirming compliance is set out in the Annexure forming part of this report.

### **Directors' Responsibility Statement**

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956 with respect to the Directors' Responsibility Statement, it is hereby confirmed that:

- i. In the preparation of the annual accounts for the year ended 31st March, 2012, the applicable accounting standards have been followed and there are no material departures.
- ii. We have selected appropriate accounting policies and applied them consistently and have 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 2012 and of the profit of the company for

the financial year ended 31st March 2012.

- iii. We have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv. We have prepared the annual accounts for the financial year ended 31st March, 2012 on going concern basis.

#### Auditors

M/s. P. Murali & Co., Chartered Accountants, Statutory Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting and are eligible for reappointment.

#### Fixed Deposits

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

#### Employee Particulars

None of the employees is in receipt of remuneration exceeding the limit and whose particulars are required to be given as prescribed under Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

Additional Information as Required U/S 217(1) (e) of the Companies Act, 1956.

#### (a) Conservation of Energy:

Company's ISP operations and administration require electrical energy for computer systems, air conditioning and lighting, which are not energy intensive. Whereas the Biodiesel plant requires huge electrical energy for operations of the Biodiesel production unit. During the current financial year the Company has undertaken significant

measures to reduce the energy consumption by using energy-efficient machines and equipment. The Company also undertakes evaluation of latest technology and invests in making its infrastructure more energy efficient.

#### (b) Research and Development and Technology Absorption:

Your company will continue to focus and invest in its R & D activities in the production of biodiesel and other products. Your company also leverages its excellence in technology for providing World Class ISP services to its customers in the state of Andhra Pradesh. The continual exposure to new technologies has helped to maintain high motivation levels in employees and to provide quality services. Your company continues to give due importance to research and development to provide high quality of ISP services and better products from biodiesel division.

- (c) (i) Foreign exchange earnings :  
There are no foreign exchange earnings

(ii) Foreign Exchange out go :	
Total : Rs. 6,98,32,495/-	
<b>Particulars</b>	<b>Rs.</b>
Foreign Travel	10,50,606
Purchase of Equipments	6,85,08,481
Membership Fee	2,73,408
<b>TOTAL</b>	<b>6,98,32,495</b>

#### Stock Exchanges

The Company's present Equity shares are listed in Bombay Stock Exchange. The Company has paid the Listing Fees to the Stock Exchange for the Financial Year 2011-12 and 2012-13.

#### Voluntary delisting of shares from Bangalore Stock Exchange (BgSE)

The equity shares of the company are listed in the Bombay Stock Exchange Limited in

addition to Bangalore Stock Exchange Limited. The Equity shares of the Company are traded all over India through online terminals provided by BSE. It has been observed that there was no trading of the company's equity shares in BgSE for past several years and it was therefore felt that continued listing with BgSE did not provide any significant advantage to shareholders of the company and the delisting would not cause any inconvenience to the shareholders in and around Bangalore. The said delisting would also result in savings to Company in terms of reduced costs and administrative work. The equity shares of the company will continue to be listed on BSE having nation wide terminals and that there would be no change in the capital structure of the Company post delisting from BgSE.

Therefore the securities of the Company has been delisted from Bangalore Stock Exchange Limited w.e.f 1st February 2011 pursuant to Regulation 7 of Securities and Exchange Board of India (Delisting of Equity Shares) Regulations 2009.

#### **Unclaimed Securities Demat Suspense Account**

As on date, there are 8239 Equity Shares of Rs. 10/- each, which were allotted in Initial Public Offer and Rights Issue of 2005, were lying in the escrow account due to non-availability of 20 shareholders correct particulars. Despite various reminders to them, by Aarthi Consultants Private Limited our Registrars and Share Transfer Agents, no response has been received. As a result, the said unclaimed shares are credited to Southern Online Bio Technologies Ltd - Unclaimed Securities Demat Suspense Account in view of compliance of Clause 5A of the Listing Agreement. Such shareholders may approach either the Company or our Registrars and Share Transfer Agents with their correct particulars and proof of their identity for crediting requisite shares from the Demat Suspense Account to their

individual demat Account. The voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.

#### **Awards to the Company**

The Institute of Economic Studies, New Delhi has awarded a prestigious "Barons of Indian Business Development Award" in the year 2012 to your Company.

#### **Acknowledgements**

Your Directors place on record their appreciation of the continuous assistance and co-operation extended to your Company by the valued customers, bankers, the Office of APIIC & APSEZ, APITCO, Pollution Control Board, Engine manufacturers like Kirloskar, Indian Railways, Research Designs and Standard Organization (RDSO) of Indian Railways, Central & State Government and all the trusted 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

**N. Satish Kumar**  
Managing Director

**K. Radha Krishna**  
Director -Finance

Place: Hyderabad  
Date : 30.08.2012



## THE MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Pursuant to Clause 49 of the Listing Agreement, a report on Management Discussion and Analysis Report is given below:

### A. ISP Division

#### i. Industry Structure and Development:

Internet is emerging at a rapid pace and it's already been a part in the field of business, economy, entertainment, social groups all over the globe. The rise of Internet usage all over the world unlocked various new business, products, services. Internet is constantly changing the way consumers shop and business sell their products. Every business related to any niche knows the importance of internet and creating a website to show their products to potential consumers.

With the growing importance of information technology and internet as the most powerful tool for communication, there will be greater emphasis and focus on online campaigns and interactive/ social media as well as other modern and innovative technology spheres.

The Internet Service Providers Association of India (ISPAI) plays a major role for the solutions providers' community such as Hardware and Software manufacturer's and suppliers to gain easy access to their ISP clients, promote their products and services through personal meetings and through events supported or sponsored by ISPAI.

#### Strengths and opportunities

Majority of the future growth of the telecom industry depends on the wireless business as subscribers are discontinuing landlines and moving quickly to wireless connections. The present wireless market is ready for the ongoing boom in the wireless data space with the growing broadband services. Rising demand for data traffic, which has more than doubled over the last three years, is creating new growth opportunities for these carriers including IPTV

offerings, cloud computing, videoconferencing, online video streaming and managed tele presence.

Changes in technology and the industry give the communications sector an opportunity to produce high quality content and develop next generation infrastructure.

The Company provides Internet services to individuals, Corporate clients and cyber cafes.

#### Challenges and threats

Major threat for this industry is new entrants which leads heavy competition in prices.

#### Outlook for the Industry

The internet is allowing a greater flexibility in working hours and locations especially with the spread of unmetered high speed connections and web applications. The internet can now be accessed almost any where by numerous means especially through mobile internet devices

Mobile phones, data cards, cellular routers allow users to connect to the internet from any where. The low cost and nearly instantaneous sharing of ideas, knowledge and skills have made collaborate software. Internet significantly facilitates the process of development of nations and its citizens in all respects be it economic, social or cultures.

### B. BIODIESEL Division

The global market for Biodiesel is entering a period of rapid transitional growth, creating both uncertainty and opportunity. A fundamental transition in global fuel production is now happening. India is an energy deficient nation by global standards, with global demand and global energy prices likely to increase in the medium to long term, the macro economic impacts, especially in terms of balance of payments, could adversely effect the country's future development. This grim energy prospect for India has forced policy makers to intensify their efforts to search

for alternative fuel options. In this context, biofuels may offer options for meeting part of India's energy needs.

India's total biodiesel requirement is projected to grow to 3.6 Million Metric Tons in 2011-12, with the positive performance of the domestic automobile industry. Analysis from Forst & Sullivan, Strategic Analysis of the Indian Biofuels Industry, reveals that the market is an emerging one and has a long way to go before it catches up with global competitors.

The Government is currently implementing an ethanol-blending program and considering initiatives in the form of mandates for biodiesel. Due to these strategies, the rising population and the growing energy demand from the transport sector, biofuels can be assured if a significant market in India. Jatropha incentives in India is a part of India's goal to achieve energy independence by the year 2012.

The Indian Railways has started using the oil (blended with diesel fuel in various ratios) from the Jatropha plant to power its diesel engines which was great success. Currently the diesel locomotives that run from Thankavur to Nagore section and Tiruchirapalli to Lalgudi, Dindigul and Karur sections are using Biodiesel (petro blend of jatropha oil). (Source: [en.wikipedia.org/wiki/biofuel\\_in\\_india](http://en.wikipedia.org/wiki/biofuel_in_india))

In one of the biggest initiatives for bio-fuels production in the country, India Railways is poised to setup four bio-diesel plants costing around Rs 120 crores. While two bio-diesel esterification plants are going to be commissioned at Raipur and Chennai by 2013 the other units will be set up subsequently. (Source: [www.biodieseltechnologies.india.com](http://www.biodieseltechnologies.india.com))

#### **Opportunities :**

- Biodiesel is a bio degradable, non-toxic, easy to use and free of sulphur, which would not damage our respiratory system once released in the atmosphere.
- It acts as a substitute for the fast depleting

fossil fuels (mineral oils) as it is renewable source of energy.

- It helps explore waste lands by planting jatropha. Jatropha incentives in India is a part of India's goal to achieve energy independence by the year 2012. The Government of India has identified 4 lakh sq.km (98 Million acres) of land where jatropha can be grown, hoping it will replace 20% India's Diesel consumption by 2011.
- Reduces unemployment and hence generate bread winners.
- Having carbon credit value.
- The life of diesel engine is extended with the use of Biodiesel because it is more lubricating and additionally power output is comparatively unaltered by biodiesel.
- The recent increase in prices of edible oils which are used as raw material for Bio Diesel in western countries presents cutting edge to the company which has designed its plant for non edible oils and animal fat
- By using non edible oils as feed stock the company is far away from the growing criticism of diverting food for fuel upsetting the economies of various countries.

#### **Threats :**

- Similar to many other countries around the world, India's biofuel program has experienced missed deadlines and supply shortages attributed to various factors. A major reason for the failure of the biodiesel program is the absence of appropriate pricing policy for the feedstock, by-products and bio-diesel. Sharp fluctuations in the price of oil and global concerns over food security also contribute to skepticism regarding the role of biofuels.

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## **ii. Outlook for the Industry**

Our country is in an enviable position to become a world leader in biofuel sector and there by ensuring a multi dimensional micro and macro benefits for the economy in the medium to long term. In the long run the growth of biofuel sector in our country will directly and positively impact our trade deficit by reducing oil imports and foreign exchange outflows while enhancing energy security. In addition the revenues from carbon credit to the industry earnings will further improve its viability. By 2020 India will become largest biodiesel processing, blending, consuming nation. Biodiesel will be viewed as an integral component of national energy security which will increasingly relies on clean indigenous renewable fuels.

### **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 total revenue of the Company for the financial year ended 31st March, 2012 is Rs.9151.22 Lakhs as compared to the previous year's total revenue of Rs 6088.28 Lakhs. During this financial year the Company has incurred a net loss of Rs. 3590.99 Lacs as against the previous year's net loss of Rs.1068.83 Lakhs (after deferred tax assets provision). The net loss incurred is due to very Low average capacity utilization in FY 2011-12 mainly due to initial teething problems

and bottle neck in handling high FFA oils resulting in delay of stabilization of the Vizag plant also due to above reasons NWC was eroded towards repayment of Term loans, Interest and operating expenses and hence there was shortfall of NWC to run the plant continuously even at break even capacity.

### **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.

## REPORT ON CORPORATE GOVERNANCE

### 1. *Company's philosophy on Corporate Governance*

SBT is committed to doing business in an efficient, responsible, honest and ethical manner. The Company's Corporate Governance philosophy stems from the belief that timely disclosures, transparent accounting policies and independent Board go a long way in preserving shareholders trust while maximizing long term corporate value. Good Corporate Governance goes beyond compliance and involves a company wide commitment. This commitment starts with Board of Directors which executes its corporate governance responsibilities by focusing on the company's strategic and operational excellence in the best interest of all our stakeholders in particular shareholders, employees and our customers in a balance fashions with long term benefits to all.

SBT is committed to continually evolving and adopting appropriate corporate governance best practices.

### 2. *Board of Directors*

#### A. **Composition**

- a. The Company has 10 Directors with a Non Executive and Independent Chairman on its Board. Out of ten (10) Directors, two (2) are Non-Executive Directors, four (4) (including Chairman) are Independent Directors and four (4) are executive Directors including Managing Director. The composition of the Board is in conformity with clause 49 of the Listing Agreements entered into with the Stock Exchanges and meets the stipulated requirements.
- b. None of the Directors on the Board is a Member of more than 10 committees or Chairman of more than 5 companies across all the Companies in which he is a Director. The Directors have made necessary disclosures regarding Committee positions in other public companies as on March 31, 2012.
- c. The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year and the number of Directorships and Committee Chairmanships / Memberships held by them in other companies is given below. Other Directorships do not include alternate directorships, directorships of private limited companies, section 25 companies and of companies incorporated outside India. Chairmanship / Membership of Board Committees include only Audit and Shareholders / Investors Grievance Committees.

Composition and category of Directors on the Board for the year 2011-12 are given below:

Name of the Director	Category	Number of Directorships in other Companies	Number of Board Committee memberships held in other Companies
N. Satish Kumar	Promoter & Managing Director	2	NIL
K.Radha Krishna	Promoter & Director Finance	2	NIL
B. Sreedhara Reddy	Promoter & Admn. Director	2	NIL
B.H.R. Balaji	Promoter & Executive Director	2	NIL
K. Tejesh Kumar	Promoter & Non Executive Director	2	2
Y. Anand Swaroop	Independent Director	NIL	NIL
T. Rohini Reddy	Independent Director	NIL	NIL
C Raveendra Kumar*	Independent Director	NIL	NIL
Ashiwini Kumar Tripathi**	Independent Director	3	NIL
Kishor Shah	Independent Director	5	4
Christian A Schmidt	Non Executive Director	NIL	NIL

\* Mr C Raveendra Kumar resigned from the Board on 13th December 2011

\*\* Mr Ashwini Kumar Tripathi was inducted into Board on 13th December 2011.

- d. Pecuniary relationship or transactions of the Non-Executive Directors vis-à-vis the Company. None of the Non-Executive Directors has any pecuniary relationship or transactions with the Company.
- e. During the Financial Year 2011-12 the Board of Directors met 6 times on the following dates: 30.05.2011, 10.08.2011, 14.11.2011, 13.12.2011, 13.02.2012 & 17.03.2012
- f. The time gap between any two Board Meetings did not exceed four months.  
Attendance of Directors at Board Meetings and at the last Annual General Meeting (AGM) held on 29th September, 2011.

Name of the Director	No. of Board Meetings attended	Whether attended the last AGM
N. Satish Kumar	6	Yes
K.Radha Krishna	5	Yes
B. Sreedhara Reddy	5	Yes
B.H.R. Balaji	5	Yes
K. Tejesh Kumar	5	No
Y. Anand Swaroop	3	No
T. Rohini Reddy	6	Yes
C Raveendra Kumar*	1	No
Ashiwini Kumar Tripathi**	-	No
Kishor Shah	-	No
Christian A Schmidt	-	No

Mr C Raveendra Kumar attended one Board Meeting held on 14.11.2011. He resigned from the Board w.e.f 13th December 2011.

\*\* Mr Ashwini Kumar Tripathi was appointed on the Board w.e.f 13th December 2011.

### Board's Procedure

Agenda papers along with explanatory statements were circulated to the Directors in advance for each of these meetings. All relevant information as per Clause 49 of the Listing Agreement was placed before the Board from time to time.

### 3. Code of Conduct

The Company has formulated and implemented a Code of Conduct for Board Members and Senior Management of the Company. Requisite annual affirmations of compliance with the respective Codes have been made by the Directors and Senior Management of the Company.

#### Certificate of Code of Conduct for the year 2011-12

SBT is committed for conducting its business in accordance with the applicable laws, rules and regulations and with highest standards of business ethics. The Company has adopted a "Code of Ethics and Business Conduct" which is applicable to all directors, officers and employees.

I hereby certify that all Board Members and Senior Management have affirmed the compliance with the Code of Ethics and Business Conduct, under a certificate of Code of Conduct for the year 2011-12.

Place : Hyderabad  
Date : 30.08.2012

**N. Satish Kumar**  
Managing Director

#### 4. Audit Committee

- I) The Audit Committee of the Company is constituted in line with the provisions of Clause 49 of the Listing Agreements with the Stock Exchanges read with Section 292A of the Companies Act, 1956.
- II) The terms of reference of the Audit Committee include a review of;
  - Overview of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements reflect a true and fair position and that sufficient and credible information is disclosed.
  - Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services.
  - Discussion with external auditors before the audit commences, of the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
  - Reviewing the financial statements and draft audit report including quarterly / half yearly financial information.
  - Reviewing with management the annual financial statements before submission to the Board, focusing on:
    - i Any changes in accounting policies and practices;
    - ii Qualification in draft audit report;
    - iii Significant adjustments arising out of audit;
    - iv The going concern concept;
    - v Compliance with accounting standards;
    - vi Compliance with stock exchange and legal requirements concerning financial statements;
    - vii Any related party transactions
      - Reviewing the company's financial and risk management's policies.
      - Disclosure of contingent liabilities.
      - Reviewing with management, external and internal auditors, the adequacy of internal control systems.
      - Reviewing the adequacy of internal audit function, including the audit character, the structure of the internal audit department, approval of the audit plan and its execution, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
      - Discussion with internal auditors of any significant findings and follow-up thereon.
      - Reviewing the findings of any internal investigations by the internal auditors into the matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
      - Looking into the reasons for substantial defaults in payments to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
      - Reviewing compliances as regards the Company's Whistle Blower Policy.
- III) The previous Annual General Meeting of the Company was held on 29th September 2011 and Ms T Rohini Reddy, Chairperson of the Audit Committee, attended previous AGM.
- IV) The composition of the Audit Committee and the attendance of each member of the Audit Committee are given below:



## Composition

The Company has constituted an Audit Committee comprising of the following three Non-Executive Independent Directors.

S.No	Name of the Director	Designation	Nature of Directorship
1	T Rohini Reddy	Chairperson	Non-Executive & Independent Director
2	Y Anand Swaroop	Member	Non-Executive & Independent Director
3	Ashiwini Kumar Tripathi*	Member	Non-Executive & Independent Director

\* Mr Ashiwini Kumar Tripathi was appointed as Member of Audit Committee in place of Mr C Raveendra Kumar w.e.f 13th December 2011.

V) Four Audit Committee meetings were held during the year. The dates on which the said meetings were held are as follows: 30.05.2011, 10.08.2011, 14.11.2011 & 13.02.2012.

The necessary quorum was present at all the meetings.

Attendance during the year 2011-12:

Name	Number of meetings held during the year	Number of meetings attended during the year
T. Rohini Reddy	4	4
Y.Anand Swaroop	4	3
C Raveendra Kumar*	4	1
Ashiwini Kumar Tripathi	4	-

\* Mr C Raveendra Kumar attended one Audit Committee Meeting held on 14.11.2011. He resigned from the Board w.e.f 13th December 2011.

## Subsidiary Company

### Southern Biofe Biofuels Pvt. Ltd (SBBF)

SBBF is a wholly owned subsidiary of the Company. SBBF was incorporated on 08.05.2002 with an authorized share capital of Rs. 34,40,000/-. SBBF initially focused on the establishment and production of biodiesel, the activity of which has been taken over by Southern Online Bio Technologies Ltd. The Company has no operations in the last financial year.

The Audit committee of the Company also reviews the financial statements of the subsidiary Company. The minutes of the Board Meetings of subsidiary company are placed at the Board Meetings of Southern Online Biotechnologies Limited and reviewed in detail. The Directors Report, Auditors' Report, Balance Sheet and Notes forming part of the Accounts have been given elsewhere in this report.

## 5. Remuneration Committee

The Company has constituted Remuneration Committee to decide, fix the remuneration payable to the Managing / Whole time Directors of the Company.

However, the remuneration of the Managing / Whole time Director is subject to approval of the Board, and of the Company in the General Meeting and such approvals as may be necessary. The remuneration structure of Managing / Whole time Director comprises of salary only.

## A. Composition

The Remuneration Committee consists of the following Directors:

S.No	Name of the Director	Designation	Nature of Directorship
1	T.Rohini Reddy	Chairperson	Non-Executive & Independent Director
2	Y. Anand Swaroop	Member	Non-Executive & Independent Director
3	Kishor Shah	Member	Non-Executive & Independent Director

## B. Brief description of terms of reference

The Remuneration Committee shall function in accordance with the terms of reference made by the Board of Directors, which are given as follows:

- To fix the remuneration packages of Executive Directors i.e., Managing Director, Whole time Directors, etc.,
- To decide on the elements of remuneration package of all the Directors i.e., salary, benefits, bonuses, stock options, pension etc."

The Non-executive Directors are paid sitting fees for attending the Board & Committee meetings. The Remuneration Committee met one time on 30.05.2011.

The details of the salary and commission paid / payable for the Financial Year ended 31st March, 2012 to the Managing / Whole time Director are as under:

Name of the Director	Designation	Salary per annum (Rs. in Lakhs)	Commission
N. Satish Kumar	Managing Director	19.20	NIL
K. Radha Krishna	Director Finance	12.00	NIL
B. Sreedhara Reddy	Director Admin.	12.00	NIL
B H R Balaji	Executive Director	12.00	NIL

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

## 6. Investors' Grievance Committee

### A. Composition

Your Company has constituted an Investors' Grievance Committee consisting of the following Directors:

S.No	Name of the Director	Designation	Nature of Directorship
1	T. Rohini Reddy	Chairperson	Non-Executive & Independent Director
2	N Satish Kumar*	Member	Executive & Promoter Director
3	K Radha Krishna **	Member	Executive & Promoter Director

\* Mr N Satish Kumar was appointed as Member of Investor Grievance Committee in place of Mr C Raveendra Kumar w.e.f 13th December 2011.

\*\* Mr K Radha Krishna was appointed as Member of Investor Grievance Committee in place of Mr Y Anand Swaroop w.e.f 13th December 2011.

## B. Powers

The Committee has been delegated with the following powers:

- to redress shareholder and investor complaints relating to transfer of shares, Dematerialization of Shares, non-receipt of balance sheet, non-receipt of declared dividend etc.
- to approve, transfer, transmission, and issue of duplicate / fresh share certificate(s)
- Consolidate and sub-division of share certificates etc.
- To redress, approve and dispose off any, other complaints, transactions and requests etc., received from any shareholder of the company and investor in general.

The Board has delegated the power to process the transfer and transmission of shares to the Registrar and Share Transfer Agents, who process share transfers within a week of lodgement in the case of shares held in physical form.

During the period under review, five (5) share transfers and one (1) complaint were received from the shareholders, all of them have been transferred / resolved and there are no pending Share Transfers / Complaints as on date of this report.

## 7. General Body Meetings

Financial year	Date	Time	Venue	Resolutions Passed
<b>13th AGM</b> 2010-11	29.09.2011	11.30 AM	Dream Valley Srinagar, Gandipet, Hyderabad-075	1. Re-appointment of Mr N Satish Kumar as Managing Director.
<b>12th AGM</b> 2009-10	30.09.2010	11.30 AM	Dream Valley Srinagar, Gandipet, Hyderabad- 075	1. Appointment of Mr BHR Balaji as Executive Director. 2. Appointment of Mr K Radha Krishna as Director – Finance. 3. Appointment of Mr B Sreedhara Reddy as Director – Admin. 4. Voluntary delisting of Securities from Bangalore Stock Exchange Limited.
<b>11th AGM</b> 2008-09	30.09.2009	11.30 AM	Dream Valley Srinagar, Gandipet, Hyderabad- 075	1. Mr Kishor Shah appointed as Director of the Company  2. Mr Christian A Schmidt appointed as Director of the Company

Auditors' Certificate on Corporate Governance as required by revised Clause 49 of the Listing Agreement as given in an annexure to the Director's Report.

## 8. Disclosures

- The Company has not entered into any transaction of material nature with related parties i.e., Directors, Management, their relatives conflicting with the Company's interest.

- **Details of non-compliance**

There has been no non-compliance of any legal requirements nor have been any strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during the last 3 years.

- **Whistle Blower policy**

We have established a mechanism for employees to report concerns about unethical behavior, fraud or violation of code of conduct of the Company. The mechanism provided direct access to the Chairman of the Audit Committee for exceptional cases. All employees can also directly meet the Audit Committee members of the Company. The Whistle Blower Policy has been posted on the Intranet of the Company.

- **Compliance with non-mandatory requirements of clause 49 of the listing agreement**

The Company has complied with the non-mandatory requirements relating to remuneration committee and Whistle Blower policy to the extent detailed above and has not complied with other non-mandatory requirements.

- **Management Discussion and Analysis**

A detailed section on 'Management Discussion and Analysis' (MDA), pursuant to Clause 49 of the Listing Agreement forms part of this Annual Report.

## 9. Means of Communication

The quarterly, half-yearly and yearly financial results will be sent to the Stock Exchanges immediately after the Board approves the same and these results will also be published in prominent daily newspapers, viz. Business Standard and Andhra Prabha. These financial statements, press releases are also posted on the Company's website, at [www.sol.net.in](http://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 forms part of the annual report, which is posted to the shareholders of the Company.

## 10. General Shareholder Information:

The following information would be useful to the shareholders:

a) Fourteenth Annual General Meeting

Date and Time : 29.09.2012, at 11.30 A.M

Venue : Maisamma Garden, #4-1-6/2, Kalikanagar,  
Opp. Kalimandir Temple,

Bandlaguda Jagir, Rajendranagar, Hyderabad-500 086.

b) Financial Calendar 2012-13 (Tentative Schedule)

For the Quarter ended 30th June, 2012, the Company has already declared the Unaudited Financial Results on August 13, 2012.

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Adoption of Quarterly results for the Quarter ending

30th September, 2012	:	1st/2nd Week of November, 2012
31st December, 2012	:	1st/2nd Week of February, 2013
31st March, 2013	:	on or before 15th May 2013
Annual General Meeting (Next year)	:	August / September, 2013

**c) Book Closure Date**

21st September, 2012 to 25th September, 2012 (both days inclusive)

**d) Listing on Stock Exchanges** : Bombay Stock Exchange Ltd

**e) Stock Code**

- Stock Code / Symbol : BSE : 532669 / SBTL
- Demat ISIN number in NSDL & CDSL : INE 371B01015

**Electronic Connectivity**

**National Securities Depository Limited**

Trade World, Kamala Mills Compound

Senapati Bapat Marg, Lower Parel

Mumbai – 400 013

**Central Depository Services (India) Limited**

Phiroze Jeejeebhoy Towers, 28th Floor

Dalal Street, Mumbai – 400 023

**f) Stock Market Data**

The monthly high / low prices of shares of the Company from April, 2011 to March, 2012 at Bombay Stock Exchange :

Scrip Code: 532669 Company Name: SOUTHBIOTEC For the period: April 2011 to March 2012

Date	High (Rs.)	Low (Rs.)	No. of Shares
April 2011	16.16	12.11	916451
May 2011	14.63	12.50	113308
June 2011	12.90	10.52	230105
July 2011	10.90	10.10	145865
August 2011	9.80	7.83	201484
September 2011	8.86	7.55	133638
October 2011	8.19	7.44	68670
November 2011	7.69	5.53	142465
December 2011	5.92	4.51	353284
January 2012	8.23	5.51	650714
February 2012	8.99	6.46	408574
March 2012	6.94	5.53	1232420

**g) Registrars and Transfer Agents**

**Aarathi Consultants Pvt. Ltd.**

1-2-285, Domalguda, Hyderabad- 500 029.

Tel: (040) 27642217/27638111

Fax: (040) 27632184

Email: info@aarthiconsultants.com

**h) Share Transfer System**

SEBI has vide its circular dated 27.12.2002, directed that all work relating to share registry, both physical and demat should be maintained at a single point. Accordingly, the Share Transfers, both physical and demat form, are done by the Registrar and Share Transfer Agents i.e., M/s. Aarathi Consultants Private Limited, Domalguda, Hyderabad. The requests received for transfer of shares in physical form are generally completed within the stipulated time.



### 11. (A) Shareholding pattern as on 31.03.2012

Category Code	Category of Shareholder	Number of Shareholders	Total Number of shares	Number of shares held in dematerialised form	Total shareholding as a percentage of total number of shares		Shares pledged or otherwise encumbered	
					As a Percentage of (A+B) 1	As a Percentage of (A+B+C)	Number of Shares	As a Percentage
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)=(viii)/(iv)*100
(A)	Shareholding of Promoter and Promoter Group							
1	Indian							
a.	Individuals / Hindu Undivided Family	9	6049479	6049479	17.48	17.48	0	0
b.	Central Government/State Government(s)	0	0	0	0	0	0	0
c.	Bodies Corporate	0	0	0	0	0	0	0
d.	Financial Institutions/Banks	0	0	0	0			
	Others :-	0	0	0	0	0	0	0
e.	Mutual Funds	0	0	0	0	0	0	0
f.	Trusts	0	0	0	0	0	0	0
	SubTotal (A) (1)	9	6049479	6019479	17.48	17.48	0	0
2	Foreign							
a.	Individuals (NonResident Individuals/Foreign individuals)	0	0	0	0	0	0	0
b.	Bodies Corporate	0	0	0	0	0	0	0
c.	Institutions	0	0	0	0	0	0	0
	Others :	0	0	0	0	0	0	0
d.	Overseas Corporate Bodies	0	0	0	0	0	0	0
	Sub Total (A) (2)	0	0	0	0	0	0	0
	Total Shareholding of Promoter and Promoter Group (A)=(A) (1)+(A)(2)	9	6049479	6049479	17.48	17.48	0	0
(B)	Public Share holding							
1	Institutions							
a.	Mutual Funds/UTI	0	0	0	0	0	0	0
b.	Financial Institutions/ Banks	0	0	0	0	0	0	0
c.	Central Government/State Government(s)	0	0	0	0	0	0	0
d.	Venture Capital Funds	0	0	0	0	0	0	0
e.	Insurance Companies	0	0	0	0	0	0	0
f.	Foreign Institutional Investors	5	5975950	5975950	17.26	17.26	0	0
g.	Foreign Venture Capital Investors	0	0	0	0	0	0	0
	Others :-	0	0	0	0	0	0	0
h.	Foreign Companies	0	0	0	0	0	0	0
	Sub Total (B)(1)	5	5975950	5975950	17.26	17.26	0	0
2	Non-Institutions							
a.	Bodies Corporate	230	8546847	8499801	24.69	24.69	0	0
b.	Individual	5	0	0	0	0	0	0
i)	Individual shareholders holding nominal share capital upto Rs.1lakh	9049	6479129	6155862	18.72			
ii)	Individual shareholders holding nominal share capital in excess of Rs. lakh	172	5693617	5570017	16.45	16.45	0	0
	Any Others :	0	0	0	0	0	0	0
i)	Non Resident Individuals	75	581098	509798	1.68	1.68	0	0
ii)	Overseas Corporate Bodies	1	100000	0	0.03	0	0	0
iii)	Trusts	0	0	0	0	0	0	0
iv)	Employees	0	0	0	0	0	0	0
v)	Clearing Members	5	1593	1593	0	0	0	0
vi)	Foreign Nationals	1	1276102	1276102	3.69	3.69	0	0
	Sub Total (B)(2)	9533	22588386	22013173	65.26	65.26	0	0
	Total Public Shareholding (B)=(B)(1)+(B)(2)	9538	28564336	27989123	82.52	82.52	0	0
	Total (A) + (B)	9547	34613815	34038602	100	100	0	0
(C)	Shares held by Custodians and against Depository Receipts have been issued	0	0	0	0	0	0	0
1	Shareholding of Promoter and Promoter Group	0	0	0	0	0	0	0
2	Public Shareholding	0	0	0	0	0	0	0
	Grand Total (A)+(B)+(C)	9547	34613815	34038602	100	100	0	0

## B. Distribution of Shareholding as on 31.03.2012

Range (Rs)	No. of Shareholders	% of Total Shareholders	Shares Amount	% of Total Shares Amount
1 – 5000	6829	71.53	17185420	4.96
5,001 – 10000	1162	12.17	10287190	2.97
10,001 – 20000	597	6.25	9716080	2.81
20,001 – 30000	272	2.85	7077720	2.04
30,001 – 40000	112	1.17	4064940	1.17
40,001 – 50000	133	1.40	6420750	1.86
50,001 – 100000	206	2.16	15528710	4.49
1,00,001 and above	236	2.47	275857340	79.70
<b>Total</b>	<b>9547</b>	<b>100.00</b>	<b>346138150</b>	<b>100.00</b>

## 12. 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 98.34% of the Company's shares up to 31st March 2012 are now held in electronic form. Shares of the Company are actively traded in Bombay Stock Exchange, and hence have good liquidity. The list of depository participants is available with the National Securities Depository Limited (NSDL) at [www.nsdl.co.in](http://www.nsdl.co.in).

Particulars	No. of Shares	% Share Capital
NSDL	2,48,30,344	71.74
CDSL	92,08,258	26.60
PHYSICAL	5,75,213	1.66
<b>Total</b>	<b>3,46,13,815</b>	<b>100.00</b>

## 13. Address for Correspondence

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

**R & T Agent** : **Aarhi Consultants Pvt. Ltd.**  
1-2-285, Domalguda, Hyderabad- 500 029.  
Tel: (040) 27642217/27638111  
Fax: (040) 27632184  
Email: [info@aarhiconsultants.com](mailto:info@aarhiconsultants.com)

On behalf of the Board

Place: Hyderabad  
Date: 30.08.2012

**N. Satish Kumar**  
Managing Director

**K. Radha Krishna**  
Director Finance

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## **CERTIFICATE BY CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER**

We, N Satish Kumar, Chief Executive Officer and K Radha Krishna, Chief Financial Officer of Southern Online Biotechnologies Limited hereby certify to the best of our knowledge and belief certify that;

1. We have reviewed the Balance sheet and profit and loss account and all its schedules and notes to accounts, as well as the cash flow statement and the director's report.
2. Based on our knowledge and information these statements do not contain any untrue information of a material fact or omit to state material fact or contain statement that might be misleading.
3. Based on our knowledge and information the financial statements and other financial information included in the report present in all material respects, a true and fair view of the company's affairs, and are in compliance with the existing accounting standards and/ or applicable laws and regulations.
4. To the best of our knowledge and belief, no transactions entered into by the company during the year are fraudulent, illegal, or violative of the company's code of conduct.
5. We are responsible for establishing and maintaining internal controls over financial reporting for the company and have
  - a. Designed such internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with generally accepted accounting principles.
  - b. Evaluated the effectiveness of the company's internal control systems pertaining to financial reporting and
  - c. Disclosed in this report and change in the Company's internal control over financial reporting that has materially affected the Company's internal control over financial reporting.
6. We have disclosed to the Company's auditors and the Audit Committee of the Company's Board of Directors in regard to
  - a. Significant changes internal controls over financial reporting, if any during the year covered by the report.
  - b. Significant changes in accounting policies during the year, if any and that the same have been disclosed in the financial statements.
  - c. Instances of significant fraud of which we are aware, that involves management or other employees who have significant role in the company's internal control system over financial reporting.

Place: Hyderabad  
Date: 30.08.2012

**N. Satish Kumar**  
Managing Director

**K. Radha Krishna**  
Director Finance

## AUDITORS' CERTIFICATE ON COMPLIANCE OF CORPORATE GOVERNANCE

To,  
The Members  
Southern Online Bio Technologies Ltd  
Hyderabad.

We have examined the compliance of conditions of Corporate Governance by M/s. Southern Online Bio Technologies Ltd for the year ended March 31, 2012, 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 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.

for **P. Murali & Co.,**  
Chartered Accountants

Place: Hyderabad  
Date : 29.05.2012

**M V Joshi**  
Partner

## AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

The Members

### SOUTHERN ONLINE BIOTECHNOLOGIES LIMITED

We have audited the attached Balance Sheet of SOUTHERN ONLINE BIOTECHNOLOGIES LIMITED as at 31st March, 2012 and also the Profit & Loss Account for the period ended on the date annexed thereto and the cash flow statement for the period ended on that date. 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 statement presentation. We believe that our audit provides a reasonable basis of our opinion.

As required by the Companies (Auditor's Report) order 2003 and as amended by the Companies (Auditor's Report) (Amendment) Order 2004, issued by the Central Government of India in terms of the sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.

Further to our comments in the Annexure referred to above, we report that:

(i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our Audit;

- (ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books ;
- (iii) The Balance Sheet & Profit & Loss Account dealt with by this report are in agreement with the books of account;
- (iv) In our opinion, the Balance Sheet & Profit & Loss Account dealt with by this report comply with the Accounting standards referred to in sub-section (3C) of Section 211 of Companies Act, 1956 ;
- (v) On the basis of written representations received from the Directors, as on 31st March, 2012 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March , 2012 from being appointed as Director in terms of clause(g) of sub-section(1) of section 274 of the Companies Act, 1956 ;
- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India ;
- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;
- (b) In the case of the Profit & Loss Account, of the Loss for the period ended on that date; And
- (c) In the case of the Cash Flow, of the cash flows for the period ended on that date;

For **P.Murali & Co.,,**  
Chartered Accountants  
FRN: 007257S

Place : Hyderabad  
Date : 29.05.2012

**M.V. Joshi**  
Partner  
Membership no. 024784

## ANNEXURE TO THE AUDITORS' REPORT

- I. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.
- (b) As explained to us, the fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies between the book records and the physical inventory have been noticed on such verification.
- (c) The Company has not disposed off substantial part of the Fixed Assets during the year.
- II. (a) The Inventory has been physically verified during the year by the Management and in our opinion, the frequency of verification is reasonable.
- (b) In our opinion, the procedures of the physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- The Company is maintaining proper records of inventory and as explained to us, no material discrepancies were noticed on physical verification of stocks as compared to book records.
- III. (a) The Company has not granted any loans, secured or unsecured to Companies, Firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (b) As the Company has not granted any loans, the Clause of whether the rate of interest & other terms and conditions on which loans have been granted to parties listed in the register maintained under Section 301 prejudicial to the interest of company, is not applicable.
- (c) As no loans are granted by company, the clause of receipt of interest & principal amount from parties, is not applicable to the company.
- (d) No loans have been granted to Companies, Firms and other parties listed in the register U/S 301 of the Companies Act, 1956. Hence, overdue Amount of more than rupees one Lac does not arise and the clause is not Applicable.
- (e) The Company has not taken any loans, secured or unsecured from Companies, Firms or other Parties covered in the register maintained U/ s.301 of the Companies Act, 1956.
- (f) As the Company has not taken any loans, the clause of whether the rate of interest and other terms and conditions on which loans have been taken from parties listed in the register maintained under section 301 is prejudicial to the interest of company, is not applicable.
- (g) As no loans are taken by the company, the clause of repayment of interest & principal amount to parties is not applicable to the company.
- IV. In our opinion and according to the information and explanations given to us, there are generally adequate internal control systems commensurate with the size of the company and the nature of its business with regard to purchase of inventory and fixed assets and for sale of goods and services. There is no continuing failure by the company to correct any major weaknesses in internal control.

- V. (a) In our opinion and according to the information and explanation given to us, since no contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been made by the company in respect of any party in the financial year, the entry in the register U/s.301 of the Companies Act, 1956 does not arise.
- (b) According to the information and explanations given to us, as no such contracts or arrangements made by the company, the applicability of the clause of charging the reasonable price having regard to the prevailing market prices at the relevant time does not arise.
- VI. The Company has not accepted any deposits from the public and hence the applicability of the clause of directives issued by the Reserve Bank of India and provisions of section 58A, 58AA or any other relevant provisions of the Act and the rules framed there under does not arise. As per information and explanations given to us the order from the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal has not been received by the Company.
- VII. In our opinion, the company is having internal audit system, commensurate with its size and nature of its business.
- VIII. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1) (d) of the Companies Act, 1956, as per notification dated 3rd June 2011 and we are of the opinion that prima facie the prescribed cost records have been made and maintained.
- IX. (a) The Company is regular in depositing statutory dues including PF, ESI, Income Tax, Cess, and any other statutory dues with the appropriate authorities and at the end of last financial year there were no amounts outstanding which were due for more than 6 months from the date they became payable.
- (b) According to the information and explanations given to us, no undisputed amounts are payable in respect of PF, ESI, Income Tax, Cess and any other statutory dues as at the end of the period, for a period more than six months from the date they became payable.
- X. The Company has been registered for a period of not less than 5 years, and the company has got accumulated losses at the end of the financial year and the company has incurred cash losses in this financial year and in the immediately preceding financial year.
- XI. According to information and explanations given to us, the company has not defaulted in repayment of dues to financial Institutions or Banks.
- XII. According to the information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities and hence the applicability of the clause regarding maintenance of adequate documents in respect of loans does not arise.
- XIII. This clause is not applicable to this Company as the Company is not covered by the provisions of special statute applicable to Chit Fund in respect of Nidhi / Mutual Benefit Fund/Societies.

- XIV. According to the information and explanations given to us, the company is not dealing or trading in shares, securities, Debentures and other investments and hence the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order 2003, are not applicable to the Company.
- XV. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from Banks or Financial Institutions, and hence the applicability of this clause regarding terms and conditions which are prejudicial to the interest of the company.
- XVI. According to the information and explanations given to us, the Term Loans obtained by the company were applied for the purpose for which such loans were obtained by the company.
- XVII. According to the information and explanations given to us no funds are raised by the Company on short-term basis. Hence the Clause of Short term funds being used for Long term investment does not arise.
- XVIII. According to the information and explanations given to us, the Company has not made any preferential allotment of Shares to parties and Companies covered in the Register maintained under section 301 of the Companies Act, 1956 and hence the applicability of the clause regarding the price at which shares have been issued and whether the same is prejudicial to the interest of the Company does not arise.
- XIX. According to the information and explanations given to us, the company does not have any debentures and hence the applicability of the clause regarding the creation of security or charge in respect of debentures issued does not arise.
- XX. According to information and explanations given to us, the company has not raised money by way of public issues during the year, hence the clause regarding the disclosure by the management on the end use of money raised by public issue is not applicable.
- XXI. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year under audit.

For **P. Murali & Co.,**  
Chartered Accountants  
FRN: 007257S

Place : Hyderabad  
Date : 29.05.2012

**M.V. Joshi**  
Partner  
Membership no. 024784



## Consolidated Balance Sheet as at 31st March, 2012

Particulars	Note No.	As at 31.03.2012 (Rupees)	As at 31.03.2011 (Rupees)
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's Funds</b>			
(a) Share Capital	1	346,138,150	346,138,150
(b) Reserves and Surplus	2	(130,097,149)	229,002,592
(c) Minority Interest		1,030	1,030
<b>(2) Share application money pending allotment</b>	3	62,500,000	-
<b>(3) Non-Current Liabilities</b>			
(a) Long-term borrowings	4	891,899,476	506,918,081
(b) Deferred tax liabilities (Net)	5	82,164,577	58,985,545
(c) Other Long term liabilities	6	68,363,255	229,409,330
<b>(4) Current Liabilities</b>			
(a) Short-term borrowings	7	297,734,075	420,885,753
(b) Trade payables	8	63,819,848	38,417,731
(c) Short-term provisions	9	20,756,125	10,632,474
<b>Total</b>		<b>1,703,279,387</b>	<b>1,840,390,686</b>
<b>II. ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	10	1,150,138,910	1,211,561,731
(ii) Intangible assets		35,606,172	41,135,553
(iii) Capital work-in-progress		15,128,276	4,628,076
(b) Long term loans and advances	11	43,208,417	13,036,837
(c) Other non-current assets	12	57,937,284	66,037,319
<b>(2) Current assets</b>			
(a) Inventories	13	114,786,276	346,534,882
(b) Trade receivables	14	154,774,521	39,719,550
(c) Cash and cash equivalents	15	40,519,770	1,707,273
(d) Short-term loans and advances	16	91,179,761	116,029,465
<b>Total</b>		<b>1,703,279,387</b>	<b>1,840,390,686</b>

Summary of Significant Accounting Policies

1-44

Notes to Financial Statements

The accompanying notes are an Integral Part of the Financial Statements

AS PER OUR REPORT OF EVEN DATE

For **P.Murali & Co.,**

For Southern Online Bio Technologies Ltd,

Firm Regn. No: 007257S

Chartered Accountants

**M.V. Joshi**

Partner

**N. Satish Kumar**

Managing Director

**K. Radha Krishna**

Director - Finance

Place: Hyderabad

Date : 29.05.2012

**B Sreedhara Reddy**

Director Administration

**G. Anupama**

Company Secretary

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

Particulars	Note No.	for the year ended 31.03.2012 (Rupees)	for the year ended 31.03.2011 (Rupees)
I. Revenue from operations	17	912,446,209	608,387,629
II. Other Income	18	2,675,846	440,611
<b>III. Total Revenue (I +II)</b>		<b>915,122,055</b>	<b>608,828,240</b>
IV. Expenses:		-	-
Cost of materials consumed	19	704,828,357	539,221,361
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	20	89,709,696	(102,588,195)
Employee benefit expense	21	15,651,999	11,959,051
Other operating expenses	22	161,467,395	75,068,957
Administrative Expenses	23	32,177,999	23,841,525
Financial costs	24	168,099,164	78,434,354
Depreciation and amortization expense	10	70,826,480	47,176,005
Other expenses	25	8,281,674	5,574,008
<b>Total Expenses</b>		<b>1,251,042,764</b>	<b>678,687,066</b>
V. Profit before exceptional and extraordinary items and tax ( III - IV)		<b>(335,920,709)</b>	<b>(69,858,826)</b>
VI. Exceptional Items		-	-
VII. Profit before extraordinary items and tax (V - VI)		(335,920,709)	(69,858,826)
VIII. Extraordinary Items		-	-
IX. Profit before tax (VII - VIII)		<b>(335,920,709)</b>	<b>(69,858,826)</b>
X. Tax expense:			
(1) Current tax		-	-
(2) Deferred tax		23,179,032	37,024,101
XI. Profit (Loss) from the period from continuing operations ( IX - X)		<b>(359,099,741)</b>	<b>(106,882,927)</b>
XII. Profit/(Loss) from discontinuing operations		-	-
XIII. Tax expense of discounting operations		-	-
XIV. Profit/(Loss) from Discontinuing operations (XII - XIII)		-	-
XV. Profit/(Loss) for the period (XI + XIV)	-	<b>(359,099,741)</b>	<b>(106,882,927)</b>
XVI. Earning per equity share:			
(1) Basic		(9.70)	(2.02)
(2) Diluted			

Summary of Significant Accounting Policies 1-44

Notes to Financial Statements

The accompanying notes are an Integral Part of the Financial Statements  
AS PER OUR REPORT OF EVEN DATE

For **P.Murali & Co.,**  
Firm Regn. No: 007257S  
Chartered Accountants

For Southern Online Bio Technologies Ltd,

**M.V. Joshi**  
Partner

**N. Satish Kumar**  
Managing Director

**K. Radha Krishna**  
Director - Finance

Place: Hyderabad  
Date : 29.05.2012

**B Sreedhara Reddy**  
Director Administration

**G. Anupama**  
Company Secretary

## Note to Consolidated financial statements

Sl. No	Particulars	As at 31.03.2012		As at 31.03.2011	
		No. of Shares	(Rupees)	No. of Shares	(Rupees)
	<b>NOTE NO. 1 : SHARE CAPITAL</b>				
a.	Share Capital (For each class of capital)				
	(a) Authorised	75,000,000	750,000,000	75,000,000	750,000,000
	(b) Issued	34,613,815	346,138,150	34,613,815	346,138,150
	(c) Subscribed & Fully Paid Up	34,613,815	346,138,150	34,613,815	346,138,150
	(d) Subscribed & not fully paid up	-	-	-	-
	(e) Par value per share Rs. 10/-				
	<b>Total Equity Share capital</b>		<b>346,138,150</b>		<b>346,138,150</b>
	<b>Total Share capital</b>		<b>346,138,150</b>		<b>346,138,150</b>
b.	Forfeited shares (amount originally paid up)		-		-
c.	A Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period:				
	Equity Shares of Rs.10/-Each, Fully paid up				
	At the Beginning		34,613,815		33,313,815
	Issued during the year - Pref Issue				1,300,000
	Forfeited / Bought Back during the year		-		-
	At the end		34,613,815		34,613,815
d.	Details of Shareholder holding more than 5% shares of the company				
	<b>Equity Shares of Rs. 10 each Held By</b>				
	(a) Share Holder - N. Satish Kumar No. of Shares (C.Y ) 21,76,792, No. of Shares ( P.Y)21,76,792.		6.29		6.29
	(b) Share Holder - The Royal bank of Scotland PLS as Trustee of Jupiter Ind - No. of Shares (C.Y )20,00,000, No. of Shares ( P.Y)20,00,000		5.78		5.78
	(c) Share Holder - Mavi Investments - No. of Shares (C.Y )18,90,618 No. of Shares ( P.Y)19,39,268.		5.46		5.60

Sl No	Particulars	As at	As at
		31.03.2012	31.03.2011
		Rupees	Rupees
	<b>NOTE NO. 2 : RESERVES AND SURPLUS</b>		
	a) Securities Premium Reserve		
	As at the commencement of the year	253,187,500	238,877,500
	Add: Additions during the year	-	14,310,000
		253,187,500	253,187,500
	b) Surplus :		
	i) Opening Balance - Profit and Loss Account	(60,845,685)	46,037,242
	Add: Transfer from Profit & Loss Account	(359,099,741)	(106,882,927)
		(419,945,426)	(60,845,685)
	c) Share warrants forfeited premium :		
	As at the commencement of the year	33,163,000	-
	Add: Additions during the year	-	33,163,000
		33,163,000	33,163,000
	d) VAT Subsidy Received	3,497,777	3,497,777
	<b>Total Reserves and Surplus</b>	<b>(130,097,149)</b>	<b>229,002,592</b>
	<b>NOTE NO. 3 : SHARE APPLICATION MONEY PENDING ALLOTMENT</b>		
I.	Share Application Money	62,500,000	-
	Notes : (Refer Note No. 26)		
	<b>Total</b>	<b>62,500,000</b>	<b>-</b>
	<b>NOTE NO. 4 : LONG TERM BORROWINGS</b>		
I.	Long Term borrowings		
	a) Term loans:		
	From banks:		
	Secured		
	Bank of India, Banjara Hills, - Loan for Flats ( Secured by Hypothecation of the Flats of the company)	3,636,675	3,901,841
	Bank of India, Banjara Hills, - Term Loan. ( Hypothecation of Nalgonda unit Plant & Machinery of the company)	9,986,306	19,786,183
	HDFC Bank of India - Vehicle. (Hypothecation of Vehicle of the company )	179,359	574,364
	Axis Bank - Vehicle. (Hypothecation of Vehicle of the company )	286,089	2,683,792
	SBH - Vehicle. (Hypothecation of Vehicle of the company )	527,536	854,560
	TERM LOANS - ( BOI,SBH,UCO ) (Hypothecation of Vizag unit Plant & Machinery of the company)	875,351,753	477,185,582

Sl No	Particulars	As at	As at
		31.03.2012	31.03.2011
		Rupees	Rupees
	From other parties:		
	Unsecured	1,931,758	1,931,759
	<b>Notes ( Refer Note No.28)</b>		
	<b>Total long term borrowings</b>	<b>891,899,476</b>	<b>506,918,081</b>
	<b>NOTE NO. 5 : DEFERRED TAX LIABILITY ( NET )</b>		
I	Opening Deferred tax Liability	58,985,545	21,961,444
	Add: Deferred Tax Liability for the year (Due to SLM and WDV Difference )	23,179,032	37,024,101
	<b>Deferred Tax Liability/ ( Asset ) - Net</b>	<b>82,164,577</b>	<b>58,985,545</b>
	<b>NOTE NO. 6 : OTHER LONG TERM LIABILITES</b>		
	a) Trade Payables & Others		
	- Advance from Customers	68,363,255	229,409,330
	<b>Total other long term liabilities</b>	<b>68,363,255</b>	<b>229,409,330</b>
	<b>NOTE NO. 7 : SHORT TERM BORROWINGS.</b>		
I	Short term borrowings		
	a) Loans repayable on demand:		
	From banks		
	Secured	232,064,075	388,885,753
	b) Other loans and advances		
	Secured	65,670,000	32,000,000
	Notes : (Refer Note no.28)		
	<b>Total short term borrowings</b>	<b>297,734,075</b>	<b>420,885,753</b>
	<b>NOTE NO. 8 : TRADE PAYABLES</b>		
I	a) Trade Payables	63,819,848	38,417,731
	<b>Total Trade Payables</b>	<b>63,819,848</b>	<b>38,417,731</b>
	<b>NOTE NO. 9 : SHORT TERM PROVISIONS</b>		
I	a) Provisions for employee benefits		
	PF Payable	229,791	224,078
	Salaries Payable	3,739,691	2,234,548
	b) Others		
	Statutory Liabilities		
	ESIC	46,634	51,508
	TDS	726,538	713,148
	Service Tax	9,781,932	2,287,066
	VAT & CST	1,139,581	1,396,275
	Professional Tax	12,155	14,740
	Provision for Expenses	5,079,803	3,711,111
	<b>Total short term provisions</b>	<b>20,756,125</b>	<b>10,632,474</b>

Note Number : 10

**FIXED ASSETS AS ON 31st MARCH, 2012 (Consolidated)**

Sl. No.	Particulars	Gross Block						Depreciation/Amortization				Net Block as on 31.03.2012	Net Block as on 31.03.2011	
		As on 01.04.2011	Additions during the year	Through Business acquisition	Capitalized during the year	Sale / Deletions during the year	As on 31.03.2012	Rate of Depreciation	Dep. As on 01.04.2011	Dep. For the year 2011-2012	Impairment Loss / Reversal of Impairment Loss for the Year			Total Depreciation
1	LAND	54,649,032	-	-	-	-	54,649,032	0.00%	-	-	-	-	54,649,032	54,649,032
2	BUILDING	168,827,302	-	-	-	-	168,827,302	3.34%	6,098,034	5,638,832	-	11,736,866	157,090,436	162,729,267
3	PLANT & MACHINERY	1,035,986,687	3,669,666	-	-	-	1,039,656,353	5.28%	67,569,938	55,834,961	-	123,404,899	916,251,454	968,416,750
4	OFFICE EQUIPMENT	2,559,937	39,750	-	-	-	2,599,687	6.33%	803,264	163,071	-	966,335	1,633,352	1,756,672
5	COMPUTERS	87,707,934	119,362	-	-	-	87,827,296	16.21%	84,314,373	1,540,727	-	85,855,100	1,972,196	3,214,662
6	FURNITURE	5,496,562	-	-	-	-	5,496,562	6.33%	1,476,470	347,933	-	1,824,403	3,672,159	4,020,093
7	VEHICLES	18,625,945	45,500	-	-	-	18,671,445	9.50%	2,029,591	1,771,573	-	3,801,164	14,870,281	16,596,354
8	INTANGIBLE ASSETS FIXED Technical Know Pre_Issue Expenses	1,373,853,399	3,874,278	-	-	-	1,377,727,677	-	162,291,670	65,297,097	-	227,588,767	1,150,138,910	1,211,382,830
		7,896,908	-	-	-	-	7,896,908	20.00%	5,877,372	1,579,382	-	7,456,754	440,154	2,019,536
		39,116,017	-	-	-	-	39,116,017	-	3,950,000	3,950,000	-	3,950,000	35,166,017	39,116,017
9	CAPITAL WORK IN PROGRESS	47,012,925	-	-	-	-	47,012,925	-	5,877,372	5,529,382	-	11,406,754	35,606,171	41,135,533
		4,628,076	10,500,200	-	-	-	15,128,276	0.00%	-	-	-	-	15,128,276	-
	TOTAL	1,425,494,400	14,374,478	-	-	-	1,439,868,878	-	168,169,042	70,826,479	-	238,995,521	1,200,873,357	1,252,518,383

Sl. No	Particulars	As at	As at
		31.03.2012	31.03.2011
		(Rupees)	(Rupees)
	<b>NOTE NO. 11 : LONG TERM LOANS AND ADVANCES</b>		
I	Long - term loans and advances:		
	a) Capital advance		
	Unsecured	31,999,800	-
	b) Security Deposit		
	Secured	11,208,617	13,036,837
	<b>Total Long term loans &amp; advances(net)</b>	<b>43,208,417</b>	<b>13,036,837</b>
	<b>NOTE NO.12 : OTHER NON - CURRENT ASSETS</b>		
I	Long term Trade receivable ( Including trade receivables on deferred credit basis)		-
	Unsecured considered good	57,937,284	66,037,319
	<b>Total non-current assets (net)</b>	<b>57,937,284</b>	<b>66,037,319</b>
	<b>NOTE NO. 13 : INVENTORIES</b>		
I	Inventories :		
	a) Raw materials		
	Palm Stearine	9,543,903	22,302,494
	Mutton Tallow	4,035,765	107,918,511
	Cotton Seed Oil.	4,366,125	2,681,170
	Rice Bran Oil.	23,525,310	254,132
	Used Cooking Oil.	7,570,165	3,159,900
	Palm Sludge Oil	-	2,116,616
	RB Acid oil.	1,313,161	627,463
	RB Spent earth oil.	-	11,280,157
	Seeds	157,365	450,260
	Fatty Acid Oil.	183,484	2,353,750
	<b>Sub Total</b>	<b>50,695,278</b>	<b>153,144,453</b>
	b) Work - in - progress		
	Bio Diesel	850,286	7,185,084
	<b>Sub Total</b>	<b>850,286</b>	<b>7,185,084</b>
	c) Finished goods		
	Bio Diesel	3,779,413	64,121,836
	Glycerine.	39,638,266	35,479,531
	Oil Cake	-	7,480,977
	Estrified Oil	1,198,381	5,384,182
	Bio Diesel Resedue.	17,871	13,905,862
	Sludge and Fatty Acid.	700,028	2,336,469
	<b>Sub Total</b>	<b>45,333,959</b>	<b>128,708,857</b>

Sl. No	Particulars	As at 31.03.2012 (Rupees)	As at 31.03.2011 (Rupees)
	d) Stores and spares	17,906,753	57,496,488
	<b>Total Inventories</b>	<b>114,786,276</b>	<b>346,534,882</b>
	<b>NOTE NO. 14 : TRADE RECEIVABLES</b>		
I	Other Receivables		
	Unsecured, Considered Good	154,774,521	39,719,550
	<b>Total Trade Receivables(net)</b>	<b>154,774,521</b>	<b>39,719,550</b>
	<b>NOTE NO. 15 : CASH AND BANK BALANCES</b>		
I	Cash and cash equivalents :	-	-
	a) Balances with banks :	-	-
	1) On Current Accounts	38,573,664	648,455
	b) Cheques, Draft on hand	-	-
	c) Cash on hand	1,946,106	1,058,818
	<b>Total Cash and Cash Equivalents</b>	<b>40,519,770</b>	<b>1,707,273</b>
	<b>NOTE NO. 16 : SHORT TERM LOANS AND ADVANCES</b>		
I	Other loans And advances	-	-
	Secured - Raw Materials etc..	91,179,761	116,029,465
	<b>Total short term loans &amp; advances( net )</b>	<b>91,179,761</b>	<b>116,029,465</b>
Sl. No	Particulars	for the year ended 31.3.2012 (Rupees)	for the year ended 31.3.2012 (Rupees)
	<b>NOTE NO. 17 : REVENUE FROM OPERATIONS</b>		
I	Revenue from operations in respect of non-finance company		
	(a) Sale of Products	746,599,215	573,672,037
	(b) Sale of Services	30,691,465	36,268,186
	(c) Other Operating Revenues	136,952,388	-
	Less: Excise Duties	( 1,796,859)	(1,552,594)
	<b>Total Revenue from Operations</b>	<b>912,446,209</b>	<b>608,387,629</b>
	<b>NOTE NO. 18 : OTHER INCOME</b>		
I	(a) Other non-operating income(net of expenses directly attributed to such income)	1,459,039	440,611
	(b) Net gain/loss on foreign currency translation and transaction (other than considered as finance cost)	1,216,807	-
	<b>Total Other Income</b>	<b>2,675,846</b>	<b>440,611</b>
	<b>NOTE NO. 19 : COST OF MATERIALS CONSUMED</b>		
I	Material		
	Palm Stearine	219,799,259	130,895,094
	Mutton Tallow	266,383,677	263,034,810



Sl. No	Particulars	for the year ended 31.3.2012 (Rupees)	for the year ended 31.3.2012 (Rupees)
	Cotton Seed Oil.	6,225,880	29,458,109
	Rice Bran Oil.	15,806,572	14,737,347
	Used Cooking Oil.	4,083,820	3,849,356
	Palm Sludge Oil	2,116,616	2,670,109
	RB Acid oil	23,911,338	5,894,514
	RB Splent earth oil.	11,280,158	24,678,489
	Seeds	292,895	-
	Fatty Acid Oil.	13,809,422	15,660,497
	Fish Oil.	-	7,398,609
	Waste Oils	461,400	-
	Used Cooking Oil ( Cross country purchases)	53,437,833	-
	Chemicals	19,999,925	40,944,427
		<b>637,608,795</b>	<b>539,221,361</b>
	IROAF Sub contract Expenses	67,219,562	-
		67,219,562	-
	<b>Total Cost Of Material Consumed</b>	<b>704,828,357</b>	<b>539,221,361</b>
	<b>NOTE NO. 20 : CHANGE IN INVENTORIES &amp; WIP.</b>		
I	Finished Goods		
	Finished goods at the beginning of the year	128,708,857	30,566,993
	Less : Finished goods at the end of the year	(45,333,959)	(128,708,857)
	Sub Total (A)	83,374,898	(98,141,864)
	Work in Progress		
	Work in progress at the beginning of the year	7,185,084	2,738,753
	Less : work in progress at the end of the year	(850,286)	(7,185,084)
	Sub Total (B)	6,334,798	(4,446,331)
	<b>(Increase) / Decrease in Inventories (A+B)</b>	<b>89,709,696</b>	<b>(102,588,195)</b>
	<b>NOTE NO. 21 : EMPLOYEE BENEFIT EXPENSES (AGGREGATE EXPENDITURE)</b>		
I	(a) Salaries & Wages	10,455,499	9,114,154
	(b) Contribution to Provident & Other Funds	4,183,401	2,444,655
	(c) Staff Welfare Expenses	1,013,099	400,242
	Total Employee Benefit Expenses	15,651,999	11,959,051
	<b>NOTE NO. 22 : OTHER OPERATING EXPENSES</b>		
I	(a) Consumption of Stores & Spares	47,355,520	-
	(b) Power & Fuel	50,223,010	26,928,500
	(c) Rent	758,798	178,836
	(d) Repairs to Machinery	5,645,933	4,110,948

Sl. No	Particulars	for the year ended 31.3.2012 (Rupees)	for the year ended 31.3.2012 (Rupees)
	(e) Insurance	1,529,138	206,152
	(f) Bandwidth	15,166,867	14,892,888
	(g) Other Mfg Expenses	16,139,058	16,686,955
	(h) Factory Wages	18,734,732	9,625,454
	(i) Shipping charges	5,814,339	-
	(j) Payment to Auditors	100,000	100,000
	(k) Prior Period Items	-	2,339,224
	<b>Total Other Expenses</b>	<b>161,467,395</b>	<b>75,068,957</b>
	<b>NOTE NO. 23 : ADMINSTRATIVE EXPENSES</b>		
I	(a) Telephone, Postage and Others	1,561,434	1,337,894
	(b) Business Promotion Expenses	2,471,271	6,521,377
	(c) Conveyance	13,417,702	3,802,230
	(d) Office Maintenance	645,709	514,451
	(e) Printing & Stationery Expenses	527,473	255,596
	(f) Security Charges	674,994	926,204
	(g) Rates & Taxes (excluding Income Tax)	5,276,707	4,573,172
	(h) Managerial Remuneration	5,520,000	5,520,000
	(i) Consultancy Charges	1,595,109	176,590
	(j) Director Sitting Fee / Board Meeting Expenses	487,600	214,011
	<b>Total Administrative Expenses</b>	<b>32,177,999</b>	<b>23,841,525</b>
	<b>NOTE NO. 24 : FINANCE COST</b>		
I	(a) Interest Expenses :		
	- Interest on Cash Credit	71,760,443	30,654,347
	- Interest on Car Loan / Term Loan	86,488,001	46,677,168
	- Loan processing Charges & Bank Charges	9,850,720	1,102,839
	<b>Total Finance Cost</b>	<b>168,099,164</b>	<b>78,434,354</b>
	<b>NOTE NO. 25 : OTHER EXPENSES</b>		
I	Other expenses		
	General Expenses	676,331	594,086
	Loss on Chits	1,250	45,233
	Advertisements	36,260	66,330
	Collection Expenses	228,870	228,000
	Commission & Discounts	3,698,510	4,452,157
	Freight Charges	3,640,453	-
	Business Promotion Expenses	-	188,202
	<b>Total Other expenses</b>	<b>8,281,674</b>	<b>5,574,008</b>

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## Summary of Significant Accounting Policies

Significant Accounting Policies and Notes to the accounts for the year ended 31st March 2012.

### 1. Significant Accounting Policies

#### Preparation of financial statements

The financial statements have been prepared under the historical cost convention, in accordance with generally accepted accounting principles in India.

#### Method of Accounting

The Company follows the accrual system of accounting and recognizes income and expenditure on accrual basis.

#### Fixed assets

Fixed assets are stated at cost of acquisition less accumulated depreciation. Cost includes freight, duties and taxes and other expenses related to acquisition and installation. Pre-operative expense incurred during the construction period capitalized.

#### Investments

Investments are either classified as current or long-term based on the management's intention at the time of purchase. Long-term investments in subsidiary is carried at cost. Provisions are made to recognize any permanent decline in the carrying value of each investment.

#### Inventories

Raw materials, work in progress and finished goods are valued at the lower of the cost or net realizable value. Cost comprises of expenditure incurred in the normal course of business in bringing such inventories to their present location and condition.

#### Capital work in Progress

Capital Work in Progress includes additional equipment for enhancement & modification of Estrification unit / Distillation unit and LLE.

#### Revenue Recognition

The Company follows the mercantile system of Accounting and recognizes income and expenditure on accrual basis.

Revenue is not recognized on the grounds of prudence, until realized in respect of liquidated damages, delayed payments as recovery of the amounts are not certain.

Sales are shown at net of sales tax / services tax. These taxes are recognized consistently as a liability.

Interest income is recognized using the time proportion method, based on the transactional interest rates.

Commission income is due on rendering of services.

#### Depreciation and Amortization

Depreciation has been provided in the current year as per Straight Line Method on fixed assets at the specific rates prescribed in Schedule XIV of the Companies Act, 1956.

## Foreign Exchange Transactions

Transactions in foreign currencies are recorded at the exchange rates prevailing on the respective dates of the relevant transactions.

Exchange differences arising on foreign currency transactions are being recognized as income or expense in the year in which they arise. In the case of current assets and current liabilities expressed in foreign currency, the exchange rate prevalent at the end of the year is taken for the purposes of translation.

## Retirement Benefits

Provisions for Gratuity, Provident Fund and Leave encashment are made in the accounts in respect of employees on the basis of actuarial valuation as per the Accounting Standard 15 (Revised 2005).

## Taxes on Income

To provide Current tax as the amount of tax payable in respect of taxable income for the year.

To provide deferred tax on timing differences between taxable income and accounting income subject to consideration of prudence as specified in AS 22 Tax on Income

## NOTES TO ACCOUNTS:

### 26. Share Capital:

- The Equity Share Capital of the company as on 31st March, 2012 is 3,46,13,815 Equity Shares of Rs. 10/- each fully paid up.

During the year:

- During the year 2011-12, an amount of Rs. 6,25,00,000/- was received towards Share application money pending for allotment.

### 27. Contingent Liabilities :

#### 1. Bank Guarantees:

The Company has outstanding guarantees and counter guarantees of Rs.1,67,98,799/- as on 31.03.2012 (previous year ended 31.3.2011 is Rs. 28,98,799/-) to bank, in respect of the guarantees given by the bank in favour of The President of India, Government of India, acting through the Telegraph Authority, Andhra Pradesh State Road Transport Corporation (APS RTC) and Ministry of Railways, Indian Railways Organization for Alternative Fuels (IROAF).

### 28. Secured Loans

- The Company has a Over Draft facility for ISP Division of Rs.0.35Lakhs with Bank of India. This is secured against book debts of the company.
- The Company has a Working Capital facility for Bio Diesel Division – Nalgonda unit of Rs. 481 Lakhs with Bank of India, consortium (Bank of India, State Bank of Hyderabad, UCO Bank and Punjab National Bank) which is secured against Stock of the company.
- During the financial year the company got additional sanction of Rs.24.52 Cr Additional Term Loan, Rs.10.71Cr Funded Interest Term Loan ( FITL) and Previous sanctioned

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working capital for Bio Diesel Division Rs. 44.65 Cr converted as Working Capital Rs.22.65 Cr and balance Rs.22.00 Cr as Working Capital Term Loan (WCTL) for the Bio Diesel unit from Bank of India consortium (Bank of India, State Bank of Hyderabad, UCO Bank and Punjab National Bank) which is secured by way of charge on the fixed assets of the Company and personal guarantees of the Directors.

## 29. Investments

During the year 2004-05 the Company has invested the 3,43,097 Equity Shares of Rs.10/- each fully paid up to the shareholders of Southern Biofe Biofuels Private Limited as 100% subsidiary company and same is approved in Board of Directors.

No other investments were made by the company.

## 30. Segment Reporting

The activities of the Company can be broadly classified into two segments, viz., Internet Service Provider (ISP), Manufacturing of Bio Diesel, Used Cooking Oil trading and Contract.

The ISP division provides Internet Bandwidth to the Corporate Clients, Educational Institutions, Cyber Cafes, & Individual etc., The Bio Diesel division manufactures the Bio Diesel.

Income and direct expenses relation to segments are categorized based on items that are individually identifiable to that segment, while the remainder of cost is apportioned on appropriate basis. Certain expenses which are not specifically allocable to individual segments as the relevant services are used interchangeably. The company therefore believes that it is not practical to provide segment disclosures relating to such expenses. Accordingly, they are separately disclosed as unallowable and directly charged against total income.

In other segment shown in the table given below includes:-

- a) The income and expenditure relating to 30 TPD capacity bio diesel unit at Tondiarpet, Chennai.
- b) The income and expenditure relating to Cross country trading of Used Cooking Oil.

The assets of the company are used interchangeably between segments, and the management believes that it is not practical to provide segment disclosure relating to total assets and liabilities.

## Business Segments

(Rs. In lakhs)

Statement of Profit and loss for the year ended 31.3.2012	ISP		BIO DIESEL		OTHERS		TOTAL	
	2012	2011	2012	2011	2012	2011	2012	2011
Revenues	306.91	362.68	7,448.02	5,721.19	1,369.52	-	9,124.46	6,083.87
Identifiable Operating Expenses	172.56	166.99	1,375.51	583.70	1,273.18	-	2,821.25	750.69
Allocated Expenses	154.33	177.55	7,818.61	5,074.29	35.25	-	8,008.19	5,251.84
Segmental Operating Income	(19.97)	18.14	(1,746.09)	63.21	61.09	-	(1,704.97)	81.35
Unallocated Expenses	-	-	-	-	-	-	-	-
Profit for the year before Interest	(19.97)	18.14	(1,746.09)	63.21	61.09	-	(1,704.97)	81.35
Interest Expenses	11.54	9.99	1,667.28	774.35	2.17	-	1,680.99	784.34
Other income	-	-	14.59	4.41	12.17	-	26.76	4.41
Net profit before taxes and prior period items	(31.51)	8.15	(3,398.79)	(706.74)	71.09	-	(3,359.21)	(698.59)
Provision for taxation	-	-	-	-	-	-	-	-
Prior Period Items	-	-	-	-	-	-	-	-
Net profit after taxes and before exceptional items	(31.51)	8.15	(3,398.79)	(706.74)	71.09	-	(3,359.21)	(698.59)
Exceptional items	-	-	-	-	-	-	-	-
Profit after tax and exceptional items	(31.51)	8.15	(3,398.79)	(706.74)	71.09	-	(3,359.21)	(698.59)

## Geographical segments

(Rs. In Lakhs)

Revenues	March 31,2012	March 31,2011
India	8487.28	7,109.76
Outside India	637.18	-
Total	9124.46	7,109.76

### 31. Deferred Tax Asset/ Liability:

The current charge for income tax is calculated in accordance with the relevant tax regulations applicable to the company. Deferred tax asset and liability is recognized for future consequences attributable to the timing differences that result between the profit offered for income tax and the profit as per the Financial Statements. Deferred Tax asset and liability are measured as per the tax rates/laws that have been enacted or substantively enacted by the balance sheet date.

(Rs. in Lakhs)

	As at 31.3.2012	As at 31.3.2011
<b>Deferred Tax Liability</b>		
a) Opening Balance 01.04.2011.	589.86	219.61
b) Deferred Tax Expense/ Income:		
Depreciation differential	231.79	370.24
<b>Total (C)</b>	<b>821.65</b>	<b>589.86</b>

**32. Foreign Exchange Earnings**

(Rs. In lakhs)

Particulars	As at 31.03.2012	As at 31.3.2011
Export of Goods	637.18	-
<b>Total</b>	<b>637.18</b>	<b>-</b>

**33. Foreign Exchange Outflow**

(Rupees)

Particulars	31.03.2012	31.3.2011
Foreign Travel	10,50,606	6,07,430
For Purchases	6,85,08,481	2,32,49,116
Membership Fee	2,73,408	1,73,487
<b>Total</b>	<b>6,98,32,495</b>	<b>2,40,30,033</b>

**34. Directors' Remuneration**

The Managerial remuneration paid or provided in accordance with Schedule XIII of the Companies Act, 1956 to the Directors is as follows: (Rupees)

Particulars	31.03.2012	31.3.2011
Salary & Allowances (Whole Time Director)	55,20,000	55,20,000

The above figures exclude the gratuity and leave encashment payable which can not be separately identified from the composite amount advised by the Actuary.

**35. Remuneration to Auditors**

(Rupees)

Particulars	31.03.2012	31.3.2011
Audit Fees	1,00,000	1,00,000
<b>Total</b>	<b>1,00,000</b>	<b>1,00,000</b>

**36. Details of Quantitative Information:**

The Company is engaged in the Internet Service Provider (ISP) services. The ISP services are not capable of being expressed in any generic unit and hence it is not possible to give the quantitative details required under paragraph 3 and 4C of part II of the schedule VI of the Companies Act, 1956. In respect of Bio Diesel Division the quantitative information is as follows:

Sl. No.	Quantitative Information	2011-12		2010-11	
		Qty (Kgs/Lts)	Value (Rs. in Lakhs)	Qty (Kgs/Lts)	Value (Rs. in Lakhs)
A	Licensed Capacity	NA		NA	
B	Installed Capacity	280 TPD		280 TPD	
C	Finished Goods				

Sl. No.	Quantitative Information	2011-12		2010-11	
		Qty (Kgs/Lts)	Value (Rs. in Lakhs)	Qty (Kgs/Lts)	Value (Rs. in Lakhs)
	<b>Bio Diesel</b>				
	Opening Stock	1,727,720	713.07	655,734	196.72
	Production During the Year	14,605,636	6,256.03	15,585,674	5,633.55
	stock Transfer				
	Sales During the year	16,100,206	6,604.42	14,484,688	4,971.19
	Sludge & Fatty	116,320	45.25		
	Home consumption	3000	1.19	29000	8.70
	Closing Stock of Bio Diesel	113,830	46.30	1,727,720	713.07
	<b>Glycerine</b>				
	Opening Stock	709,591	354.80	261,815	65.45
	Production During the Year	1,050,135	420.45	1,447,096	586.32
	Sales During the year	807,648	211.21	815,167	168.15
	stock Transfer				
	Consumption for Estrified Oil	56,223	21.85	183,978	79.75
	Closing Stock of Glycerine	895,855	396.38	709,766	354.80
	<b>Cake</b>				
	Opening Stock	1,145,119	74.81	1,218,243	79.59
	Production During the Year	-	-		
	Sales During the year	1,145,119	74.81	73,124	3.74
	Closing Stock of Cake	-	-	1,145,119	74.81
	<b>Estrified Oil</b>				
	Opening Stock	141,689	53.84		
	Production During the Year	417,210	166.34	1,127,611	4,079.52
	Sales During the year	508,470	205.38	790,920	292.90
	Consumption for Bio-Diesel	20,000	7.60	195,002	74.03
	Closing Stock of Estrified Oil	30,429	11.98	141,689	53.84
	<b>Bio-Diesel Residue</b>				
	Opening Stock	331,502	139.06		
	Production During the Year	926,142	388.52	331,502	139.06
	Sales During the year	651,580	161.40		
	Consumption for Bio-Diesel	605,638	254.06		
	Closing Stock of Bio-Diesel Residue	426	0.18	331,502	139.06
	<b>Sludge &amp; Fatty Acid Oil</b>				
	Opening Stock	84,596	23.36		
	Production During the Year	553,587	111.29	163,943	36.23
	Sales During the year	521,126	108.79	79,347	11.85
	Consumption for Bio-Diesel	83,335	23.14		
	Closing Stock of Sludge & Fatty	33,722	7.00	84,596	23.36
<b>D</b>	<b>RAW MATERIAL CONSUMED</b>				
	<b>Fish Oil</b>				
	Opening Stock				



Sl. No.	Quantitative Information	2011-12		2010-11	
		Qty (Kgs/Lts)	Value (Rs. in Lakhs)	Qty (Kgs/Lts)	Value (Rs. in Lakhs)
	Purchased During the Year			224,075	73.99
	Consumed During the year			224,075	73.99
	Closing Stock of Fish Oil				
	<b>Seeds</b>				
	Opening Stock	42,321	4.50	92,940	9.88
	Purchased During the Year	-	-		
	Sales During the year	27,530	2.93	50,619	2.43
	Closing Stock of Seeds	14,791	1.57	42,321	4.50
	<b>Tallow</b>				
	Opening Stock	2,738,175	1,079.18	608,681	167.57
	Purchased During the Year	4,204,666	1,625.01	9,975,407	3,562.35
	Consumed During the year	6,837,503	2,663.84	7,845,913	2,630.35
	Closing Stock of Tallow	105,123	40.36	2,738,175	1,079.18
	<b>Palm Stearine</b>				
	Opening Stock	644,133	223.02	840,587	259.91
	Purchased During the Year	5,215,655	2,070.41	3,653,025	1,282.45
	Consumed During the year	5,611,271	2,197.99	3,849,479	1,308.95
	Closing Stock of Palm Sterain	248,517	95.44	644,133	223.02
	<b>Fatty Acid Oil</b>				
	Opening Stock	70,010	23.54		
	Purchased During the Year	326,050	111.59	567,957	181.38
	Consumed During the year	407,266	138.09	497,947	156.61
	Closing Stock of Fatty Acid Oil	5,114	1.83	70,010	23.54
	<b>RB Spent Earth Oil</b>				
	Opening Stock	302,279	112.80		
	Purchased During the Year	-	-	968,845	360.57
	Sale of Spent Earth Oil	9,470	0.05		
	Consumed During the year	292,809	112.75	666,566	246.78
	Closing Stock of Spent Earth Oil	-	-	302,279	112.79
	<b>Cotton seed Oil</b>				
	Opening Stock	65,461	26.81		
	Purchased During the Year	200,280	79.11	808,620	321.39
	Consumed During the year	156,200	62.26	743,159	294.58
	Closing Stock of Cotton seed Oil	109,541	43.66	65,461	26.81
	<b>Rice Bran Oil</b>				
	Opening Stock	8,368	2.54		
	Purchased During the Year	1,029,135	385.74	493,635	149.91
	Sale of RB Oil	250,070	35.71		

Sl. No.	Quantitative Information	2011-12		2010-11	
		Qty (Kgs/Lts)	Value (Rs. in Lakhs)	Qty (Kgs/Lts)	Value (Rs. in Lakhs)
	Consumed During the year	209,635	122.36	485,267	147.37
	Closing Stock of Rice Bran Oil	593,838	235.25	8,368	2.54
	<b>Used Cooking Oil</b>				
	Opening Stock	105,330	31.60		
	Purchased During the Year	195,250	84.94	224,830	70.09
	Consumed During the year	105,330	40.84	119,500	38.49
	Closing Stock of Used Cooking Oil	195,250	75.70	105,330	31.60
	<b>Palm Sludge Oil</b>				
	Opening Stock	97,698	21.17		
	Purchased During the Year	-	-	220,800	47.87
	Consumed During the year	97,698	21.17	123,102	26.70
	Closing Stock of Used Cooking Oil	-	-	97,698	21.17
	<b>R B Acid Oil</b>				
	Opening Stock	16,460	6.27		
	Purchased During the Year	769,805	251.01	180,013	65.24
	Sale of RB Acid Oil	11,720	3.63		
	Consumed During the year	718,233	235.48	163,551	58.95
	Closing Stock of Used Cooking Oil	40,272	13.13	16,462	6.29

### 37. DETAILS OF RELATED PARTY TRANSACTION

The company has entered into the following related party transactions as on 31st March, 2012 such parties and transactions are identified as per Accounting Standard 18

(a) The following are the list of related parties:

Name of the Party	Relationship
Southern Bio Fe Bio Fuels Pvt. Ltd	100 % Subsidiary
Mr. N. Satish Kumar	Managing Director
Mr. K. Radha Krishna	Director Finance
Mr. B. Sreedhara Reddy	Director Administration
Mr. B. H.R.Balaji	Executive Director
Mr. K. Tejesh Kumar	Director
Mr. K. Venkateswara Rao	Promoter

b) The following are the related party transactions:

(Rs. In lakhs)

Name of the Party	Relationship	Nature of Transaction	Amount 31.03.12	Amount 31.03.11
Mr. N. Satish Kumar	Managing Director	Remuneration	19.20	19.20
Mr. K. Radha Krishna	Director Finance	Remuneration	12.00	12.00
Mr. B. Sreedhara Reddy	Director	Remuneration	12.00	12.00
Mr. B.H.R.Balaji	Executive Director	Remuneration	12.00	12.00

**38. PRIOR PERIOD ITEMS: NIL**

39. Confirmations were obtained from debtors/ creditors as to the balances receivable/ payable to them as at year ended 31st March, 2012.

**40. Earning per share:**

The earning considered in ascertaining the companies earning per share comprise net profit after tax. The number of shares used in computing basic earning per share is the weighted average number of shares outstanding during the year. (Rs.)

<b>PARTICULARS</b>	<b>31.03.2012</b>	<b>31.03.2011</b>
Total No. of Shares outstanding (nos.)	3,46,13,815	3,46,13,815
Total No. of Shares outstanding (weighted Average)	3,46,13,815	3,46,13,815
Profit after taxes before exceptional items	(33,59,20,709)	(6,98,58,826)
Profit after taxes after exceptional items	(33,59,20,709)	(6,98,58,826)
EPS before Non-recurring and exceptional items (Weighted Average)	(9.70)	(2.02)
EPS after Non-recurring and exceptional items (Weighted Average)	(9.70)	(2.02)

**41. Gratuity and Leave encashment etc.**

(a) **Gratuity Provision:** During the year the Company has provided for Gratuity on Actuarial Valuation basis to comply with AS 15 (Revised 2005).

(b) The Amount of gratuity paid during the year is Rs. NIL.( Previous year Rs.6,67,819/-)

42. Depreciation is not accounted on additions during the year Rs.36,69,666/- due to the assets are not put to use.

43. In respect of subsidiary company there is no transactions carried out during the year under audit.

44. Previous year figures have been regrouped wherever necessary.

**Signatures to Notes 1-44**

AS PER OUR REPORT OF EVEN DATE

FOR AND ON BEHALF OF THE BOARD.

For **P.Murali & Co.,**  
Chartered Accountants

For **Southern Online Bio Technologies Ltd.**

**M.V. Joshi**  
Partner

**N. Satish Kumar**  
Managing Director

**K. Radha Krishna**  
Director - Finance

Place: Hyderabad  
Date : 29.05.2012

**B Sreedhara Reddy**  
Director Administration

**G. Anupama**  
Company Secretary

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2012

	PARTICULARS	Year Ended 31.03.2012 (Rs in Lacs)	Year Ended 31.03.2011 (Rs in Lacs)
<b>A.</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>		
	Net (Loss) before tax & extraordinary items	(3,359.21)	(698.59)
	Adjustments for:		
	Depreciation	652.97	450.65
	Written off Expense	55.29	21.11
	Interest	1,680.99	784.34
	<b>Operating Profit before working capital charges</b>	<b>(969.95)</b>	<b>557.52</b>
	Increase in Loans and Advances	(53.22)	1,675.31
	Trade and other receivables	(1,069.55)	71.56
	Inventories	2,317.49	(2,478.43)
	Trade payables	(1,255.20)	1,980.38
	Cash generated from operations	(1,030.44)	1,806.33
	Interest paid	1,680.99	784.34
	<b>Cash flow before extraordinary items - ( A )</b>	<b>(2,711.43)</b>	<b>1,021.99</b>
	<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>B.</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>		
	Capital Work in Progress	105.00	(6,083.77)
	Purchase of Fixed Assets	38.74	10,249.86
	Investments		-
	Net cash used in investing activities - ( B )	143.74	4,166.09
<b>C.</b>	<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>		
	Increase / decrease in Secured Loans	2,618.30	2,835.63
	Misc Expenses	-	(37.93)
	Increase in Share Application amount	625.00	90.00
	Increase in Share Premium amount	-	143.10
	Increase in unsecured Loans	-	34.98
	<b>Net Cash used in Financing activities - ( C )</b>	<b>3,243.30</b>	<b>3,065.77</b>
	<b>Net increase in cash and cash equivalents - ( A+B+C )</b>	<b>388.12</b>	<b>(78.33)</b>
	Cash and Cash equivalents as at (Opening Balance)	17.07	95.41
	Cash and Cash equivalents as at (Closing Balance)	405.19	17.07

AS PER OUR REPORT OF EVEN DATE

FOR AND ON BEHALF OF THE BOARD.

For **P.Murali & Co.,**

For **Southern Online Bio Technologies Ltd.**

Chartered Accountants

**M.V. Joshi**

**N. Satish Kumar**

**K. Radha Krishna**

Partner

Managing Director

Director - Finance

Place: Hyderabad

**B Sreedhara Reddy**

**G. Anupama**

Date : 29.05.2012

Director Administration

Company Secretary

# **STANDALONE FINANCIAL SECTION**

## AUDITOR'S REPORT ON STANDALONE FINANCIAL STATEMENTS

The Members,  
SOUTHERN ONLINE BIOTECHNOLOGIES  
LIMITED.

We have audited the attached Balance Sheet of SOUTHERN ONLINE BIOTECHNOLOGIES LIMITED as at 31st March, 2012 and also the Profit & Loss Account for the period ended on the date annexed thereto and the cash flow statement for the period ended on that date. 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 statement presentation. We believe that our audit provides a reasonable basis of our opinion.

As required by the Companies (Auditor's Report) order 2003 and as amended by the Companies (Auditor's Report) (Amendment) Order 2004, issued by the Central Government of India in terms of the sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.

Further to our comments in the Annexure referred to above, we report that:

(v) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our Audit;

- (vi) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books ;
- (vii) The Balance Sheet & Profit & Loss Account dealt with by this report are in agreement with the books of account;
- (viii) In our opinion, the Balance Sheet & Profit & Loss Account dealt with by this report comply with the Accounting standards referred to in sub-section (3C) of Section 211 of Companies Act, 1956 ;
- (v) On the basis of written representations received from the Directors, as on 31st March , 2012 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2012 from being appointed as Director in terms of clause(g) of sub-section(1) of section 274 of the Companies Act,1956 ;
- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India ;
- (c) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;
- (d) In the case of the Profit & Loss Account, of the Loss for the period ended on that date; And
- (c) In the case of the Cash Flow, of the cash flows for the period ended on that date;

For **P.Murali & Co.**,  
Chartered Accountants  
FRN: 007257S

Place : Hyderabad  
Date : 29.05.2012

**M.V. Joshi**  
Partner  
Membership no. 024784

## ANNEXURE TO THE AUDITORS' REPORT

- I. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.
- (b) As explained to us, the fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies between the book records and the physical inventory have been noticed on such verification.
- (c) The Company has not disposed off substantial part of the Fixed Assets during the year.
- II. (a) The Inventory has been physically verified during the year by the Management and in our opinion, the frequency of verification is reasonable.
- (b) In our opinion, the procedures of the physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- The Company is maintaining proper records of inventory and as explained to us, no material discrepancies were noticed on physical verification of stocks as compared to book records.
- III. (a) The Company has not granted any loans, secured or unsecured to Companies, Firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (b) As the Company has not granted any loans, the Clause of whether the rate of interest & other terms and conditions on which loans have been granted to parties listed in the register maintained under Section 301 prejudicial to the interest of company, is not applicable.
- (c) As no loans are granted by company, the clause of receipt of interest & principal amount from parties, is not applicable to the company.
- (d) No loans have been granted to Companies, Firms and other parties listed in the register U/S 301 of the Companies Act, 1956. Hence, overdue Amount of more than rupees one Lac does not arise and the clause is not Applicable.
- (e) The Company has not taken any loans, secured or unsecured from Companies, Firms or other Parties covered in the register maintained U/ s.301 of the Companies Act, 1956.
- (f) As the Company has not taken any loans, the clause of whether the rate of interest and other terms and conditions on which loans have been taken from parties listed in the register maintained under section 301 is prejudicial to the interest of company, is not applicable.
- (g) As no loans are taken by the company, the clause of repayment of interest & principal amount to parties is not applicable to the company.
- IV. In our opinion and according to the information and explanations given to us, there are generally adequate internal control systems commensurate with the size of the company and the nature of its business with regard to purchase of inventory and fixed assets and for sale of goods and services. There is no continuing failure by the company to correct any major weaknesses in internal control.

- V. (a) In our opinion and according to the information and explanation given to us, since no contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been made by the company in respect of any party in the financial year, the entry in the register U/s.301 of the Companies Act, 1956 does not arise. (b) According to the information and explanations given to us, as no such contracts or arrangements made by the company, the applicability of the clause of charging the reasonable price having regard to the prevailing market prices at the relevant time does not arise.
- VI. The Company has not accepted any deposits from the public and hence the applicability of the clause of directives issued by the Reserve Bank of India and provisions of section 58A, 58AA or any other relevant provisions of the Act and the rules framed there under does not arise. As per information and explanations given to us the order from the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal has not been received by the Company.
- VII. In our opinion, the company is having internal audit system, commensurate with its size and nature of its business.
- VIII. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1) (d) of the Companies Act, 1956, as per notification dated 3rd June 2011 and we are of the opinion that prima facie the prescribed cost records have been made and maintained.
- IX. (a) The Company is regular in depositing statutory dues including PF, ESI, Income Tax, Cess, and any other statutory dues with the appropriate authorities and at the end of last financial year there were no amounts outstanding which were due for more than 6 months from the date they became payable. (b) According to the information and explanations given to us, no undisputed amounts are payable in respect of PF, ESI, Income Tax, Cess and any other statutory dues as at the end of the period, for a period more than six months from the date they became payable.
- X. The Company has been registered for a period of not less than 5 years, and the company has got accumulated losses at the end of the financial year and the company has incurred cash losses in this financial year and in the immediately preceding financial year.
- XI. According to information and explanations given to us, the company has not defaulted in repayment of dues to financial Institutions or Banks.
- XII. According to the information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities and hence the applicability of the clause regarding maintenance of adequate documents in respect of loans does not arise.
- XIII. This clause is not applicable to this Company as the Company is not covered by the provisions of special statute applicable to Chit Fund in respect of Nidhi / Mutual Benefit Fund/Societies.



- XIV. According to the information and explanations given to us, the company is not dealing or trading in shares, securities, Debentures and other investments and hence the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order 2003, are not applicable to the Company.
- XV. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from Banks or Financial Institutions, and hence the applicability of this clause regarding terms and conditions which are prejudicial to the interest of the company .
- XVI. According to the information and explanations given to us, the Term Loans obtained by the company were applied for the purpose for which such loans were obtained by the company.
- XVII. According to the information and explanations given to us no funds are raised by the Company on short-term basis. Hence the Clause of Short term funds being used for Long term investment does not arise.
- XVIII. According to the information and explanations given to us, the Company has not made any preferential allotment of Shares to parties and Companies covered in the Register maintained under section 301 of the Companies Act, 1956 and hence the applicability of the clause regarding the price at which shares have been issued and whether the same is prejudicial to the interest of the Company does not arise.
- XIX. According to the information and explanations given to us, the company does not have any debentures and hence the applicability of the clause regarding the creation of security or charge in respect of debentures issued does not arise.
- XX. According to information and explanations given to us, the company has not raised money by way of public issues during the year, hence the clause regarding the disclosure by the management on the end use of money raised by public issue is not applicable.
- XXI. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year under audit.

For **P.Murali & Co.**,  
Chartered Accountants  
FRN: 007257S

Place : Hyderabad  
Date : 29.05.2012

**M.V. Joshi**  
Partner  
Membership no. 024784

## Standalone Balance Sheet as 31st March, 2012

Particulars	Note No.	As at 31.03.2012 (Rs.)	As at 31.03.2011 (Rs.)
<b>I. EQUITY AND LIABILITIES</b>			
(1) Shareholder's Funds			
(a) Share Capital	1	346,138,150	346,138,150
(b) Reserves and Surplus	2	(130,097,148)	229,002,592
(2) Share application money pending allotment	3	62,500,000	-
(3) Non-Current Liabilities			
(a) Long-term borrowings	4	890,462,701	505,481,306
(b) Deferred tax liabilities (Net)	5	82,164,577	58,985,545
(c) Other Long term liabilities	6	68,363,255	229,409,330
(4) Current Liabilities			
(a) Short-term borrowings	7	297,734,075	420,885,753
(b) Trade payables	8	63,819,848	38,417,731
(d) Short-term provisions	9	20,652,718	10,529,067
<b>Total</b>		<b>1,701,738,176</b>	<b>1,838,849,474</b>
<b>II. Assets</b>			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	10	1,149,960,010	1,211,382,830
(ii) Intangible assets		35,562,269	41,091,651
(iii) Capital work-in-progress		10,500,200	-
(b) Non-current investments	11	3,430,970	3,430,970
(c) Long term loans and advances	12	43,208,417	13,036,837
(d) Other non-current assets	13	57,937,286	66,037,318
(2) Current assets			
(a) Inventories	14	114,786,276	346,534,882
(b) Trade receivables	15	154,774,521	39,719,550
(c) Cash and cash equivalents	16	40,519,770	1,707,273
(d) Short-term loans and advances	17	91,058,457	115,908,163
<b>Total</b>		<b>1,701,738,176</b>	<b>1,838,849,474</b>

Summary of Significant Accounting Policies

1-44

Notes to Financial Statements

The accompanying notes are an Integral Part of the Financial Statements

AS PER OUR REPORT OF EVEN DATE For **Southern Online Bio Technologies Ltd.**

For **P.Murali & Co.,**

Chartered Accountants

**M.V. Joshi**

Partner

**N. Satish Kumar**

Managing Director

**K. Radha Krishna**

Director - Finance

Place: Hyderabad

Date : 29.05.2012

**B Sreedhara Reddy**

Director Administration

**G. Anupama**

Company Secretary

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

Particulars	Note No.	for the year ended 31.03.2012 (Rs.)	for the year ended 31.03.2011 (Rs.)
I. Revenue from operations	18	912,446,209	608,387,629
II. Other Income	19	2,675,846	440,611
<b>III. Total Revenue (I +II)</b>		<b>915,122,055</b>	<b>608,828,240</b>
IV. Expenses:			
Cost of materials consumed	20	704,828,357	539,221,361
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	21	89,709,696	(102,588,195)
Employee benefit expense	22	15,651,999	11,959,051
Other operating expenses	23	161,467,395	75,068,957
Administrative Expenses	24	32,177,999	23,841,525
Financial costs	25	168,099,164	78,434,354
Depreciation and amortization expenses	10	70,826,479	47,176,005
Other expenses	26	8,281,674	5,574,008
<b>Total Expenses</b>		<b>1,251,042,763</b>	<b>678,687,066</b>
V. Profit before exceptional and extraordinary items and tax ( III - IV)		(335,920,708)	(69,858,826)
VI. Exceptional Items		-	-
VII. Profit before extraordinary items and tax (V-VI)		(335,920,708)	(69,858,826)
VIII. Extraordinary Items		-	-
IX. Profit before tax (VII - VIII)		(335,920,708)	(69,858,826)
X. Tax expense:			
(1) Current tax		-	-
(2) Deferred tax		23,179,032	37,024,101
XI. Profit(Loss) from the period from continuing operations ( IX - X)		(359,099,740)	(106,882,927)
XII. Profit/(Loss) from discontinuing operations		-	-
XIII. Tax expense of discounting operations		-	-
XIV. Profit/(Loss) from Discontinuing operations (XII-XIII)		-	-
XV. Profit/(Loss) for the period (XI + XIV)	-	(359,099,740)	(106,882,927)
XVI. Earning per equity share:			
(1) Basic		(9.70)	(2.02)
(2) Diluted			

Summary of Significant Accounting Policies 1-44

Notes to Financial Statements

The accompanying notes are an Integral Part of the Financial Statements

AS PER OUR REPORT OF EVEN DATE

For **P.Murali & Co.,**

Firm Regn. No: 007257S

Chartered Accountants

**M.V. Joshi**

Partner

Place: Hyderabad

Date : 29.05.2012

For Southern Online Bio Technologies Ltd,

**N. Satish Kumar**

Managing Director

**B Sreedhara Reddy**

Director Administration

**K. Radha Krishna**

Director - Finance

**G. Anupama**

Company Secretary

## Note to Standalone Financial Statements

Sl No	Particulars	As at 31.03.2012		As at 31.03.2011	
		No. of Shares	(Rs.)	No. of Shares	(Rs.)
	<b>NOTE NO. 1 : SHARE CAPITAL</b>				
a.	Share Capital (For each class of capital)				
	(a) Authorised	75,000,000	750,000,000	75,000,000	750,000,000
	(b) Issued	34,613,815	346,138,150	34,613,815	346,138,150
	(c) Subscribed & Fully Paid Up	34,613,815	346,138,150	34,613,815	346,138,150
	(d) Subscribed & not fully paid up	-	-	-	-
	(e) Par value per share Rs. 10/-				
	<b>Total Equity Share capital</b>		<b>346,138,150</b>		<b>346,138,150</b>
	<b>Total Share capital</b>		<b>346,138,150</b>		<b>346,138,150</b>
B.	<b>Forfeited shares</b>				
	<b>(amount originally paid up)</b>		-		-
c	A Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period:				
	Equity Shares of Rs.10/-Each, Fully paid up :				
	At the Beginning		34,613,815		33,313,815
	Issued during the year - Pref Issue				1,300,000
	Forfeited / Bought Back during the year		-		-
	At the end		34,613,815		34,613,815
D	Details of Shareholder holding more than 5% shares of the company:				
	Equity Shares of Rs. 10 each Held By				
	(a) Share Holder - N. Satish Kumar				
	No. of Shares (C.Y ) 21,76,792,				
	No. of Shares ( P.Y)21,76,792.		6.29		6.29
	(b) Share Holder - The Royal bank of Scotland PLS as Trustee of Jupiter Ind - No. of Shares (C.Y )20,00,000, No. of Shares (P.Y)20,00,000		5.78		5.78
	(c) Share Holder-Mavi Investments - No. of Shares (C.Y )18,90,618 No. of Shares ( P.Y)19,39,268.		5.46		5.60

Sl. No.	Particulars	As at 31.03.2012 Rupees	As at 31.03.2011 Rupees
<b>I</b>	<b>NOTE NO. 2 : RESERVES AND SURPLUS</b>		
	<b>RESERVES AND SURPLUS</b>		
	a) Securities Premium Reserve		
	As at the commencement of the year	253,187,500	238,877,500
	Add: Additions during the year	-	14,310,000
		253,187,500	253,187,500
	b) Surplus :		
	i) Opening Balance - Profit and Loss Account	(60,845,685)	46,037,242
	Add: Transfer from Profit & Loss Account	(359,099,740)	(106,882,927)
		(419,945,425)	(60,845,685)
	c) Share warrants forfeited premium :		
	As at the commencement of the year	33,163,000	-
	Add: Additions during the year	-	33,163,000
		33,163,000	33,163,000
III.	Negative balance of reserves and surplus account	-	-
	Add: VAT Subsidy Received	3,497,777	3,497,777
	Total Reserves and Surplus	(130,097,148)	229,002,592
	<b>NOTE NO. 3 : SHARE APPLICATION MONEY</b>		
	<b>PENDING ALLOTMENT</b>		
1.	Share Application Money	62,500,000	-
	Notes: (Refer note no.27)		
	<b>Total</b>	<b>62,500,000</b>	<b>-</b>
	<b>NOTE NO. 4 : LONG TERM BORROWINGS</b>		
1.	<b>Long Term borrowings</b>		
	a) Term loans:		
	From banks:		
	Secured		
	Bank of India, Banjara hills, - Loan for Flats	3,636,675	3,901,841
	(Secured by Hypothecation of the Flats of the company)	-	-
	Bank of India, Banjara hills, - Term Loan.	9,986,306	19,786,183
	(Secured by total Plant & Flats of the company)	-	-
	HDFC Bank of India - Vehicle.	179,359	574,364
	(Hypothecation of Vehicle of the company )	-	-
	Axis Bank - Vehicle.	286,089	2,683,792
	(Hypothecation of Vehicle of the company )	-	-
	SBH - Vehicle.	527,536	854,560
	(Hypothecation of Vehicle of the company)	-	-
	TERM LOANS - ( BOI,SBH,UCO )	875,351,753	477,185,582
	(Hypothecation of Vehicle of the company)	-	-

Sl. No.	Particulars	As at 31.03.2012 Rupees	As at 31.03.2011 Rupees
	From other parties:	-	-
	Unsecured	494,983	494,984
	<b>Notes : (Refer Note No. 29)</b>	-	-
	<b>Total long term borrowings</b>	<b>890,462,701</b>	<b>505,481,306</b>
	<b>NOTE NO. 5 : DEFERRED TAX LIABILITY (NET)</b>		
I	Opening Deferred tax Liability	58,985,545	21,961,444
	Add: Deferred Tax Liability for the year (Due to SLM and WDV Difference)	23,179,032	37,024,101
	<b>Deferred Tax Liability/ ( Asset ) - Net</b>	<b>82,164,577</b>	<b>58,985,545</b>
	<b>NOTE NO. 6 : OTHER LONG TERM LIABILITES</b>		
	a) Trade Payables & Others		
	- Advance from Customers	68,363,255	229,409,330
	<b>Total other long term liabilities</b>	<b>68,363,255</b>	<b>229,409,330</b>
	<b>NOTE NO. 7 : SHORT TERM BORROWINGS</b>		
I	Short term borrowings		
	a) Loans repayable on demand:		
	From banks		
	Secured	232,064,075	388,885,753
	b) Other loans and advances		
	Secured	65,670,000	32,000,000
	Notes ( Refer note no: 29)	-	-
	<b>Total short term borrowings</b>	<b>297,734,075</b>	<b>420,885,753</b>
	<b>NOTE NO. 8 : TRADE PAYABLES</b>		
I	a) Trade Payables	63,819,848	38,417,731
	Total Trade Payables	63,819,848	38,417,731
	<b>NOTE NO. 9 : SHORT TERM PROVISIONS</b>		
I	a) Provisions for employee benefits		
	PF Payable	229,791	224,078
	Salaries Payable	3,739,691	2,234,548
	b) Others		
	Statutory Liabilities		
	ESIC	46,634	51,508
	TDS	726,538	713,148
	Service tax	9,781,932	2,287,066
	VAT & CST	1,139,581	1,396,275
	Professional Tax	12,155	14,740
	Provisional for Expenses	4,976,396	3,607,704
	<b>Total short term provisions</b>	<b>20,652,718</b>	<b>10,529,067</b>

Note No. : 10

**FIXED ASSETS AS ON 31st MARCH, 2012 (Standalone)**

Sl. No.	Particulars	Gross Block					Rate of Depreciation	Depreciation/Amortization				Net Block as on 31.03.2012	Net Block as on 31.03.2011	
		As on 01.04.2011	Additions during the year	Additions through Business acquisitions	Capitalised during the year	Sale / Deletions during the year		As on 31.03.2012	Dep. As on 01.04.2011	Dep. For the year 2011-2012	Impairment Loss/ Reversal of Impairment Loss for the Year			Total Depreciation
1	LAND	54,649,032	-	-	-	-	0.00%	-	-	-	-	-	54,649,032	54,649,032
2	BUILDING	168,827,302	-	-	-	-	3.34%	6,098,034	5,638,832	-	11,736,866	-	157,090,436	162,729,267
3	PLANT & MACHINERY	1,035,986,687	3,669,666	-	-	-	5.28%	67,569,938	55,834,961	-	123,404,899	-	916,251,454	968,416,750
4	OFFICE EQUIPMENT	2,559,937	39,750	-	-	-	4.75%	803,264	163,071	-	966,335	-	1,633,352	1,756,672
5	COMPUTERS	87,529,034	119,362	-	-	-	16.21%	84,314,373	1,540,727	-	85,855,100	-	1,795,296	3,214,662
6	FURNITURE	5,496,562	-	-	-	-	6.33%	1,476,470	347,933	-	1,824,403	-	3,672,159	4,020,093
7	VEHICLES	18,625,945	45,500	-	-	-	9.50%	2,029,591	1,771,573	-	3,801,164	-	14,870,281	16,596,354
		1,373,674,499	3,874,278	-	-	-		162,291,670	65,297,097	-	227,588,767	-	1,149,960,010	1,211,382,830
8	INTANGIBLE FIXED ASSETS													
	Technical Know	7,896,908	-	-	-	-	20.00%	5,877,372	1,579,382	-	7,456,754	-	440,154	2,019,536
	Pre-Issue Expenses	39,072,115	-	-	-	-	0.00%	-	3,950,000	-	3,950,000	-	35,122,115	39,072,115
9	CAPITAL WORK IN PROGRESS	46,969,023	-	-	-	-		5,877,372	5,529,382	-	11,406,754	-	35,562,269	41,091,651
		-	10,500,200	-	-	-	0.00%	-	-	-	-	-	10,500,200	-
	TOTAL	1,420,643,522	14,374,478	-	-	-		168,169,042	70,826,479	-	238,995,521	-	1,196,022,479	1,252,474,481

Sl. No.	Particulars	As at 31.03.2012 Rupees	As at 31.03.2011 Rupees
I	<b>NOTE NO. 11 : NON - CURRENT ASSETS</b>		
	<b>Non- Current Assets</b>		
	1) Investment in Subsidiaries		
	a) Equity Shares (Southern Biofe Biofuels Pvt Ltd – 99.97% holding)	3,430,970	3,430,970
	<b>Total Non - Current Assets ( Net )</b>	<b>3,430,970</b>	<b>3,430,970</b>
I	<b>NOTE NO. 12 : LONG TERM LOANS AND ADVANCES</b>		
	<b>Long - term loans and advances:</b>		
	a) Capital advance Unsecured	31,999,800	-
	b) Security Deposit Deposit others	8,808,201	10,666,021
	c) Fixed Deposits	2,400,416	2,370,816
	<b>Total Long term loans &amp; advances( net )</b>	<b>43,208,417</b>	<b>13,036,837</b>
I	<b>NOTE NO.13 : OTHER NON - CURRENT ASSETS</b>		
	Long term Trade receivable ( Including trade receivables on deferred credit basis)		
	Unsecured considered good	57,937,286	66,037,318
	<b>Total non - current assets( net )</b>	<b>57,937,286</b>	<b>66,037,318</b>
I	<b>NOTE NO. 14 : INVENTORIES</b>		
	<b>Inventories :</b>		
	a) Raw materials		
	Palm Stearine	9,543,903	22,302,494
	Mutton Tallow	4,035,765	107,918,511
	Cotton Seed Oil.	4,366,125	2,681,170
	Rice Bran Oil.	23,525,310	254,132
	Used Cooking Oil.	7,570,165	3,159,900
	Palm Sludge Oil	-	2,116,616
	RB Acid oil.	1,313,161	627,463
	RB Spent earth oil.	-	11,280,157
	Seeds.	157,365	450,260
	Fatty Acid Oil.	183,484	2,353,750
	<b>Sub Total (A)</b>	<b>50,695,278</b>	<b>153,144,453</b>
	b) Work - in - progress		-
	Bio Diesel.	850,286	7,185,084
	<b>Sub Total (B)</b>	<b>850,286</b>	<b>7,185,084</b>



Sl. No.	Particulars	As at 31.03.2012 Rupees	As at 31.03.2011 Rupees
	c) Finished goods	-	-
	Bio Diesel.	3,779,413	64,121,836
	Glycerine	39,638,266	35,479,531
	Oil Cake	-	7,480,977
	Estrified Oil	1,198,381	5,384,182
	Bio Diesel Resedue	17,871	13,905,862
	Sludge and Fatty Acid	700,028	2,336,469
	<b>Sub Total (C)</b>	<b>45,333,959</b>	<b>128,708,857</b>
	d) Stores and spares	17,906,753	57,496,488
	<b>Sub Total (D)</b>	<b>17,906,753</b>	<b>57,496,488</b>
	<b>Total Inventories</b>	<b>114,786,276</b>	<b>346,534,882</b>
	<b>NOTE NO. 15 : TRADE RECEIVABLES</b>		
I	Other than Receivables (Less than six months)		
	Unsecured, Considered Good	154,774,521	39,719,550
	<b>Total Trade Receivables(net)</b>	<b>154,774,521</b>	<b>39,719,550</b>
	<b>NOTE NO. 16 : CASH AND BANK BALANCES</b>		
I	Cash and cash equivalents :		
	a) Balances with banks :		
	1) On Current Accounts	38,573,664	648,455
	b) Cheques, Draft on hand	-	-
	c) Cash on hand	1,946,106	1,058,818
	d) Others	-	-
	<b>Total Cash and Cash Equivalents</b>	<b>40,519,770</b>	<b>1,707,273</b>
	<b>NOTE NO. 17 : SHORT TERM LOANS AND ADVANCES</b>		
I	Short - term loans and advances:		
	a) Other loans And advances		
	Secured - Raw Material etc..	91,058,457	115,908,163
	<b>Total short term loans &amp; advances( net )</b>	<b>91,058,457</b>	<b>115,908,163</b>

Sl. No.	Particulars	for the year ended 31.03.2012 Rupees	for the year ended 31.03.2011 Rupees
	<b>NOTE NO. 18 : REVENUE FROM OPERATIONS</b>		
I	Revenue from operations in respect of non-finance company		
	(a) Sale of Products	746,599,215	573,672,037
	(b) Sale of Services	30,691,465	36,268,186
	(c) Other Operating Revenues	136,952,388	-
	Less: Excise Duties	( 1,796,859)	(1,552,594)
	<b>Total Revenue from Operations</b>	<b>912,446,209</b>	<b>608,387,629</b>
	<b>NOTE NO. 19 : OTHER INCOME</b>		
I	(a) Other non-operating income(net of expenses directly attributed to such income)	1,459,039	440,611
	(b) Net gain/loss on foreign currency translation and transaction (other than considered as finance cost)	1,216,807	-
	<b>Total Other Income</b>	<b>2,675,846</b>	<b>440,611</b>
	<b>NOTE NO. 20 : COST OF MATERIALS CONSUMED</b>		
I	<b>Material</b>		
	Palm Stearine	219,799,259	130,895,094
	Mutton Tallow	266,383,677	263,034,810
	Cotton Seed Oil.	6,225,880	29,458,109
	Rice Bran Oil.	15,806,572	14,737,347
	Used Cooking Oil.	4,083,820	3,849,356
	Palm Sludge Oil	2,116,616	2,670,109
	RB Acid oil.	23,911,338	5,894,514
	RB Spent earth oil.	11,280,158	24,678,489
	Seeds.	292,895	-
	Fatty Acid Oil.	13,809,422	15,660,497
	Fish Oil.	-	7,398,609
	Waste Oils	461,400	-
	Used Cooking Oil (Cross country purchases)	53,437,833	-
	Chemicals	19,999,925	40,944,427
	<b>Sub Total (A)</b>	<b>637,608,795</b>	<b>539,221,361</b>
	IROAF Sub contract Expenses	67,219,562	-
	<b>Sub Total (B)</b>	<b>67,219,562</b>	
	<b>Total Cost Of Material Consumed (A+B)</b>	<b>704,828,357</b>	<b>539,221,361</b>
	<b>NOTE NO. 21 : CHANGE IN INVENTORIES &amp; WIP.</b>		
I	Finished Goods	-	-
	Finished goods at the beginning of the year	128,708,857	30,566,993
	Less : Finished goods at the end of the year	(45,333,959)	(128,708,857)
	<b>Sub Total (A)</b>	<b>83,374,898</b>	<b>(98,141,864)</b>
	Work in Progress	-	-
	Work in progress at the beginning of the year	7,185,084	2,738,753
	Less : work in progress at the end of the year	(850,286)	(7,185,084)
	<b>Sub Total (B)</b>	<b>6,334,798</b>	<b>(4,446,331)</b>
	<b>(Increase) / Decrease in Inventories (A+B)</b>	<b>89,709,696</b>	<b>(102,588,195)</b>

Sl. No.	Particulars	for the year ended 31.03.2012 Rupees	for the year ended 31.03.2011 Rupees
	<b>NOTE NO. 22 : EMPLOYEE BENEFIT EXPENSES (AGGREGATE EXPENDITURE)</b>		
I	(a) Salaries & Wages	10,455,499	9,114,154
	(b) Contribution to Provident & Other Funds	4,183,401	2,444,655
	(c) Staff Welfare Expenses	1,013,099	400,242
	<b>Total Employee Benefit Expenses</b>	<b>15,651,999</b>	<b>11,959,051</b>
	<b>NOTE NO. 23 : OTHER OPERATING EXPENSES</b>		
I	(a) Consumption of Stores & Spares	47,355,520	-
	(b) Power & Fuel	50,223,010	26,928,500
	(c) Rent	758,798	178,836
	(d) Repairs to Machinery	5,645,933	4,110,948
	(e) Insurance	1,529,138	206,152
	(f) Bandwidth	15,166,867	14,892,888
	(g) Other Mfg Expenses	16,139,058	16,686,955
	(h) Factory Wages	18,734,732	9,625,454
	(i) Shipping charges	5,814,339	-
	(j) Payment to Auditors	100,000	100,000
	(k) Prior Period Items	-	2,339,224
	<b>Total Other Expenses</b>	<b>161,467,395</b>	<b>75,068,957</b>
	<b>NOTE NO. 24 : ADMINISTRATIVE EXPENSES</b>		
I	(a) Telephone, Postage and Others	1,561,434	1,337,894
	(b) Business Promotion Expenses	2,471,271	6,521,377
	(c) Conveyance	13,417,702	3,802,230
	(d) Office Maintenance	645,709	514,451
	(e) Printing & Stationery Expenses	527,473	255,596
	(f) Security Charges	674,994	926,204
	(g) Rates & Taxes (excluding Income Tax)	5,276,707	4,573,172
	(h) Managerial Remuneration	5,520,000	5,520,000
	(i) Consultancy Charges	1,595,109	176,590
	(j) Director Sitting Fee / Board Meeting Expenses	487,600	214,011
	<b>Total Administrative Expenses</b>	<b>32,177,999</b>	<b>23,841,525</b>
	<b>NOTE NO. 25 : FINANCE COST</b>		
I	(a) Interest Expenses :	-	-
	- Interest on Cash Credit	71,760,443	30,654,347
	- Interest on Car Loan / Term Loan	86,488,001	46,677,168
	- Loan processing Charges & Bank Charges	9,850,720	1,102,839
	<b>Total Finance Cost</b>	<b>168,099,164</b>	<b>78,434,354</b>
	<b>NOTE NO. 26 : OTHER EXPENSES</b>		
I	General Expenses	676,331	594,086
	Loss on Chits	1,250	45,233
	Advertisements	36,260	66,330
	Collection Expenses	228,870	228,000
	Commission & Discounts	3,698,510	4,452,157
	Freight Charges	3,640,453	-
	Business Promotion Expenses	-	188,202
	<b>Total Other expenses</b>	<b>8,281,674</b>	<b>5,574,008</b>

## Summary of Significant Accounting Policies

Significant Accounting Policies and Notes to the accounts for the year ended 31st March 2012.

### 1. Significant Accounting Policies

#### Preparation of financial statements

The financial statements have been prepared under the historical cost convention, in accordance with generally accepted accounting principles in India.

#### Method of Accounting

The Company follows the accrual system of accounting and recognizes income and expenditure on accrual basis.

#### Fixed assets

Fixed assets are stated at cost of acquisition less accumulated depreciation. Cost includes freight, duties and taxes and other expenses related to acquisition and installation. Pre-operative expense incurred during the construction period capitalized.

#### Investments

Investments are either classified as current or long-term based on the management's intention at the time of purchase. Long-term investments in subsidiary is carried at cost. Provisions are made to recognize any permanent decline in the carrying value of each investment.

#### Inventories

Raw materials, work in progress and finished goods are valued at the lower of the cost or net realizable value. Cost comprises of expenditure incurred in the normal course of business in bringing such inventories to their present location and condition.

#### Capital work in Progress

Capital Work in Progress includes additional equipment for enhancement & modification of Estrification unit / Distillation unit and LLE.

#### Revenue Recognition

The Company follows the mercantile system of Accounting and recognizes income and expenditure on accrual basis.

Revenue is not recognized on the grounds of prudence, until realized in respect of liquidated damages, delayed payments as recovery of the amounts are not certain.

Sales are shown at net of sales tax / services tax. These taxes are recognized consistently as a liability.

Interest income is recognized using the time proportion method, based on the transactional interest rates.

Commission income is due on rendering of services.

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## Depreciation and Amortization

Depreciation has been provided in the current year as per Straight Line Method on fixed assets at the specific rates prescribed in Schedule XIV of the Companies Act, 1956.

## Foreign Exchange Transactions

Transactions in foreign currencies are recorded at the exchange rates prevailing on the respective dates of the relevant transactions.

Exchange differences arising on foreign currency transactions are being recognized as income or expense in the year in which they arise. In the case of current assets and current liabilities expressed in foreign currency, the exchange rate prevalent at the end of the year is taken for the purposes of translation.

## Retirement Benefits

Provisions for Gratuity, Provident Fund and Leave encashment are made in the accounts in respect of employees on the basis of actuarial valuation as per the Accounting Standard 15 (Revised 2005).

## Taxes on Income

To provide Current tax as the amount of tax payable in respect of taxable income for the year.

To provide deferred tax on timing differences between taxable income and accounting income subject to consideration of prudence as specified in AS 22 Tax on Income

## NOTES TO ACCOUNTS:

### 27. Share Capital:

- The Equity Share Capital of the company as on 31st March, 2012 is 3,46,13,815 Equity Shares of Rs. 10/- each fully paid up.

### During the year:

- During the year 2011-12, an amount of Rs. 6,25,00,000/- was received towards Share application money pending for allotment.

### 28. Contingent Liabilities :

#### i. Bank Guarantees:

The Company has outstanding guarantees and counter guarantees of Rs.1,67,98,799 /- as on 31.03.2012 ( previous year ended 31.3.2011 is Rs. 28,98,799/- ) to bank, in respect of the guarantees given by the bank in favour of The President of India, Government of India, acting through the Telegraph Authority , Andhra Pradesh State Road Transport Corporation ( APS RTC) and Ministry of Railways , Indian Railways Organization for Alternative Fuels ( IROAF).

### 29. Secured Loans

- a) The Company has a Over Draft facility for ISP Division of Rs.0.35Lakhs with Bank of India. This is secured against book debts of the company.

- b) The Company has a Working Capital facility for Bio Diesel Division – Nalgonda unit of Rs.481 Lakhs with Bank of India, consortium (Bank of India, State Bank of Hyderabad, UCO Bank and Punjab National Bank) which is secured against Stock of the company.
- c) During the financial year the company got additional sanction of Rs.24.52 Cr Additional Term Loan, Rs.10.71Cr Funded Interest Term Loan (FITL) and Previous sanctioned working capital for Bio Diesel Division Rs. 44.65 Cr converted as Working Capital Rs. 22.65 Cr and balance Rs.22.00 Cr as Working Capital Term Loan (WCTL) for the Bio Diesel unit from Bank of India consortium (Bank of India, State Bank of Hyderabad, UCO Bank and Punjab National Bank) which is secured by way of charge on the fixed assets of the Company and personal guarantees of the Directors.

### **30. Investments**

During the year 2004-05 the Company has invested the 3,43,097 Equity Shares of Rs.10/- each fully paid up to the shareholders of Southern Biofe Biofuels Private Limited as 100% subsidiary company and same is approved in Board of Directors.

No other investments were made by the company.

### **31. Segment Reporting**

The activities of the Company can be broadly classified into two segments, viz., Internet Service Provider (ISP), Manufacturing of Bio Diesel, Used Cooking Oil trading and Contract.

The ISP division provides Internet Bandwidth to the Corporate Clients, Educational Institutions, Cyber Cafes, & Individual etc.,

The Bio Diesel division manufactures the Bio Diesel.

Income and direct expenses relation to segments are categorized based on items that are individually identifiable to that segment, while the remainder of cost is apportioned on appropriate basis. Certain expenses which are not specifically allocable to individual segments as the relevant services are used interchangeably. The company therefore believes that it is not practical to provide segment disclosures relating to such expenses. Accordingly, they are separately disclosed as unallowable and directly charged against total income.

In other segment shown in the table given below includes:-

- c) The income and expenditure relating to 30 TPD capacity bio diesel unit at Tondiarpet, Chennai.
- d) The income and expenditure relating to Cross country trading of Used Cooking Oil.

The assets of the company are used interchangeably between segments, and the management believes that it is not practical to provide segment disclosure relating to total assets and liabilities.

**Business Segments**

(Rs. In lakhs)

Statement of Profit and loss for the year ended 31.3.2012	ISP		BIO DIESEL		OTHERS		TOTAL	
	2012	2011	2012	2011	2012	2011	2012	2011
Revenues	306.91	362.68	7,448.02	5,721.19	1,369.52	-	9,124.46	6,083.87
Identifiable Operating Expenses	172.56	166.99	1,375.51	583.70	1,273.18	-	2,821.25	750.69
Allocated Expenses	154.33	177.55	7,818.61	5,074.29	35.25	-	8,008.19	5,251.84
Segmental Operating Income	(19.97)	18.14	(1,746.09)	63.21	61.09	-	(1,704.97)	81.35
Unallocated Expenses	-	-	-	-	-	-	-	-
Profit for the year before Interest	(19.97)	18.14	(1,746.09)	63.21	61.09	-	(1,704.97)	81.35
Interest Expenses	11.54	9.99	1,667.28	774.35	2.17	-	1,680.99	784.34
Other income	-	-	14.59	4.41	12.17	-	26.76	4.41
Net profit before taxes and prior period items	(31.51)	8.15	(3,398.79)	(706.74)	71.09	-	(3,359.21)	(698.59)
Provision for taxation	-	-	-	-	-	-	-	-
Prior Period Items	-	-	-	-	-	-	-	-
Net profit after taxes and before exceptional items	(31.51)	8.15	(3,398.79)	(706.74)	71.09	-	(3,359.21)	(698.59)
Exceptional items	-	-	-	-	-	-	-	-
Profit after tax and exceptional items	(31.51)	8.15	(3,398.79)	(706.74)	71.09	-	(3,359.21)	(698.59)

**Geographical segments**

(Rs. In Lakhs)

Revenues	March 31,2012	March 31,2011
India	8487.28	7,109.76
Outside India	637.18	-
<b>Total</b>	<b>9124.46</b>	<b>7,109.76</b>

**32. Deferred Tax Asset/ Liability:**

The current charge for income tax is calculated in accordance with the relevant tax regulations applicable to the company. Deferred tax asset and liability is recognized for future consequences attributable to the timing differences that result between the profit offered for income tax and the profit as per the Financial Statements. Deferred Tax asset and liability are measured as per the tax rates/laws that have been enacted or substantively enacted by the balance sheet date.

(Rs. in Lakhs)

Particulars	As at 31.3.2012	As at 31.3.2011
Deferred Tax Liability		
a) Opening Balance 01.04.2011.	589.86	219.61
b) Deferred Tax Expense/ Income:		
Depreciation differential	231.79	370.24
<b>Total</b>	<b>821.65</b>	<b>589.86</b>

### 33. Foreign Exchange Earnings

(Rs. in Lakhs)

Particulars	As at 31.03.2012	As at 31.3.2011
Export of Goods	637.18	-
Total	637.18	-

### 34. Foreign Exchange Outflow

(In. Rs.)

Particulars	31.03.2012	31.3.2011
Foreign Travel	10,50,606	6,07,430
For Purchases	6,85,08,481	2,32,49,116
Membership Fee	2,73,408	1,73,487
<b>Total</b>	<b>6,98,32,495</b>	<b>2,40,30,033</b>

### 35. Directors' Remuneration

The Managerial remuneration paid or provided in accordance with Schedule XIII of the Companies Act, 1956 to the Directors is as follows:

Particulars	31.03.2012	31.3.2011
Salary & Allowances (Whole Time Director)	55,20,000	55,20,000

The above figures exclude the gratuity and leave encashment payable which can not be separately identified from the composite amount advised by the Actuary.

### 36. Remuneration to Auditors

(Rs.)

Particulars	31.03.2012	31.3.2011
Audit Fees	1,00,000	1,00,000
Total	1,00,000	1,00,000

### 37. Details of Quantitative Information:

The Company is engaged in the Internet Service Provider (ISP) services. The ISP services are not capable of being expressed in any generic unit and hence it is not possible to give the quantitative details required under paragraph 3 and 4C of part II of the schedule VI of the Companies Act, 1956. In respect of Bio Diesel Division the quantitative information is as follows:

(Rs. in Lakhs)

Sl. No.	Quantitative Information	2011-12		2010-11	
		Qty (Kgs/Lts)	Value (Rs. in Lakhs)	Qty (Kgs/Lts)	Value (Rs. in Lakhs)
A	Licensed Capacity	NA		NA	
B	Installed Capacity	280 TPD		280 TPD	
C	Finished Goods				



Sl. No.	Quantitative Information	2011-12		2010-11	
		Qty (Kgs/Lts)	Value (Rs. in Lakhs)	Qty (Kgs/Lts)	Value (Rs. in Lakhs)
	<b>Bio Diesel</b>				
	Opening Stock	1,727,720	713.07	655,734	196.72
	Production During the Year	14,605,636	6,256.03	15,585,674	5,633.55
	stock Transfer				
	Sales During the year	16,100,206	6,604.42	14,484,688	4,971.19
	Sludge & Fatty	116,320	45.25		
	Home consumption	3000	1.19	29,000	8.70
	Closing Stock of Bio Diesel	113,830	46.30	1,727,720	713.07
	<b>Glycerine</b>				
	Opening Stock	709,591	354.80	261,815	65.45
	Production During the Year	1,050,135	420.45	1,447,096	586.32
	Sales During the year	807,648	211.21	815,167	168.15
	stock Transfer				
	Consumption for Estrified Oil	56,223	21.85	183,978	79.75
	Closing Stock of Glycerine	895,855	396.38	709,766	354.80
	<b>Cake</b>				
	Opening Stock	1,145,119	74.81	1,218,243	79.59
	Production During the Year	-	-		
	Sales During the year	1,145,119	74.81	73,124	3.74
	Closing Stock of Cake	-	-	1,145,119	74.81
	<b>Estrified Oil</b>				
	Opening Stock	141,689	53.84		
	Production During the Year	417,210	166.34	1,127,611	4,079.52
	Sales During the year	508,470	205.38	790,920	292.90
	Consumption for Bio-Diesel	20,000	7.60	195,002	74.03
	Closing Stock of Estrified Oil	30,429	11.98	141,689	53.84
	<b>Bio-Diesel Residue</b>				
	Opening Stock	331,502	139.06		
	Production During the Year	926,142	388.52	331,502	139.06
	Sales During the year	651,580	161.40		
	Consumption for Bio-Diesel	605,638	254.06		
	Closing Stock of Bio-Diesel Residue	426	0.18	331,502	139.06
	<b>Sludge &amp; Fatty Acid Oil</b>				
	Opening Stock	84,596	23.36		
	Production During the Year	553,587	111.29	163,943	36.23
	Sales During the year	521,126	108.79	79,347	11.85
	Consumption for Bio-Diesel	83,335	23.14		
	Closing Stock of Sludge & Fatty	33,722	7.00	84,596	23.36
<b>D</b>	<b>RAW MATERIAL CONSUMED</b>				
	Fish Oil				
	Opening Stock				

Sl. No.	Quantitative Information	2011-12		2010-11	
		Qty (Kgs/Lts)	Value (Rs. in Lakhs)	Qty (Kgs/Lts)	Value (Rs. in Lakhs)
	Purchased During the Year			224,075	73.99
	Consumed During the year			224,075	73.99
	Closing Stock of Fish Oil				
	<b>Seeds</b>				
	Opening Stock	42,321	4.50	92,940	9.88
	Purchased During the Year	-	-		
	Sales During the year	27,530	2.93	50,619	2.43
	Closing Stock of Seeds	14,791	1.57	42,321	4.50
	<b>Tallow</b>				
	Opening Stock	2,738,175	1,079.18	608,681	167.57
	Purchased During the Year	4,204,666	1,625.01	9,975,407	3,562.35
	Consumed During the year	6,837,503	2,663.84	7,845,913	2,630.35
	Closing Stock of Tallow	105,123	40.36	2,738,175	1,079.18
	<b>Palm Stearine</b>				
	Opening Stock	644,133	223.02	840,587	259.91
	Purchased During the Year	5,215,655	2,070.41	3,653,025	1,282.45
	Consumed During the year	5,611,271	2,197.99	3,849,479	1,308.95
	Closing Stock of Palm Sterain	248,517	95.44	644,133	223.02
	<b>Fatty Acid Oil</b>				
	Opening Stock	70,010	23.54		
	Purchased During the Year	326,050	111.59	567,957	181.38
	Consumed During the year	407,266	138.09	497,947	156.61
	Closing Stock of Fatty Acid Oil	5,114	1.83	70,010	23.54
	<b>RB Spent Earth Oil</b>				
	Opening Stock	302,279	112.80		
	Purchased During the Year	-	-	968,845	360.57
	Sale of Spent Earth Oil	9,470	0.05		
	Consumed During the year	292,809	112.75	666,566	246.78
	Closing Stock of Spent Earth Oil	-	-	302,279	112.79
	<b>Cotton seed Oil</b>				
	Opening Stock	65,461	26.81		
	Purchased During the Year	200,280	79.11	808,620	321.39
	Consumed During the year	156,200	62.26	743,159	294.58
	Closing Stock of Cotton seed Oil	109,541	43.66	65,461	26.81
	<b>Rice Bran Oil</b>				
	Opening Stock	8,368	2.54		
	Purchased During the Year	1,029,135	385.74	493,635	149.91
	Sale of RB Oil	250,070	35.71		

Sl. No.	Quantitative Information	2011-12		2010-11	
		Qty (Kgs/Lts)	Value (Rs. in Lakhs)	Qty (Kgs/Lts)	Value (Rs. in Lakhs)
	Consumed During the year	209,635	122.36	485,267	147.37
	Closing Stock of Rice Bran Oil	593,838	235.25	8,368	2.54
	<b>Used Cooking Oil</b>				
	Opening Stock	105,330	31.60		
	Purchased During the Year	195,250	84.94	224,830	70.09
	Consumed During the year	105,330	40.84	119,500	38.49
	Closing Stock of Used Cooking Oil	195,250	75.70	105,330	31.60
	<b>Palm Sludge Oil</b>				
	Opening Stock	97,698	21.17		
	Purchased During the Year	-	-	220,800	47.87
	Consumed During the year	97,698	21.17	123,102	26.70
	Closing Stock of Used Cooking Oil	-	-	97,698	21.17
	<b>R B Acid Oil</b>				
	Opening Stock	16,460	6.27		
	Purchased During the Year	769,805	251.01	180,013	65.24
	Sale of RB Acid Oil	11,720	3.63		
	Consumed During the year	718,233	235.48	163,551	58.95
	Closing Stock of Used Cooking Oil	40,272	13.13	16,462	6.29

### 38. DETAILS OF RELATED PARTY TRANSACTION

The company has entered into the following related party transactions as on 31st March, 2012 such parties and transactions are identified as per Accounting Standard 18

(b) The following are the list of related parties:

(a) The following are the list of related parties:

Name of the Party	Relationship
Southern Bio Fe Bio Fuels Pvt. Ltd	100 % Subsidiary
Mr. N. Satish Kumar	Managing Director
Mr. K. Radha Krishna	Director Finance
Mr.B. Sreedhara Reddy	Director Administration
Mr. B.H.R.Balaji	Executive Director
Mr. K. Tejesh Kumar	Director
Mr. K. Venkateswara Rao	Promoter

b) The following are the related party transactions:

(Rs. In lakhs)

Name of the Party	Relationship	Nature of Transaction	Amount 31.03.12	Amount 31.03.11
Mr. N. Satish Kumar	Managing Director	Remuneration	19.20	19.20
Mr. K. Radha Krishna	Director Finance	Remuneration	12.00	12.00
Mr.B. Sreedhara Reddy	Director	Remuneration	12.00	12.00
Mr. B.H.R.Balaji	Executive Director	Remuneration	12.00	12.00

**39. PRIOR PERIOD ITEMS: NIL**

40. Confirmations were obtained from debtors/ creditors as to the balances receivable/ payable to them as at year ended 31st March, 2012.

**41. Earning per share:**

The earning considered in ascertaining the companies earning per share comprise net profit after tax. The number of shares used in computing basic earning per share is the weighted average number of shares outstanding during the year. (Rs.)

<b>PARTICULARS</b>	<b>31.03.2012</b>	<b>31.03.2011</b>
Total No. of Shares outstanding (nos.)	3,46,13,815	3,46,13,815
Total No. of Shares outstanding (weighted Average)	3,46,13,815	3,46,13,815
Profit after taxes before exceptional items	(33,59,20,709)	(6,98,58,826)
Profit after taxes after exceptional items	(33,59,20,709)	(6,98,58,826)
EPS before Non-recurring and exceptional items (Weighted Average)	(9.70)	(2.02)
EPS after Non-recurring and exceptional items (Weighted Average)	(9.70)	(2.02)

**42. Gratuity and Leave encashment etc.**

(a) Gratuity Provision: During the year the Company has provided for Gratuity on Actuarial Valuation basis to comply with AS 15 (Revised 2005).

(b) The Amount of gratuity paid during the year is Rs. NIL.( Previous year Rs.6,67,819/-)

43. Depreciation is not accounted on additions during the year Rs.36,69,666/- due to the assets are not put to use.

44. Previous year figures have been regrouped wherever necessary.

**Signatures to Notes 1-44**

AS PER OUR REPORT OF EVEN DATE

FOR AND ON BEHALF OF THE BOARD.

For **P.Murali & Co.,**  
Chartered Accountants

For **Southern Online Bio Technologies Ltd.**

**M.V. Joshi**  
Partner

**N. Satish Kumar**  
Managing Director

**K. Radha Krishna**  
Director - Finance

Place: Hyderabad  
Date : 29.05.2012

**B Sreedhara Reddy**  
Director Administration

**G. Anupama**  
Company Secretary

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2012

PARTICULARS	Year Ended 31.03.2012 (Rs in Lacs)	Year Ended 31.03.2011 (Rs in Lacs)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net profit /(Loss) before tax & extraordinary items	(3,359.21)	(698.59)
<b>Adjustments for:</b>		
Depreciation	652.97	450.65
Written off Expense	55.29	21.11
Interest	1,680.99	784.34
<b>Operating Profit before working capital charges</b>	<b>(969.95)</b>	<b>557.52</b>
Increase in Loans and Advances	(53.22)	1,675.31
Trade and other receivables	(1,069.55)	71.56
Inventories	2,317.49	(2,478.43)
Trade payables	(1,255.20)	1,980.38
<b>Cash generated from operations</b>	<b>(1,030.44)</b>	<b>1,806.33</b>
Interest paid	1,680.99	784.34
<b>Cash flow before extraordinary items - ( A )</b>	<b>(2,711.43)</b>	<b>1,021.99</b>
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Capital Work in Progress	105.00	(6,083.77)
Purchase of Fixed Assets	38.74	10,249.86
Investments		-
<b>Net cash used in investing activities - ( B )</b>	<b>143.74</b>	<b>4,166.09</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Increase / decrease in Secured Loans	2,618.30	2,835.63
Misc Expenses	-	(37.93)
Increase in Share Application amount	625.00	90.00
Increase in Share Premium amount	-	143.10
Increase in unsecured Loans	-	34.98
<b>Net Cash used in Financing activities - ( C )</b>	<b>3,243.30</b>	<b>3,065.77</b>
<b>Net increase in cash and cash equivalents - ( A+B+C )</b>	<b>388.12</b>	<b>(78.33)</b>
Cash and Cash equivalents as at (Opening Balance)	17.07	95.41
Cash and Cash equivalents as at (Closing Balance)	405.19	17.07

AS PER OUR REPORT OF EVEN DATE FOR AND ON BEHALF OF THE BOARD.

For **P.Murali & Co.,**  
Chartered Accountants

For **Southern Online Bio Technologies Ltd.**

**M.V. Joshi**  
Partner

**N. Satish Kumar**  
Managing Director

**K. Radha Krishna**  
Director - Finance

Place: Hyderabad  
Date : 29.05.2012

**B Sreedhara Reddy**  
Director Administration

**G. Anupama**  
Company Secretary

## Balance Sheet Abstract and Company's General Business Profile

<b>I. Registration Details</b>	
Registration Number	01-030463
State Code Number	01
Balance Sheet Date	31st March 2012
<b>II. Capital Raised During the Year (Amount in Rs Thousands)</b>	
Public Issue	NIL
Right Issue	NIL
Bonus issue	NIL
Private Placement	NIL
Adv. application money	62,500
<b>III. Position of Mobilization and Deployment of Funds (Amount in Rs Thousands)</b>	
Total Liabilities	1701738
Total Assets	1701738
Sources of Funds	
Paid-up Capital	346138
Reserves & Surplus	(130097)
Secured Loans	889967
Unsecured Loans	494
Deferred Income Tax Liability	82164
Application of Funds	
Net Fixed Assets	1149960
Investments	3430
Net Current Assets	18932
Miscellaneous Expenditure	35562
Accumulated Losses	419945
<b>IV. Performance of Company (Amount in Rs Thousands)</b>	
Turnover	915122
Total Expenditure	1251043
Profit /Loss Before Tax + (-)	-335921
Profit /Loss After Tax +(-)	-359099
Earnings per Share in Rs.	-9.70
Dividend Rate %	NIL
<b>V. Generic Names of principal products/ services of Company</b>	
Item Code No. (ITC Code)	NIL
Product Description	ISP Services & Biodiesel

For and on behalf of the Board of Directors.

**N. Satish Kumar**  
Managing Director

**K. Radha Krishna**  
Director - Finance

**B. Sreedhara Reddy**  
Director Administration

**G. Anupama**  
Company Secretary

Place: Hyderabad

Date : 29.05.2012

## SOUTHERN ONLINE BIO TECHNOLOGIES LIMITED

Regd. Off: 3A, 3rd Floor, Samrat Complex, Saifabad, Hyderabad -500 004

### PROXY FORM

Folio No. .... DP ID No.\* ..... Client ID No.\* .....

I/We.....of ..... in the district of ..... being a member/members of the above named company, hereby appoint Mr./Ms..... in the district of ..... as my/our proxy to attend and vote for me/us on my/our behalf at the Fourteenth Annual General Meeting of the Company to be held on Saturday the 29th day of September, 2012 at 11.30 A.M at Maisamma Garden, # 4-1-6/2, Opp. Kalimandir Temple, Bandlaguda Jagir, Rajendranagar, Hyderabad – 500 086 and at any adjournment thereof.

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

Address .....

Signed .....

\* Applicable for investors holding shares in electronic form.

- NOTE :
- a. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy and vote instead of himself.
  - b. Proxy need not be a member.
  - c. The proxy form duly completed should be deposited at the registered office of the company not less than 48 hours before the time fixed for holding the meeting.

## SOUTHERN ONLINE BIO TECHNOLOGIES LIMITED

Regd. Off: 3A, 3rd Floor, Samrat Complex, Saifabad, Hyderabad -500 004

### ATTENDANCE SLIP

Folio No. .... DP ID No.\* ..... Client ID No.\* .....

No. of Shares held .....

I hereby record my presence at the Fourteenth Annual General Meeting of the Company to be held on Saturday the 29th day of September, 2012 at 11.30 A.M at Maisamma Garden, #4-1-6/2, Opp. Kalimandir Temple, Bandlaguda Jagir, Rajendranagar, Hyderabad – 500 086.

Name of the Shareholder :

Name of the Proxy :

Signature of member/proxy :

- NOTE :
- 1) To be signed at the time of handing over this slip.
  - 2) Members are requested to register their names at least 15 minutes prior to the commencement of the meeting.

Dear Shareholder(s),

**Sub: Request for registration of e-mail ID under "Green Initiative" issued by Ministry of Corporate Affairs, Govt of India.**

1. The Ministry of Corporate Affairs (MCA) has taken a green initiative in Corporate Governance vide circular nos. 17/2011 and 18/2011 dated 21st and 29th April, 2011. The said circular inter-alia stipulates that the Companies have to obtain e-mail address by giving an advance opportunity to every shareholder to register their e-mail address and changes therein from time to time with the Company or Depository participant.
2. As per the said circulars, register your e-mail address as under:
  - a) In case your shares are in Demat Account and e-mail address already registered with your DP, please inform changes if any therein to your DP and also update the same from time to time as stated above.
  - b) In case, your shares are in Demat Account and email address not registered so far, please register the email address with your DP and also update the same from time to time as stated above.
  - c) In case, your shares are in physical form, please write to our share Transfer Agent (STA) to register your e-mail address at the address given below and also update the same from time to time as state above.
  - d) In case, you are interested in receiving the notices/documents in physical form only, irrespective of your shareholding in demat or physical, please inform to our STA at address given below

<b>M/s Aarathi Consultants Pvt. Ltd</b> (Unit : SBT Limited) 1-2-285, Domalguda, Hyderabad – 500029 Tel. No. 040-27638111/4445 Fax No. 040-27632184 E-mail: info@aarathiconsultants.com	or	Click Button on "Green Initiative" on website <a href="http://www.aarathiconsultants.com">www.aarathiconsultants.com</a> or <a href="http://www.sol.net.in">www.sol.net.in</a>
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3. Please note that the email addresses indicated in your respective DP accounts with depositories viz. NSDL/CDSL and e-mail addresses received by our STA will be deemed to be your registered e-mail address for serving notices/documents etc., including those covered under section 219 of the Companies Act, 1956 (the Act) read with section 53 of the Act.
4. Further, the documents electronically sent to you, would be displayed on company's website [www.sol.net.in](http://www.sol.net.in) in well advance for your ready reference and an advertisement would be issued in newspaper to this effect for information of the shareholders.

----- ✂ ----- TEAR HERE ----- ✂ -----

**Aarathi Consultants Pvt Ltd**

Unit : SBT Limited,  
1-2-285, Domalguda, Hyderabad – 500029

Date: .....

Sub: Servicing of Notices, documents including notices of General meetings, annual reports, circulars etc through e-mail.

I/ we confirm that you may send the documents through e-mail instead of physical copies. Kindly register the following email id for this purpose.

Folio no/ DPID and Client ID	
E-mail ID	
Name of the first holder	
Signature	





SBT Biodiesel Plant - Visakhapatnam

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

Phone : +91-40-23241999 (7 Lines), Fax : +91-40-23241444

Visit us : [www.sol.net.in](http://www.sol.net.in) E-mail : [info@sol.net.in](mailto:info@sol.net.in)