

Board of Directors : Mr. N.Satish Kumar : *Managing Director*
Mr. B.H.R. Balaji : *Executive Director*
Mr. K.Radha Krishna : *Director - Finance*
Mr. B.Sreedhara Reddy : *Director - Admin.*
Mr. K.Tejesh Kumar : *Director*
Mr. K.Venkateswara Rao : *Director*
Mr. Y. Anand Swaroop : *Director*
Ms. T.Rohini Reddy : *Director*
Mr. C. Raveendra Kumar : *Director*
Mr. Dipen K. Sheth : *Director*

Regd. Office : 3A, 3rd Floor, Samrat Complex,
Saifabad, Hyderabad-04
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

Company Secretary : R. Harsha Vardhan Reddy

**Registrars & Share
Transfer Agents** : M/s. Aarathi Consultants Pvt. Ltd.
1-2-285, Domalguda, Hyderabad-29.
Tel: (040) 27642217 / 27638111
Fax: (040) 27632184
Email: info@aarthiconsultants.com

Bankers : Bank of India
Banjara Hills Branch
Chandra Apts, Road No.7
Hyderabad – 500 034.

NOTICE

NOTICE is hereby given that the Tenth Annual General Meeting of the Members of the Company will be held on **Thursday, the 25th day of September, 2008** at 11.30 A.M. at Dream Valley, Srinagar, Gandipet, Hyderabad – 500 075 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as on 31st March 2008 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.K. Radha Krishna, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr.C.Raveendra Kumar, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Y.Anand Swaroop, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint M/s.P.Murali & Co., Chartered Accountants, Hyderabad as Auditors of the Company and to fix their remuneration.

SPECIAL BUSINESS:

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 198, 269, 309, 310, 311 and read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 as amended from time to time, the members of the Company be and are hereby approves the increase in remuneration of Mr.N.Satish Kumar, Managing Director from the existing salary of Rs.1,00,000/- to Rs.2,00,000, subject to other terms and conditions of the appointment remain unchanged, with effect from 1st July, 2008 to till the remaining period of tenure.”

7. **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 198,269,309,310,311 and read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 as amended from time to time, the members of the Company be and are hereby approves

the increase in remuneration of Mr.B.H.R.Balaji, Executive Director from the existing salary of Rs.60,000/- to Rs.2,00,000 subject to other terms and conditions of appointment remain unchanged, with effect from 1st July, 2008 to till the remaining period of tenure.

8. **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 198,269,309,310,311 and read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 as amended from time to time, the members of the Company be and are hereby approves the increase in remuneration of Mr.K. Radha Krishna, Director – Finance from the existing salary of Rs.60,000/- to Rs.2,00,000 subject to other terms and conditions of appointment remain unchanged, with effect from 1st July, 2008 to till the remaining period of tenure.

9. **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 198,269,309,310,311 and read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 as amended from time to time the members of the Company be and are hereby approves the increase in remuneration of Mr.B.Sreedhara Reddy, Director – Admin from the existing salary of Rs.60,000/- to Rs.2,00,000 subject to other terms and conditions of appointment remain unchanged, with effect from 1st July, 2008 to till the remaining period of tenure.

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

“RESOLVED THAT pursuant to Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force) consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the “Board” which expression shall be deemed to include a committee of Directors duly authorised in this behalf), to borrow from time to time all such sums of money as they deem requisite for the purpose of the business of the Company notwithstanding that moneys to be borrowed together with moneys already borrowed (apart from temporary loans obtained from

the bankers in the ordinary course of business) exceeds the aggregate of the Paid up Capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amount which may be borrowed by the Board of Directors shall not exceed Rs.279 Crores (Rupees Two Hundred and Seventy Nine Crores only).

“RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to do and execute all such acts, deeds and things as may be necessary for giving effect to the above resolution”.

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

“RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force) to the Board of Directors of the Company for creation of the mortgage/charge on the Company’s immovable and movable properties, where so ever situate, present and future, such charge to rank either pari passu with or second, subsequent, subservient and subordinate to all the mortgages/ charges created /to be created by the Company for all existing and future borrowings and facilities whatsoever in favour of the lender(s).

“RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to do and execute all such acts, deeds and things as may be necessary for giving effect to the above resolution”.

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

“RESOLVED that pursuant to Section 81(1A) and all other applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force) and enabling provisions of the Memorandum and Articles of Association of the Company and the applicable provisions of the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 (hereinafter referred to as the ‘DIP Guidelines’) and the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997 (hereinafter referred to as the ‘Takeover Code’) and the Listing Agreement entered into by the Company with the Stock

Exchanges where the shares of the Company are listed and subject to any approval, consent, permission and/or sanction of the appropriate authorities (hereinafter collectively referred to as “the appropriate authorities”) and subject to such conditions as may be prescribed by any of them while granting any such approval, consent, permission and/or sanction (hereinafter referred to as “the requisite approvals”), and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as “the Board”), the Board be and is hereby authorized to create, offer, issue and allot, from time to time in one or more tranches, equity shares/warrants entitling to apply for equity shares (hereinafter referred to as the “Securities”) to be subscribed by the promoter(s) of the Company / others under a preferential issue through offer letter and/or circular and/or information memorandum and/or such other documents/writings, in such a manner and on such terms and conditions as may be determined by the Board in its absolute discretion, provided that the price of the equity shares/warrants so issued shall not be less than Rs.25.90/- per share including a premium of Rs.15.90/- per equity shares of Rs.10/- each being the price not less than the price computed with respect to the Relevant Date that is August 26, 2008 as prescribed under the Guidelines for Preferential Issues contained in Chapter XIII Clause 13.1.1.1 of the DIP Guidelines and the aggregate number of the Securities so issued shall not exceed 25,00,000 equity shares and 85,00,000 convertible warrants.”

RESOLVED FURTHER that the equity shares allotted by conversion of Securities in terms of this resolution shall rank pari passu in all respects with the then existing equity shares of the Company.’

RESOLVED FURTHER that for the purpose of giving effect to the above, the Board be and is hereby authorized on behalf of the Company to take all actions and do all such deeds, matters and things as it may, in its absolute discretion, deem necessary, desirable or expedient to the issue or allotment of the aforesaid Securities and listing thereof with the Stock Exchanges as appropriate and to resolve and settle all questions and difficulties that may arise in the proposed issue, offer and allotment of any of the said Securities, utilization of the issue proceeds and to do all acts, deeds and things in connection therewith and incidental thereto as the Board in its absolute discretion deem fit, without being required to seek any further consent or approval of the Members or otherwise and that they shall be deemed to have

given their approval thereto expressly by the authority of this resolution.

RESOLVED FURTHER that the Board be and is hereby authorized to delegate all or any of the powers herein conferred to a committee comprising of two directors to give effect to the aforesaid resolution.”

On behalf of the Board

Place: Hyderabad
Date : 26.08.2008

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 THEREAT 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 Tuesday, 23rd September, 2008 to Thursday, 25th September, 2008 (both days inclusive).
5. Members who hold shares in dematerialised 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 to the Company's Share Transfer Agents, or to the Company at its registered office.
7. Members holding shares in dematerialisation form are requested to notify/send any change in their address 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, the 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 the copies of Annual Reports to the Annual General Meeting.
11. At the ensuing Annual General Meeting, Mr.K.Radha Krishna, Mr.C.Raveendra Kumar, and Mr.Y.Anand Swaroop retire by rotation and being eligible offered themselves for reappointment. Pursuant to Clause 49 of the Listing Agreement, brief profile of each of these directors is given below:
 - A. Mr.Radha Krishna, born in 1968, is one of the Promoter Directors, heading the Finance department of the Company since its inception. He has a total experience of 16 years, out of which 10 years in the IT field and 6 years in the construction field.

As Finance Director of the Company Mr.Radha Krishna is :

 - Actively involved and succeeded in the Company's efforts for the establishment of India's first commercial Biodiesel production unit with a capacity of 36 tons per day at Samsthan Narayanpur, Nalgonda Dist, A.P.
 - Currently looking after commercial activities of the Biodiesel division and ISP division of the Company, extending services in the areas of technical, and engineering works, erection and installation of plant & machinery, production, purchases of the biodiesel factory.
 - In association with other directors, liasoning with Government undertakings such as APSRTC, Indian Railways and Private Sector Industries such as Idea Cellular, Air Tel,

Kirloskar Oil Engines Limited, Toyota Kirloskar Motor Pvt. Ltd, TATA Tele Services, TNT Express Courier Services etc.

- Actively involved in the establishment of second Biodiesel unit of the Company in APIIC SEZ at Vizag with a capacity of 250 tons per day with an investment of Rs.90.00 crores.

He is also a director of Southern Biofe Biofuels Pvt Ltd, which is a wholly owned subsidiary of your Company. The Board is of the opinion that his appointment as director will be in the best interest of the company.

- B Mr. Anand Swaroop, born in 1965, is a graduate in Mechanical Engineering from Osmania University, MBA & M.Phil in Econometrics from London School of Economics.

Mr. Anand Swaroop has more than 20 years of IT Sector Experience and has proven his abilities in various capacities. He has indepth knowledge in IT Market, its potential. His knowledge, experience and relations help our company manifold. The Board is of the opinion that his appointment as director will be in the best interest of the company. He is also a director of Lanco Global Systems Ltd.

- C Mr. C.Raveendra Kumar, born in 1967, is a Graduate in Civil Engineering from Nagarjuna University, Guntur, Andhra Pradesh. After his graduation he was involved in several construction projects including My Home Constructions, Gayatri Constructions, Hindustan Cables Ltd. etc. He has more than 12 years experience in Civil Construction and 6 years in Pre-Engineered Steel Buildings. The Board is of the opinion that his appointment as director will be in the best interest of the company. He is not a director of any other Company.

On behalf of the Board

Place: Hyderabad
Date : 26.08.2008

N. Satish Kumar
Managing Director

EXPLANATORY STATEMENT

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

Item 6-9: Increase in remuneration of Whole Time Directors :

It is proposed to increase the remuneration of Whole Time Directors of the Company from the current limit to Rs. 200,000 with effect from July 1, 2008 in order to suitably compensate the Directors for the increased activities.

The proposed increase in remuneration requires the approval of the members in the general meeting. Hence, the above resolutions at item 6-9 are placed for approval of the members of the company. The Board of Directors recommends the said Resolutions for approval of the members.

The Board of Directors accordingly recommends the passing of these resolution as Special Resolution as set out at the accompanying Notice.

None of the Directors of the Company except the respective Directors to the extent of their remuneration are concerned or interested in this resolution.

Item 10: Increase in borrowing powers :

In view of the expansion programme of the Company which is being carried out in full swing, it is expected that the ceiling already fixed by the members of the Company for borrowing, that is Rs.100 Crores, will not be sufficient and therefore your Directors place before you the proposal to increase the limits of borrowing to Rs. 279 crores.

Pursuant to the provisions of clause (d) of Sub-Section (1) of Section 293 of the Companies Act, 1956, the Board of Directors cannot borrow more than the aggregate amount of the paid-up capital of the Company and its free reserves at any one time except with the consent of the shareholders of the Company in a general meeting.

The Board recommends this resolution for your approval.

None of the Directors of your Company is interested , either directly or indirectly, in the proposed resolution.

Item 11 : Consent of the members under section 293(1)(a) for creation of charges :

In view of the expansion programme of the company

and in the light of the Resolution placed vide item # 10 in the Notice for increase of borrowal limits, the Board of Directors of the company has to negotiate with the Financial Institutions/ Banks for borrowings for the Project and in this connection necessary approval of the members of the company is to be accorded for creation of charges/mortgages in favour of the lenders.

As per Section 293 (1) (a) of the Companies Act, 1956 consent of the members in General Meeting is required to enable the Board of Directors to create charge or mortgage of the assets of the company for the borrowings for the project..

The Board recommends this resolution for your approval.

None of the Directors of your Company is interested, either directly or indirectly, in the proposed resolution.

Item 12: Issue of Shares and Convertible Warrants to Promoter(s)/Others on Preferential Basis

Your Board of Directors of the Company at its Meeting held on 26th August 2008 resolved to issue an offer for subscription and allot upto 25,00,000 shares and 85,00,000 convertible warrants (“the warrants”) to others. The warrant will carry an option to the holder of each warrant to apply for and be allotted one equity share of face value Rs.10 each in the capital of the Company at an aggregate price being not less than the price with respect to the Relevant Date that is 26th August, 2008 as prescribed under the Guidelines for Preferential Issues contained in Chapter XIII of the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000.

Since the shares and warrants 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 a special resolution is necessary in terms of Section 81(1A) of the Companies Act, 1956. Moreover since the Company’s shares are listed on the Stock Exchanges, the provision of the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines 2000 (‘DIP Guidelines’) in so far as they relate to Preferential Issues are also applicable to this issue.

The details of the issue and other particulars as required in terms of the Preferential Issue Guidelines are given as under:

1. Object of the issue through Preferential allotment :

The purpose of the issue of the shares and warrants to others is to part finance the setting up a Bio

Diesel Refinery-II of the Company and/or to add more facilities to the existing bio diesel refinery of the company and/or to enhance the long term working capital requirement of the company.

The company is raising Rs.28.49 Crores (Rupees twenty eight crores and forty nine lacs approximately). The proceeds of the issue i.e Rs.28.49 Crores (Rupees twenty eight crores and forty nine lakhs approximately) will be utilised for part finance the setting up a Bio Diesel Refinery-II of the Company and/or to add more facilities to the existing bio diesel refinery of the company and/or to enhance the long term working capital requirement of the company.

2. Relevant date and Pricing of Equity Shares and Warrants:

Each equity share of the face value of Rs.10 including the equity shares arising out of the exercise of option attached with warrants shall be issued at a price not less than Rs. 25.90 /- per equity share (including a premium of Rs.15.90/- per equity share). Such price is not less than the price computed with respect to the relevant date that is 26th August 2008 as prescribed under the Guidelines for Preferential Issues contained in Chapter XIII of the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000.

The ‘relevant date’ mentioned in the Resolution is the date which is 30 days prior to the date of the Annual General Meeting. In terms of Clause 13.1.1.1 of the said Guidelines the price at which the shares being issued and warrants issued on preferential basis can be converted shall be not less than the higher of the following:

- (i) The average of weekly high and low of the closing prices of the related shares quoted on the Stock Exchange during the six months preceding the relevant date; or
- (ii) The average of weekly high and low of the closing prices of the related shares on the Stock Exchange during the two weeks preceding the relevant date.

Average price of the shares of the company 26 weeks and 2 weeks high and low of the closing price preceding the relevant date i.e., 26.08.2008 is Rs. 25.61 and 24.73 respectively. Accordingly the minimum issue price shall not be less than Rs. 25.61, against which the company has fixed Rs. 25.90 as an issue price which is higher than

the minimum price arrived at as per SEBI Preferential Issue Guidelines.

'Stock Exchange' for the purpose of this clause means the 'Bombay Stock Exchange' i.e. the recognized stock exchange in which the shares are listed and in which highest trading volume in respect of the shares of the Company has been recorded during the six months preceding the relevant date.

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 25,00,000 Shares and 85,00,000 warrants convertible into equal number of equity shares on preferential basis, the promoters or their associates and relatives, directors/key managerial persons of the company are not subscribing any shares or warrants in the current preferential allotment.

4. Terms of Shares and Convertible Warrants:

The Board may allot shares at a price not being less than Rs.25.90/- per share and warrants at a price not being less than Rs 25.90/- per warrant which will entitle the holder to subscribe to one equity share of the face value of Rs.10/- against each warrant. An amount, as may be decided by the Board of Directors, not being less than 10% of the issue price shall be payable on the date of allotment of the warrants. The warrants would be allotted on the following terms:

- a. The allotment of shares and warrants will be completed within 15 days from the date of this General Meeting or within 15 days of the receipt of the last of the applicable regulatory approval, if any, whichever is later.
- b. The holder of warrants will have an option to apply for and be allotted 1 (one) equity share of the Company per warrant, any time after the date of allotment but on or before the expiry of 18 months from the date of allotment in one or more tranches. In this connection, either the Company or the warrant holder will give an advance notice of at least ten days, calling

upon the other party to exercise/avail the aforesaid option specifying the number of warrants. The warrant holder will be liable to make the payment of balance sum per warrant for such number of warrants with 10 days of the service of the notice.

- c. Upon receipt of the payment as above, the Board shall allot one equity share per warrant by appropriating Rs.10/- towards equity share capital and the balance amount paid against each warrant, towards the securities premium.
 - d. If the entitlement against the warrants to apply for the equity share is not exercised within the period specified in the notice referred hereinabove, the entitlement of the warrant holder to apply for equity shares of the Company along with the rights attached thereto shall expire and any amount paid on such warrants shall stand forfeited.
 - e. The warrant holder shall also be entitled to any future bonus/rights issue(s) of equity shares or other securities convertible into equity shares by the Company, in the same proportion and manner as any other shareholders of the Company for the time being.
 - f. The warrant by itself do not give to the holder thereof any rights of the shareholders of the Company.
 - g. The equity shares issued as above shall rank pari passu in all respects with the then existing equity shares of the Company.
- 5. Identity of the proposed allottees and percentage of the post preferential issue capital that may be held by them :**

The proposed allottees have expressed their intention to subscribe to the shares and warrants and has agreed to comply with the relevant provisions of the SEBI DIP Guidelines. In accordance with the Takeover Code, none of the proposed allottees form part of the promoter/promoter group. Upon allotment of the equity shares and upon conversion of the warrants in full, the shareholding of the proposed allottees would be as detailed hereunder in the increased capital in case there is no further issue of capital prior to such conversion as shown in the table below.

Particulars of Proposed Allottees

Name of the Applicant	Address	No. of Shares proposed to be issued(not exceeding)	No. of Warrants proposed to be issued (not exceeding)	Percentage of post issue shareholding on the basis of conversion of the entire warrants including the existing holdings and without taking into account any further issue of capital prior to conversion
Srijan Tie-Up Private Ltd	146, Andul Road, Howrah - 711 103	20,00,000	30,00,000	10.72
Satellite Intercontinental Pvt Ltd	Vaibhav, 4, Lee Road, 5th Floor, Kolkata - 700 020	5,00,000	5,00,000	2.14
Ganesh Kumar Singhania	34, Ganesh Chandra Avenue, 4th Floor, Suit No-16, Kolkata - 700 013	---	15,00,000	3.21
Anita Singhania	34, Ganesh Chandra Avenue, 4th Floor, Suit No-16, Kolkata - 700 013	---	15,00,000	3.21
Antriksh Vyapaar Private Ltd	Garstin Place, Ground Floor, Kolkata - 700 001	---	10,00,000	2.14
Vastav Dealers Private Ltd	23/24, Radha Bazar St., 1st Floor, Room No - 3HP, Kolkata - 700 001	---	10,00,000	2.14
TOTAL		25,00,000	85,00,000	

6. Shareholding Pattern before and after the Preferential Issue:

The shareholding pattern giving present position as also considering full allotment of equity shares and equity shares arising out of warrants as above is given below:

S. No.	Category	PREFERENTIAL ISSUE		POST PREFERENTIAL ISSUE	
		Shares held as on 26.08.2008	%	No. of Shares held after the Issue	%
A	Promoters' Holding				
1.	Promoters				
	- Indian Promoters	9133979	25.64	9133979	19.59
	- Foreign Promoters	-	-	-	-
2.	Persons acting in concert / Promoters Associates	-	-	-	-
	Sub-Total	9133979	25.64	9133979	19.59
B.	Non – promoters Holding				
3	Institutional Investors				
	a Mutual Funds and UTI	-	-	-	-
	b Banks, Financial Institutions, Insurance Co., (Central Govt. institutions Non-government institutions)	-	-	-	-
	c Foreign Institutional Investors	1316724	3.70	1316724	2.82
	Sub – Total	1316724	3.70	1316724	2.82
4.	Others				
	a Private corporate Bodies	8646187	24.27	16621187	35.65
	b Indian Public	14525761	40.78	17550761	37.64
	c NRI's / OCB's / Foreign Nationals	1916198	5.38	1916198	4.11
	d Any others	84466	0.23	84466	0.18
	i. Trusts				
	ii. Clearing Members				
	Sub – Total	25172612	70.66	36172612	77.58
	Grand Total	35623315	100.00	46623315	100.0

Note: The above shareholding pattern (Pre and post issue) is prepared with an assumption that all the warrants issued and proposed to be issued are converted in to equity shares.

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

The Allotment of equity shares and warrants shall be completed within 15 days from the date of passing of the resolution by the shareholders at the AGM (i.e. on or before 10th October 2008) 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.

8. Holding of shares in the Demat Form, non disposal of shares by the proposed allottees and Lock-in period of shares:

- a. The entire shareholding of the proposed allottees in the company, if any, is held by him in dematerialized form.
- b. The entire pre preferential allotment shareholding of such allottees shall be under lock-in from the relevant date upto a period of six months from the date of preferential allotment.
- c. The shareholders who have sold their shares during the six months period prior to the relevant date shall not be eligible for allotment of shares on preferential basis.
- d. The equity shares and warrants allotted to the proposed allottees shall be subject to 'lock-in' for a period of one year/three year from the

date of their allotment as per Clause 13.3.1 of the DIP Guidelines.

- e. The lock-in period in respect of the shares acquired by exercise of warrants, shall be reduced to the extent the convertible warrants have already been locked in.

9. Auditor's Certificate: A copy of the Statutory Auditor's Certificate to the effect that the issue of the subject warrant is being made in accordance with the requirements contained in the DIP Guidelines will be laid before the Meeting for inspection by shareholders.

10. SEBI Takeover Code: The provision of the SEBI (Substantial Acquisition of Shares and Takeover) 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 for this preferential allotment.

The provisions of the Companies Act, 1956 require the Company to seek the approval of the Members through special resolution for issue of shares or convertible securities 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 is interested, either directly or indirectly, in the proposed resolution.

On behalf of the Board

Place : Hyderabad
Date : 26.08.2008

N. Satish Kumar
Managing Director



DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the Tenth Annual Report together with the Audited Balance Sheet, Profit & Loss Account and Cash Flow Statement for the financial year ended 31st March, 2008.

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	2007 - 08	2006 - 07
Total Income	2440.95	687.04
Operating Profit	393.88	158.29
Less: Depreciation	218.68	113.81
Less: Misc. Expenditure written off	3.69	3.69
Less: Provision for Tax	19.43	10.91
Net Profit (after deferred tax assets provision)	69.78	31.12

Review and Prospects

The total revenue of the Company for the financial year ended 31st March, 2008 is Rs.2440.95 Lacs as compared to the previous year's total revenue of Rs 687.04 Lakhs. During this financial year the Company has recorded a net profit of Rs. 69.78 Lacs as against the previous year's net profit of Rs.31.12 Lakhs (after deferred tax assets provision). During the year the Company has commenced the commercial operations of biodiesel and also improved performance in the ISP business when compared to previous year.

The Company has achieved a significant turnover of Rs.850.71 lacs with a net profit of Rs.36.66 lacs for the Quarter ended June, 2008 with a growth of 347% when compared with previous financial year corresponding period turnover of Rs.190.21 lacs with a net profit of Rs.6.96 lacs.

Awards to the Company

■ Frost & Sullivan Award

"2007 Frost & Sullivan award for Entrepreneurship is presented at New Delhi recently to Southern Online Bio Technologies Limited," the country's first commercial Biodiesel plant, recognizing its proactive efforts in manufacturing high quality biodiesel.

The Frost & Sullivan Award for Entrepreneurial Company is presented each year to the company that has demonstrated superior entrepreneurial ability in its industry during the research period. This Award signifies the company's identification of a unique and revolutionary product solution with significant market potential. Additionally, the Award certifies that the company's marketing strategy is sound and poised for success.

Entrepreneurial ability is assessed using primary research with top manufacturers and end users in the industry. Frost & Sullivan's analyst teams performed extensive interviews with the company to evaluate its business, products, and marketing plan. In addition, primary research with leading manufacturers is performed to benchmark the Southern Online's strategy for growth against established player's strategies. Frost & Sullivan also considered certain elements such as strategic alliances, expected time to market, and the senior management team. Primary research with end users is also conducted to evaluate and compare the value of the Southern Online's product solution.

■ Innovative Network Award from Bharti Airtel Ltd Award

The ISP Division of the SBT has been awarded with



“INNOVATIVE NETWORK AWARD” by Bharti Aitel Ltd recently.

The award has been given to SBT for its continuous endeavors to adopt the new generation networks to serve the market demands with seam less integration by providing value added services and for adopting the MPLS technology as the transport platform by using Layer - 1, 2 & 3 Protocols. While declaring the award, Bharti Airtel also considered the vision of SBT because of which the benefits of the technology spread across 40+ upcountry locations by using minimum deployment costs and having complete control on the network. The network architecture of SBT has become role model for other ISPs across the country

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 by connecting through Bharti Broadband Backbone,. The Company's services include the following:

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

BIODIESEL PROJECT

Your Company's Biodiesel Unit has been established at Samsthan Narayanpur Village & Mandal, Nalgonda District with 40,000 liters per day capacity with an investment of Rs.25.72 crores and your Company has commenced the sale of Biodiesel from 12.07.2007.

The Company has been supplying biodiesel to various well reputed customers like IDEA Cellular, L&T, Airtel, Kirloskar Oil Engines, Toyota Kirloskar, Giatech, etc.,.

APSRTC

Andhra Pradesh Road Transport Corporation (APSRTC) has given the order to the Company for the supply of 3,00,000 liters of biodiesel per month to its 12 depots in Hyderabad & Secunderabad, as against the tenders to procure 1,15,68,000 liters per year, to use in their buses of 23 depots out of 252 depots. The Company has been supplying biodiesel to APSRTC against the above order. Also the Company is expecting orders for the supply of biodiesel to its other depots apart from the above.

RDSO (Division of Indian Railways) and Indian Railways

RDSO, Luckow has already started purchasing the Biodiesel from the Company. Indian Railways has also called for tenders to procure 1.40 Lac litres per day for which our company has received the offer for 400 kl per month bio desil supply for SCR depots.

Milestones

Some of the important milestones of the Company in the year 2007 & 2008 are :

Year	Event
2007	<ul style="list-style-type: none"> ■ Product (Biodiesel) endorsement by Hindustan motors, Kirloskar ■ Trial runs by TNT Express, Bangalore ■ Product purchases by Idea Cellular, A.P ■ Trial runs by Mahindra & Mahindra ■ Participated in the tenders called for by APSRTC for the supply of biodiesel ■ Commencement of sales operations ■ Participating in the tenders called for by Indian Railways for the supply of biodiesel ■ Commencement of sales operations of Biodiesel in the month of July, 2007 ■ Signed Purchase agreement with Kirloskar Oil Engines for B-100 usage in their DG sets. ■ Purchase order from RDSO (Research Division of Indian Railways) ■ Received 'Entrepreneurial Award for the year 2007' from Frost & Sullivan towards Company's proactive efforts in manufacturing high quality Biodiesel as first domestic Biodiesel production unit in India ■ Received 'Innovative Network Award' from Bharti Airtel Ltd for its network architecture in the area of Internet Services
2008	<ul style="list-style-type: none"> ■ Order from APSRTC for supply of 3,00,000 litres of Biodiesel per month to their 12 Depots in Hyderabad and Secunderabad. ■ order from indian railways for the supply of 4,00,000 ltrs of bio disel per month. ■ signed mou with singapore based company for the plantation of jetropha/pongamia for the long term rawmaterial procurement. ■ Indian Economic Development & Research Association (IEDRA) has given this award to the company and to the Managing Director on a national basis for outstanding contributions by the company and the MD in the fields of biodiesel industry and Internet Services.

FUTURE PLANS

As has been informed in the previous annual report, the company has plans to upgrade the current Biodiesel unit from 12500 TPY to 25000 TPY, over a period of 3 years.

Plant at Vizag

Having experience in setting up the Biodiesel unit, now SBT has been setting up a unit of 250 Tons per day capacity at Vizag as Domestic / EOU / SEZ to have presence in the Global market also. The project cost of the proposed Biodiesel plant is Rs. 90.00 Cr.

Preferential Allotment

During the last financial year the Company has raised funds twice through preferential allotment for establishing its second biodiesel plant at the APIIC SEZ,

Vizag. In the first preferential allotment the Company has raised Rs.18.91 crores by allotting 4956000 equity shares and 2800000 convertible warrants to promoters and others on 22.11.2007 at a price of Rs.30/- per share/warrant (including a premium of Rs.20/- per share/warrant). Out of the above warrants 1185000 warrants are already converted into equity shares on 12.02.2008. In the second preferential allotment the company has raised Rs.11.98 crores by allotting allotted 2400000 equity shares and 2650000 convertible warrants on 14.02.2008 at a price of Rs.42.70/- per share/warrant (including a premium of Rs.32.70/- per share/warrant). The above equity shares and the warrants converted in to equity shares are listed at the stock exchanges. The proceeds of the said preferential allotments are utilized for the purpose for which they are raised.



Demerger

The Board of Directors in their meeting held on 30th June 2008 approved the scheme of Demerger. As per the scheme approved, the existing shareholders of Southern Online Bio Technologies Limited (SBTL), for every 100 equity shares held in the Company, would be allotted in the ratio of:

- 77 (Seventy Seven) equity shares in Southern Online Bio Technologies Limited (Biodiesel Division) (Demerged Company) of Rs.10 each fully paid up, and
- 23 (Twenty Three) equity shares in Southern Online Services Limited (ISP Division) (Resulting Company) of Rs. 10/-each fully paid up.

However, the scheme of demerger shall be subject to the approval of Stock Exchanges and the Hon'ble High Court of Andhra Pradesh. The Company has filed all the relevant documents to the Stock Exchanges for getting their Inprinciple Approval.

Directors

Pursuant to Article 48 of the Articles of Association of the Company, Mr.K.Radha Krishna, Mr.C.Raveendra Kumar and Mr.Y.Anand Swaroop, Directors, whose period of office determined by retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

Mr.K. Tejesh Kumar, Director – International Affairs and Mr.K.Venkateswara Rao, Director – International Affairs resigned as Whole Time Directors w.e.f. 27.07.2008 and shall continue as Non – Executive Directors of the Company.

Mr.V.Durga Prasad and Mr.B. Rajesh resigned as Directors of the Company w.e.f. 30.07.2008. The Board takes this opportunity to thank them for their valuable contribution during the tenure of their directorship.

Corporate Governance

Your Directors are happy to report that your Company is compliant 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 Report 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, 2008, 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 2008 and of the profit of the company for the financial year ended 31st March 2008.
- 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, 2008 on a 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 power supply to computer systems, in 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. 64,86,537/-

Particulars	Rs.
Purchase of Equipments	63,81,831/-
Membership Fee	1,04,706/-
TOTAL	64,86,537/-

Stock Exchanges

The Company's present Equity shares are listed in Bombay Stock Exchange, Hyderabad Stock Exchange* and The Bangalore Stock Exchange. The Company has paid the Listing Fees to the Stock Exchanges for the Financial Year 2008-09. However, HSE has been derecognised w.e.f 29.08.2007 by the regulator.

Acknowledgements

Your Directors place on record their appreciation of the continuous assistance and co-operation extended to your Company by the customers, bankers, personnel of APSRTC, Pollution Control Board, Engine manufacturers like Kirlosker, Research, Designs and Standard Organization (RDSO) of Indian Railways, Central & State Government and shareholders. The Directors also sincerely acknowledge the significant contributions made by all the employees for their dedicated services to the Company.

On behalf of the Board

N. Satish Kumar
Managing Director

K. Radha Krishna
Director –Finance

Place : Hyderabad
Date : 26.08.2008

REPORT ON CORPORATE GOVERNENCE

1. *Company's philosophy on Corporate Governance*

SBT has been committed to the highest standard of Corporate Governance practices in the entire gamut of its business philosophy. The guiding forces of Corporate Governance at Southern Online are its core values – Quality operations, Customer satisfaction, Shareholders' value, Belief in people. The Company believes that a strong Corporate Governance policy is indispensable to healthy growth of business and resilient and vibrant capital markets, besides being an important instrument of investor protection. In this direction, Southern Online endeavors in true spirit, to adopt the best global practices in Corporate Governance.

2. *Board of Directors*

A. *Composition*

- a. The Company has 10 Directors with an Executive Chairman, of 10 Directors, 2 are Non-Executive and 4 are Independent Directors. 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, 2008.
- 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 2007-08 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	1	NIL
K.Radha Krishna	Promoter & Director Finance	1	NIL
B. Sreedhara Reddy	Promoter & Admn. Director	1	NIL
B.H.R. Balaji	Promoter & Executive Director	1	NIL
K. Tejesh Kumar	Non Executive Director	5	NIL
K. Venkateswara Rao	Non Executive Director	5	NIL
Y. Anand Swaroop	Independent Director	1	NIL
T. Rohini Reddy	Independent Director	NIL	NIL
V. Durga Prasad*	Independent Director	NIL	NIL
C. Raveendra Kumar	Independent Director	NIL	NIL
B. Rajesh*	Independent Director	NIL	NIL
Dipen K. Sheth	Independent Director	1	NIL

* Cease to be a Directors w.e.f 30.08.2008.

- 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 2007 - 08 the Board of Directors met 9 times on the following dates:
24.05.2007, 25.06.2007, 27.07.2007, 05.10.2007, 30.10.2007, 15.11.2007, 29.12.2007, 31.01.2008,
12.02.2008.
- f. The time gap between any two Board Meetings did not exceed three months.
Attendance of Directors at Board Meetings and at the last Annual General Meeting (AGM) held on 1st
November, 2007

Name of the Director	No. of Board Meetings attended	Whether attended the last AGM
N. Satish Kumar	9	Yes
K.Radha Krishna	9	Yes
B. Sreedhara Reddy	5	Yes
B.H.R. Balaji	7	Yes
K. Tejesh Kumar	5	Yes
K. Venkateswara Rao	6	No
Y. Anand Swaroop	5	No
B. Suresh	2	No
T. Rohini Reddy	5	No
V. Durga Prasad	4	No
C. Raveendra Kumar	2	No
B. Rajesh	3	No
Dipen K. Sheth	1	Yes

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 2007-08

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 director, officers and employees.

I hereby certify that all the 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 2007-08.

Hyderabad
26.08.2008

(Sd/-)
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;
 - a. 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.
 - b. Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services.
 - c. 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.
 - d. Reviewing the financial statements and draft audit report including quarterly / half yearly financial information.
 - e. 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
 - f. Reviewing the company's financial and risk management's policies.
 - g. Disclosure of contingent liabilities.
 - h. Reviewing with management, external and internal auditors, the adequacy of internal control systems.
 - i. 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.
 - j. Discussion with internal auditors of any significant findings and follow-up thereon.
 - k. 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.
 - l. 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.
 - m. Reviewing compliances as regards the Company's Whistle Blower Policy.
- III) The previous Annual General Meeting of the Company was held on 1st November 2007 and Mr.Y.Anand Swaroop, Chairman of the Audit Committee, not 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	Y.Anand Swaroop	Chairman	Non-Executive & Independent Director
2	T. Rohini Reddy	Member	Non-Executive & Independent Director
3	V. Durga Prasad*	Member	Non-Executive & Independent Director
4	C. Raveendra Kumar**	Member	Non-Executive & Independent Director

* Ceased to be a Member of the Committee w.e.f 30.08.2008. ** Appointed as Member of the Committee w.e.f. 30.08.2008.

V) Four Audit Committee meetings were held during the year. The dates on which the said meetings were held are as follows: May 24, 2007, July 27, 2007, October 30, 2007 and January 31, 2008

The necessary quorum was present at all the meetings.

Attendance during the year 2007-08:

Name	Number of meetings held during the year	Number of meetings attended during the year
Y.Anand Swaroop	4	4
T. Rohini Reddy	4	3
V.Durga Prasad**	4	2
B. Suresh*	4	2

* Mr.B.Suresh ceased to be a Member of the Committee w.e.f 05.10.2007. ** Mr.V.Durga Prasad appointed as Member of the Committee w.e.f. 05.10.2007, however he also ceased to be member of the Committee w.e.f. 30.08.08.

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 SBT Ltd and reviewed in detail. The Directors Report, Auditors' Report, Balance Sheet and Notes forming part of the Accounts has been given elsewhere in this report.

CEO/CFO Certification

The Board has recognized Managing Director of the Company as CEO and the Director - Finance as the CFO for the limited purpose of Compliance under the Listing Agreement. The CEO and CFO have certified, in terms of revised clause 49 of the listing agreement, to the Board that the financial statements present a true and fair view of the company's affairs and are compliant with existing accounting standards, internal control and disclosures.

4. 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	Dipen K. Sheth	Member	Non-Executive & Independent Director

*Ms.Rohini Reddy appointed as Chairman of the Committee in place of Mr. V. Durga Prasad w.e.f. 30.08.2008.

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:

1. To fix the remuneration packages of Executive Directors i.e., Managing Director, Whole time Directors, etc.,
2. 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 twice on 24.05.2007 and 30.10.2007 and all the members of the committee were present at the meeting.

The details of the salary and commission paid / payable for the Financial Year ended 31st March, 2008 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	8.64	NIL
K. Radha Krishna	Director Finance	7.16	NIL
B. Sreedhara Reddy	Admin. Director	7.16	NIL
B H R Balaji	Executive Director	7.16	NIL
K. Tejesh Kumar*	Director – International Affairs	3.00	NIL
K. Venkateswara Rao*	Director – International Affairs	3.00	NIL

* Resigned as Director-Intl. Affairs and shall continue as Non Executive Directors w.e.f. 27.08.08.

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.

5. 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	C.Raveendra Kumar**	Member	Non-Executive & Independent Director
3	Y. Anand Swaroop	Member	Non-Executive & Independent Director

*Ms.T.Rohini Reddy appointed as Chairman of the Committee in place of Mr. V. Durga Prasad w.e.f. 30.08.2008. ** Appointed as Member of the Committee w.e.f. 30.08.08.

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 lodgment in the case of shares held in physical form.

During the period under review 807 complaints / requests were received from the shareholders, all of them have been resolved and there are no pending Share Transfers / Complaints as on date of this report.

4. General Body Meetings

Financial Year	Date	Time	Venue	Special resolutions passed
9th AGM 2006-07	01.11.2007	11.00 AM	Dream Valley, Srinagar, Gandipet, Hyderabad-500 075	1. Appointment of Mr.Dipen K.Sheth as Director of the Company 2. Issue of Equity Shares and Convertible Warrants to Promoters/ others on Preferential basis
EGM	28.01.2008	11.00 AM	Dream Valley, Srinagar, Gandipet, Hyderabad-500 075	1. Issue of Equity Shares under Qualified Institutional Placement (QIP) 2. Issue of Shares and Warrants Convertible into Equity Shares to Promoter(s)/ Others on Preferential Basis
8th AGM 2005-06	29.12.2006	11.30 AM	Dream Valley, Srinagar, Gandipet, Hyderabad-500 075	3. Re-appointment of Managing Director 4. Further Issue of Shares under Section 81 & 81(1A) of the Companies Act, 1956 3. Increase of share capital u/s 94(1)(a) of the Companies Act, 1956.
7th AGM 2004-05	29.10.2005	11.30 AM	Dream Valley, Srinagar, Gandipet, Hyderabad-500 075	NIL

The details of last three Annual General Meetings and an Extraordinary General Meeting are as follows:

There were no matters required to be dealt/ passed by the Company through postal ballot, as required under the provisions of Section 192A of the Companies Act, 1956.

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

5. *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.

- **Utilization of proceeds of Preferential Issue**

The Company has raised Rs.30.29 crores through the Preferential Issue for setting up second Biodiesel unit in APIIC SEZ at Vizag, Andhra Pradesh with a capacity of 250 tons per day, which is expected to commence operations in the first/second quarter of Financial Year 2009 - 10.

- **Management Discussion and Analysis**

This is given as a separate section in the Annual Report.

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

The Management Discussion and Analysis Report forms part of the annual report, which is posted to the shareholders of the Company.

7. *General Shareholder Information:*

The following information would be useful to the shareholders:

a) **Tenth Annual General Meeting**

Date and Time	:	25.08.2008, at 11.30 A.M
Venue	:	Dream Valley, Srinagar, Gandipet, Hyderabad - 75.



b) Financial Calendar 2008-09 (Tentative Schedule)

For the Quarter ended 30th June, 2008, the Company has already declared the Unaudited Financial Results on July 30, 2008.

Adoption of Quarterly results for the Quarter ending

- 30th September, 2008 : 3rd/4th Week of October, 2008
- 31st December, 2008 : 3rd/4th Week of January, 2009
- 31st March, 2009 : on or before 30th April, 2009
- Annual General Meeting (Next year) : August / September, 2009

c) Book Closure Date

23rd September, 2008 to 25th September, 2008 (both days inclusive)

- d) Listing on Stock Exchanges** : Bombay Stock Exchange Ltd
Bangalore 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, 2007 to March, 2008 at Bombay Stock Exchange after the shares are listed on 24.10.2005:



Scrip Code: 532669 Company Name: SOUTHBIOTEC For the period: April 2007 to March 2008

Date	High (Rs.)	Low (Rs.)	No. of Shares
April 2007	12.65	10.11	992448
May 2007	13.57	10.82	1355695
June 2007	12.30	10.50	1125064
July 2007	24.49	11.41	11517104
August 2007	23.85	17.45	3307105
September 2007	35.30	21.10	3602592
October 2007	48.05	29.45	6623978
November 2007	57.60	38.40	3535260
December 2007	51.25	40.00	2743041
January 2008	54.65	30.55	3281922
February 2008	39.40	28.50	1224459
March 2008	33.30	18.15	1019151

b) Registrars and Transfer Agents

Aarhi Consultants Pvt. Ltd.
1-2-285, Domalguda, Hyderabad- 500 029.
Tel: (040) 27642217/27638111
Fax: (040) 27632184
Email: info@aarhiconsultants.com

c) 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. Aarhi Consultants Private Limited, Domalguda, Hyderabad. The requests received for transfer of shares in physical form are generally completed within the stipulated time.

4. (A) Shareholding pattern as on 31.03.2008

Category code	Category of Shareholder	Number of Shareholders	Total number of shares	Number of shares held in dematerialized form	Total shareholding as a % of total number of shares	
					As a % of (A+B)	As a % of (A+B+C)
(A)	Shareholding of Promoter and Promoter Group					
1	Indian					
(a)	Individuals/ Hindu Undivided Family	13	6018979	5997979	19.19	19.19
(b)	Central Government/ State Government(s)	0	0	0	0.00	0.00
(c)	Bodies Corporate	0	0	0	0.00	0.00
(d)	Financial Institutions/ Banks	0	0	0	0.00	0.00
(e)	Any Others(Specify)				0.00	0.00
(e-i)	Mutual Funds	0	0	0	0.00	0.00
(e-ii)	Trusts	0	0	0	0.00	0.00
	Sub Total(A)(1)	13	6018979	5997979	19.19	19.19
2	Foreign					
a	Individuals (Non-Residents Individuals/ Foreign Individuals)	0	0	0	0.00	0.00
b	Bodies Corporate	0	0	0	0.00	0.00
c	Institutions	0	0	0	0.00	0.00
d	Any Others(Specify)				0.00	0.00
d-i	Overseas Corporate Bodies	0	0	0	0.00	0.00
d-ii					0.00	0.00
	Sub Total(A)(2)	0	0	0	0.00	0.00
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	13	6018979	5997979	19.19	19.19
(B)	Public shareholding					
1	Institutions					
(a)	Mutual Funds/ UTI	0	0	0	0.00	0.00
(b)	Financial Institutions / Banks	0	0	0	0.00	0.00
(c)	Central Government/ State Government(s)	0	0	0	0.00	0.00
(d)	Venture Capital Funds	0	0	0	0.00	0.00
(e)	Insurance Companies	0	0	0	0.00	0.00
(f)	Foreign Institutional Investors	2	471653	471653	1.50	1.50
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0.00
(h)	Any Other (specify)				0.00	0.00
(h-i)					0.00	0.00
(h-ii)					0.00	0.00
	Sub-Total (B)(1)	2	471653	471653	1.50	1.50

B 2	Non-institutions					
(a)	Bodies Corporate	336	8811239	6564193	28.10	28.10
(b)	Individuals					
I	Individuals -i. Individual shareholders holding nominal share capital up to Rs 1 lakh	11265	7641991	7280595	24.37	24.37
II	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	150	6387396	4163796	20.37	20.37
(c)	Any Other (specify)					
(c-i)	Non Resident Individuals	99	1916801	1838501	6.11	6.11
(c-ii)	Overseas Corporate Bodies	1	10000	0	0.03	0.03
(c-iii)	Trusts	2	2100	2100	0.01	0.01
(c-iv)	Clearing Members	40	98156	98156	0.31	0.31
	Sub-Total (B)(2)	11893	24867683	19947341	79.30	79.30
(B)	Total Public Shareholding					
	(B)= (B)(1)+(B)(2)	11895	25339336	20418994	80.81	80.81
	TOTAL (A)+(B)	11908	31358315	26416973	100.00	100.00
(C)	Shares held by Custodians and against which Depository Receipts have been issued	0	0	0	0.00	0.00
	GRAND TOTAL (A)+(B)+(C)	11908	31358315	26416973	100.00	100.00

(B) of Shareholding as on 31.03.2008

Range (Rs)	No. of Shareholders	% of Total Shareholders	Shares Amount	% of Total Shares Amount
1 - 5000	8682	73.00	22399370	7.14
5,001 - 10000	1468	12.00	12943730	4.13
10,001 - 20000	709	6.00	11565930	3.69
20,001 - 30000	293	2.00	7705950	2.46
30,001 - 40000	128	1.00	4642690	1.48
40,001 - 50000	167	1.00	8061800	2.57
50,001 - 100000	219	2.00	16875580	5.38
1,00,001 and above	242	2.00	229388100	73.15
Total	11908	100.00	313583150	100



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 96% of the Company's shares up to November end 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 Depository Limited (NSDL) at www.nsdl.co.in.

Particulars	No. of Shares	% Share Capital
NSDL	2,05,46,552	65.52
CDSL	58,70,421	18.72
PHYSICAL	49,41,342	15.76
Total	3,13,58,315	100.00

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

13. Biodiesel Plant Location:

Biodiesel Plant:

The first Biodiesel Plant is located at Survey No. 6 & 7, Samsthan Narayanpur (Village & Mandal), Nalgonda Dist, A.P.

The Second Biodiesel Plant is under establishment at Plot No.45A, APIIC Multi Product SEZ, Atchutapuram, Visakhapatnam.

14. Address for Correspondence

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

R & T Agent : Aarathi Consultants Pvt. Ltd.
1-2-285, Domalguda, Hyderabad- 500 029.
Tel: (040) 27642217/27638111
Fax: (040) 27632184
Email: info@aarthiconsultants.com

On behalf of the Board

Place : Hyderabad
Date : 26.08. 2008

N. Satish Kumar
Managing Director

K. Radha Krishna
Director –Finance

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:

In India there were 37 million Internet users in September'06 and as per the Internet and Mobile Association of India (IMAI) it will grow to 52 million by 2008. Indians also undertake over a billion searches each month.

The Internet is a high intensity medium, unlike traditional advertising undertaken by many businesses. The growth of web users to a number more than a billion people, and the emergence of the internet as a mainstream, almost ubiquitous presence in everyday life.

Globally, the web is estimated to have some 100 billion pages. An Indian advertiser, on average, pays Rs 16.20 (36 US cents) per click. The highest cost per click paid by an advertiser in India was Rs 266! The IMAI found that the top sectors among 292 Internet advertisers in India were automobiles, banking and financial services with dating and matrimonial ads in the third place. Education, general online, jobs, media, NGOs, property, retail and e-commerce, technology and travel came next in the order of preference. In few years from now, Internet can ultimately replace Traditional Media.

The Internet has done very well from day one; the advantage it has is its multi-dimensional character, which no other media has; they are all uni-dimensional, in the sense that they satisfy either the information or entertainment needs of people. The Internet, however, can do much more; it can be used as a transactional medium - you can buy online; do your bank transactions; communicate using tools like email, VoIP and messengers. And of course, it satisfies your information and learning needs - so the Internet is actually media plus. It would be wrong to classify it as a media property; it's not just a media property; it's much more than that.

ii. Opportunities and Threats

The Government has initiated various proactive measures in the proliferation of the Internet Services in the Country. A number of countries have permitted VOIP as a technology option since 1995 to the classical PSTN as well as Internet Telephony so as to provide a cheaper alternative to classical PSTN calls. However, In India, the ISPs were allowed to offer Internet Telephony Services with effect from April 1, 2002.

With the choice availability of Toll Quality (PSTN) and Non-Toll Quality options, Internet Telephony has thrown open Long Distance Telephony to those sections of Society, which could not afford the same earlier. Further, Internet Telephony is proving to be a key driver for local entrepreneurs to set up Community Information Centers / Cyber-kiosks / Internet Dhabas, etc even in small towns and villages. In fact it has made distance learning, Tele-medicine and e-governance etc a reality in Indian context.

However, internet telephony grey market, which is estimated to be about 90% of the total internet Telephony market in India, is affecting the Internet Industry.

Further with effect from 01.01.2006, the Ministry of Communications & IT, Dept. of Telecommunications, Govt. of India, started imposing a Annual Licence Fee of 6% on the adjusted gross revenue in addition to rupee one per annum as is prevailing so far.

iii. Outlook for the Industry

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

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

B. BIODIESEL Division

i. Industry Structure and Development

The concept of using vegetable oil as a fuel dates back to 1895, when Dr. Rudolf Diesel developed the first diesel engine to run on vegetable oil. Diesel demonstrated his engine at the World Exhibition in Paris in 1900, using peanut oil as fuel. Before World War II, biodiesel was introduced in South Africa to power heavy-duty vehicles.

Biodiesel (methyl esters) is a renewable liquid fuel produced from new or used vegetable oils or animal fats. It is typically made by a chemical process called

esterification, transesterification which relies on an alcohol, such as methanol, and a catalyst. It can also be made from Pongamia, Jatropha, cottonseed, peanut, canola (a variety of rapeseed), sunflower oils, waste animal fats, and used cooking oil.

Bio Diesel plants are now being built by several companies in Europe; each of these plants will produce up to 5.7 million liters (1.5 million gallons) of fuels per year. In the United States also, Bio Diesel is being commercialized. Several U.S. demonstration programs use Bio Diesel to fuel vehicles, including buses, trucks, construction/maintenance equipment, and motor boats.

Significant progress towards establishing a firm foundation for a Bio Diesel industry in India has already been made. The ministry of Agriculture, and affiliated researchers, have determined that there are several native species of nonedible oil bearing trees which can yield substantial and inexpensive oil feed stocks for making Bio Diesel. Several discussions have taken place at the federal government level with the Ministry of Rural Development, Ministry of Environment and Forests, Ministry of Finance.

ii. Opportunities and Threats

The policy on Biodiesel is under consideration of the Government of India and has to announce the same encouraging the production and usage of Biodiesel. Several financial incentives such as reimbursement of stamp duty, exemptions in sales and income taxes, rebates on power, subsidy on cleaner production measures, quality certification etc. are available. Also the locality of the project has added advantage of easy availability of part of raw material.

Vast swathes of unproductive land can be brought under energy plantations to produce Bio Fuel, which provides opportunities to involve rural communities living in poverty, NGOs, and local governments as well as raw material for the Bio Fuel Project. *“Ten million hectares planted for Bio Diesel can replace 20% of the current use of fossil fuels”.*

The financial returns (Return on Capital Employed) in this project are healthy, which ensures the financial viability of the project.

iii. Outlook for the Industry

Government and private industry in India have begun laying the foundation for a viable biodiesel industry. India is actively involved in implementing a national program for the phasing in of BioDiesel-blended fuel oils, primarily with respect to government-run rail and other transportation systems. India currently imports more than 70% of its crude petroleum diesel needs,

which are refined in-country. Several financial incentives are under discussion as part of the national Bio Fuel policy. Various quasi-government organisations, like the Indian Institute of Petroleum, Indian Institute of Technology, New Delhi, Indian Institute of Sciences, Indian Oil Corporation, Indian Railways, and others have come forward to support to alternative fuel generation programs. The World Bank, the International Finance Corporation, the Asian Development Bank, and the Global Environmental Facility are among the multilateral organisations with interest in renewable energy.

The importance and benefits of Biodiesel has already been appraised by His Excellency, The President of India, The Hon'ble Prime Minister of India, The Hon'ble Chief Minister of AP and many more dignitaries, accredited Institutions, reputed agencies and others in several occasions.

Internal Control System and their Adequacy

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

Discussion on Financial Performance with respect to Operational Performance

During the year under review the Company has achieved an operating Profit of Rs.393.88 Lacs on the total Income of Rs.2440.95 lacs with a net profit of Rs.69.78 lacs (after deferred tax assets provision) as against the previous year's Operating Profit of Rs. 158.88 lacs on the total Income of Rs. 687.04 Lacs with a net profit of Rs. 31.12 lacs (after deferred tax assets provision).

In the current financial year the Company has improved the business remarkably with 255% increase of total revenues and 124% increase of net profits.

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.



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, 2008, as stipulated in Clause 49 of the Listing Agreement of the Company with Stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us and on the basis of our examination described above, we certify that the company has complied with the conditions of corporate Governance as stipulated in the above mentioned Listing agreement.

We state that no investor grievances are pending for a period exceeding one month against the Company as per records maintained by the Company.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

for P. Murali & Co.,
Chartered Accountants

Place : Hyderabad
Date : 30.06.2008

P. Murali Mohana Rao
Partner

AUDITORS' REPORT

To

The Members,

SOUTHERN ONLINE BIO-TECHNOLOGIES LTD,

We have audited the attached Balance Sheet of SOUTHERN ONLINE BIO-TECHNOLOGIES LTD as at 31st March, 2008 and also the Profit & Loss Account for the year ended on the date annexed thereto and the cash flow statement for the year 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 statement. 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 (Auditors 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, 2008 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March , 2008 from being appointed 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, 2008;
- (b) In the case of the Profit & Loss Account, of the Profit for the year ended on that date;

And

- (c) In the case of the Cash Flow, of the cash flows for the year ended on that date ;

For P.MURALI & CO.,
CHARTERED ACCOUNTANTS

PLACE : HYDERABAD P.MURALI MOHANA RAO

DATE : 30-06-2008 PARTNER

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 Company has been physically verified during the year and in our opinion, the frequency of verification is responsible.
- (b) In our opinion, the procedures of 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 U/s.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 is 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 & 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 loans, secured or unsecured from Companies, and 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 & other terms and conditions on which loan 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 & 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 according to the information and explanations 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 agreements 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. In respect of the Company, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section(1) of section 209 of the Companies Act, 1956.
- IX. a) The Company is regular in depositing statutory dues including PF, Income Tax, Sales Tax, Excise Duty, Cess and any other statutory dues with the appropriate authorities and at the last of the 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, Income Tax, Sales Tax, Excise Duty, 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 no accumulated losses at the end of the financial year and the company has not 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 does not arise.
- XVI. According to the information and explanations given to us, the Term Loans were applied by the company for the purpose for which the loans were obtained.
- 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 the price at which shares have been issued is not prejudicial to the interest of the Company.
- 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

PLACE : HYDERABAD P.MURALI MOHANA RAO
DATE : 30-06-2008 PARTNER



BALANCE SHEET AS AT 31ST MARCH , 2008

Description	Schedule No.	As at	As at
		31.03.2008 (Rs.)	31.03.2007 (Rs.)
I. SOURCES OF FUNDS :			
1. Shareholders' Funds :			
a. Share Capital	1	317,848,150	228,173,150
b. Reserves & Surplus	2	234,214,526	14,041,450
2. Loan Funds :			
a. Secured Loans	3	105,881,276	77,269,917
b. Unsecured Loans	4	2,010,074	510,074
3. Deferred Income Tax Liability Provision		10,040,807	3,512,438
TOTAL :		<u>669,994,833</u>	<u>323,507,029</u>
II. APPLICATION OF FUNDS :			
1. Fixed Assets :	5		
a. Gross Block		326,045,246	249,955,633
b. Less : Depreciation		<u>80,318,805</u>	<u>58,450,803</u>
c. Net Block		245,726,441	191,504,830
d. Capital Work in Progress		45,335,566	-
2. INVESTMENTS :	6	3,430,970	3,430,970
3. Current Assets, Loans and Advances :			
a. Inventories	7	37,749,865	21,385,526
b. Sundry Debtors	8	85,921,592	44,715,628
c. Cash & Bank Balances	9	2,889,565	646,344
d. Loans & Advances	10	<u>262,394,586</u>	<u>48,356,473</u>
		388,955,609	115,103,971
Less : Current Liabilities & Provisions :	11	<u>24,218,781</u>	<u>8,906,014</u>
Net Current Assets		<u>364,736,828</u>	<u>106,197,957</u>
4. Miscellaneous Expenditure (to the extent not written off or adjusted)	12	10,765,028	22,373,272
T O T A L :		<u>669,994,833</u>	<u>323,507,029</u>
Notes forming part of Accounts	18		

AS PER OUR REPORT OF EVEN DATE
for P.Murali & Co
Chartered Accountants

FOR AND ON BEHALF OF THE BOARD

P.MURALI MOHANA RAO
Partner

N.SATISH KUMAR
Managing Director

K.RADHA KRISHNA
Director - Finance

Place : Hyderabad
Date : 30-06-2008

B.H.R.BALAJI
Executive Director

R. HARSHA VARDHAN REDDY
Company Secretary



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008.

Description	Schedule No.	Period ended 31.03.2008 (Rs.)	Year ended 31.03.2007 (Rs.)
I. INCOME			
Income from Sales		223,271,367	68,704,331
Other Income		524,136	
Increase / Decrease in Stock		20,299,697	-
TOTAL :		<u>244,095,200</u>	<u>68,704,331</u>
II. EXPENDITURE			
Operating Expenses	13	172,169,005	40,874,966
Personnel Cost	14	10,467,805	5,751,133
Administrative Expenses:	15	8,225,873	4,273,459
Financial Expenses	16	10,935,991	1,101,392
Marketing Expenses	17	2,908,624	815,916
Sub Total		<u>204,707,298</u>	<u>52,816,866</u>
Operating Profit		39,387,902	15,887,465
Depreciation		21,868,002	11,380,500
Miscellaneous expenditure written off		369,476	369,476
Profit Before Tax		17,150,424	4,137,489
Provision for Tax		1,943,143	1,091,434
Provision for Fringe Benefit Tax		282,610	120,970
Profit After tax		<u>14,924,672</u>	<u>2,925,085</u>
Deferred Income Tax liability for current year		(6,528,369)	186,454
Prior Period Expenses		1,418,727	-
Profit after deferred tax liability provision		<u>6,977,576</u>	<u>3,111,539</u>
Add : Profit Brought forwarded		<u>3,111,539</u>	
Transitional Cumulative Provision for Deferred Income Tax Liability Provision			
Profit Transferred to Balance Sheet		<u>10,089,115</u>	<u>3,111,539</u>
Earnings Per Share		0.43	0.13

AS PER OUR REPORT OF EVEN DATE
for P.Murali & Co
Chartered Accountants

FOR AND ON BEHALF OF THE BOARD

P.MURALI MOHANA RAO
Partner

N.SATISH KUMAR
Managing Director

K.RADHA KRISHNA
Director - Finance

Place : Hyderabad
Date : 30-06-2008

B.H.R.BALAJI
Executive Director

R. HARSHA VARDHAN REDDY
Company Secretary



SCHEDULES FORMING PART OF THE BALANCE SHEET

Description	As at 31.03.2008 (Rs.)	As at 31.03.2007 (Rs.)
1. Share Capital :		
Authorised :		
Current Year		
7,50,00,000 Equity Shares of Rs.10/- each.	<u>750,000,000</u>	<u>750,000,000</u>
Previous Year		
7,50,00,000 Equity Shares of Rs.10/- each.		
Issued, Subscribed & Paid-up :		
Current Year		
3,13,58,315 Equity Shares of Rs.10/- each Paid up	313,583,150	
Issued, Subscribed & Paid-up :		
42,65,000 Warrants Convertible to Equity of Rs.10/- each	42,650,000	
Less: Arrears 42,65,000 Warrants Convertible to Equity Shares 9/- each	<u>38,385,000</u>	
42,65,000 Warrants Convertible to Equity Shares of Rs.10/- each Paid Rs.1/- on face value	4,265,000	
Previous Year		
2,28,17,315 Equity Shares of Rs.10/- each Paid up		228,173,150
T O T A L :	317,848,150	228,173,150

Note:

- 47,56,000 Number of Equity Shares issued to Others at a price of Rs.30/- per share (including a premium of Rs. 20/- per share).
- 2,00,000 Number of Equity Shares issued to Promoters at a price of Rs.30/- per share (including a premium of Rs. 20/- per share).
- 28,00,000 Number of Warrants Convertible in to Equity Shares issued to Promoters at a price of Rs.30/- per warrant (including a premium of Rs. 20/- per warrant), Called 10 % on value for allotment. On 12.02.2008, out of 28,00,000 warrants, 11,85,000 Warrants converted to Equity Shares and 16,15,000 Number of warrants pending for convert in to Equity shares.
- 24,00,000 Number of Equity Shares issued to Others at a price of Rs.42.70/- per share (including a premium of Rs. 32.70/- per share).
- 26,50,000 Number of warrants convertible to equity Shares, issued to Others at a price of Rs.42.70/- per warrant (including a premium of Rs. 32.70/- per warrant).

These outstanding warrants should be converted on or before 18 months from the date of allotment, else the entire amount will be forfeited.



Description	As at 31.03.2008 (Rs.)	As at 31.03.2007 (Rs.)
2. Reserves & Surplus :		
Profit Brought Forward	14,041,450	10,929,911
Share Premium	213,195,500	-
PROFIT FOR THE YEAR (After Income Tax Provision and Deferred Income Tax)	6,977,576	3,111,539
T O T A L :	<u>234,214,526</u>	<u>14,041,450</u>
3. Secured Loans :		
Bank of India, B hills - Over Draft (Against Secured by Book Debts of the ISP Division of the Company)	3,786,546	3,546,885
Bank of India, B Hills - Loans for Flats (Against Secured by Hypothication of Flats of the Company)	4,720,448	4,974,941
Bank of India, B hills - Working Capital (Secured by Raw Materials / Finished Goods of the Company)	40,587,753	32,024,181
Bank of India, B Hills - Term Loan (Secured by Total Plant & Machinery of the Company)	55,897,479	35,953,645
Bank of India - Bolero Vehicle (Hypothication of Vehicles of the Company)	775,413	488,022
ICICI Bank - Vehicle (Hypothication of Vehicles of the Company)	113,637	282,243
T O T A L :	<u>105,881,276</u>	<u>77,269,917</u>
4. Un Secured Loans :		
a) Loans from Directors.	2,010,074	510,074
T O T A L :	<u>2,010,074</u>	<u>510,074</u>

5. DEPRECIATION STATEMENT

S.No	Assets	GROSS BLOCK				DEPRECIATION			NET BLOCK	
		As at 01.04.2007	Additions during the year	Deductions during the year	As at 31.03.2008	Upto 01.04.2007 year	For the Period during the year	Upto 31.03.2008 year	As at 31.03.2008	As at 31.03.2007
1	Land & Site Development		1,597,009		1,597,009				1,597,009	
2	Buildings	5,847,273	26,720,613	-	32,567,886	107,887	701,257	809,144	31,758,742	5,739,386
3	EDP Equipments	68,509,458	869,050		69,378,508	55,714,045	11,166,258	66,880,303	2,498,205	12,795,413
4	Plant & Machinery		193,034,562		193,034,562		7,252,686	7,252,686	185,781,876	
5	Furniture & Fixtures	1,447,131	2,650,824		4,097,955	556,928	172,110	729,038	3,368,917	890,203
6	Technical Know How		7,896,908		7,896,908		1,139,226	1,139,226	6,757,682	
7	Vehicles	694,018	1,284,993		1,979,011	40,372	153,987	194,359	1,784,652	653,646
8	Office Equipments	1,486,245	179,730		1,665,975	452,865	78,803	531,668	1,134,307	1,033,380
9	Cable Laying	11,077,432	2,750,000		13,827,432	1,578,706	1,203,675	2,782,381	11,045,051	9,498,726
10	CWIP	160,894,076	45,335,566	160,894,076	45,335,566				45,335,566	160,894,076
	TOTAL :	249,955,633	282,319,255	160,894,076	371,380,812	58,450,803	21,868,002	80,318,805	291,062,007	191,504,830
	Previous Year	108,835,471	141,913,031	792,869	249,955,633	47,143,942	11,380,500	58,450,803	191,504,830	61,691,529

Note : Capital work in progress amount capitalised to Nalgonda Biodisel unit of Rs. 160,894,076-00

Biodisel unit at vizag Amount Rs. 45,335,566-00 yet to be capitalised



Description	As at 31.03.2008 (Rs.)	As at 31.03.2007 (Rs.)
6. Investments :		
Investments	3,430,970	3,430,970
(343097 No of Equity Shares each Rs.10/- Invested in M/s. Southern Biofe Biofuels Pvt. Ltd)		
T O T A L :	<u>3,430,970</u>	<u>3,430,970</u>
7. Inventories :		
A. Current Assets :		
a) Raw Material	14,315,285	21,385,526
b) Work In Progress	1,555,088	
c) Finished Goods	18,744,609	
d) Consumables	3,134,883	
T O T A L :	<u>37,749,865</u>	<u>21,385,526</u>
8. Sundry Debtors :		
(Un secured, considered good)		
Debts outstanding for a period exceeding six months	49,870,788	37,207,219
Other Debts	36,050,804	7,508,409
T O T A L :	<u>85,921,592</u>	<u>44,715,628</u>
9. Cash & Bank Balances :		
Cash on Hand	59,850	390,980
Balances with Banks	2,827,454	173,908
with Scheduled banks		
with Others *	2,261	81,456
T O T A L :	<u>2,889,565</u>	<u>646,344</u>
* Balance with AP Grameena Vikas Bank		

Description	As at 31.03.2008 (Rs.)	As at 31.03.2007 (Rs.)
10. Loans, Advances :		
A. Current Assets:		
b) Pre-paid Expenses	6,119,579	3,514,387
c) Tax Deducted at Source.	2,098,062	1,122,513
e) Deposits	75,120,915	8,262,592
B. Loans and Advances:		
a) Advances for Capital Goods	175,450,428	34,640,405
b) Advances	3,605,603	816,576
c) Other Advances	-	-
T O T A L :	<u>262,394,586</u>	<u>48,356,473</u>
11. Current Liabilities & Provisions :		
Sundry Creditors for Capital Goods	1,254,594	2,216,259
Sundry Creditors for Expenses	16,201,492	2,657,328
Outstanding Liabilities		
- Provision for Income Tax	1,943,143	1,071,434
- Provision for Fringe Benefit Tax	262,610	120,970
- Provision for Sales Tax	1,628,035	-
- Provision for Service Tax	418,387	-
- Provision for expenditure	2,510,520	2,840,023
T O T A L :	<u>24,218,781</u>	<u>8,906,014</u>
12. Miscellaneous Expenditure :		
(to the extent not written off or adjusted)		
a) Preliminary / Issue Expenses	21,209,632	21,209,632
Add : Aditions during the year	25,778,312	
Less : Adjusted against Interest Received	-	-
Less : Capitalized During the year	<u>37,017,080</u>	<u>-</u>
	9,970,864	21,209,632
b) Deferred Revenue Expenses.	1,163,640	1,533,116
Add : Additions During the year	-	-
Less : Written Off During the year	<u>369,476</u>	<u>369,476</u>
	794,164	1,163,640
T O T A L :	<u>10,765,028</u>	<u>22,373,272</u>

Description	As at 31.03.2008 (Rs.)	Year Ended 31.03.2007 (Rs.)
13. Manufacturing & Operating Expenses :		
CONSUMABLES	5,970,655	-
CONSUMPTION OF RAW MATERIAL	107,626,166	-
Power and Fuel	7,018,462	-
Wages	2,120,769	-
Other Manufacturing Expenses	2,515,831	380,100
Bandwidth	44,875,836	39,148,196
Lease Line Charges	217,392	40,845
Cable Rent	132,979	47,000
Cable Laying Expenses	383,956	158,790
Licencing Fee	1,306,959	1,100,035
T O T A L :	172,169,005	40,874,966
14. Personnel Cost :		
Salaries	8,477,134	5,489,874
Staff Welfare	1,990,671	261,260
T O T A L :	10,467,805	5,751,133
15. Administrative Expenses :		
AGM & Board Meeting Expenses	336,926	121,104
Audit Fee	45,000	45,000
Electricity Charges	666,179	651,025
Office Maintenance	315,373	190,929
General Expenses	269,411	157,073
Insurance	607,246	149,417
Membership, Books & Periodicals	195,385	130,909
Consultancy Charges	151,891	137,324
Printing & Stationery	225,273	125,492
Postage & Telegrams	72,995	44,460
Rent, Rates & Taxes	2,157,769	886,502
Secretarial Expenses	440,790	134,348
Security Service	294,468	-
Telephone, Mobile & Pager Expenses	1,123,575	764,745
Travelling & Conveyance Expenses	1,323,592	465,901
Loss on Sale of Fixed Assets	-	269,230
T O T A L :	8,225,873	4,273,459



Description	As at 31.03.2008 (Rs.)	As at 31.03.2007 (Rs.)
16. Financial Expenses :		
Bank Charges	586,307	74,781
Interest on Term Loan	5,396,093	227,906
Interest on Over Draft.	4,350,484	578,024
Interest on Unsecured Loans	603,107	220,681
T O T A L :	10,935,991	1,101,392
17. Marketing Expenses :		
Advertisement	30,717	-
Collection Expenses	384,753	270,109
Comissions & Discounts	1,552,717	484,703
Fright Outward	361,140	
Business Promotion	475,979	46,488
Donations	103,318	14,616
T O T A L :	2,908,624	815,916

SCHEDULE- 18

Significant Accounting Policies and Notes to the accounts for the year ended 31st March 2008.

1. Significant Accounting Policies

1.1 Preparation of financial statements

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

1.2 Method of Accounting

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

1.3 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.

1.4 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.

1.5 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.

1.6 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 realised 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.

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

1.6.1 Commission income is due on rendering of services.

1.7 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 the Companies Act, 1956.

1.8 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.

1.9 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).

1.10 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.

2. NOTES TO ACCOUNTS:

2.1 Share Capital:

a) The Equity Share Capital of the company as on 31st March, 2007 is 2,28,17,315 Equity Shares of Rs. 10/- each fully paid up during the year :

- ✳ On 22.11.2007, 47,56,000 Equity Shares of Rs.10/- each are issued to Outsiders other than Promoters at a price of Rs.30/- each (including a Premium of Rs.20/- each)
- ✳ On 22.11.2007, 2,00,000 Equity Shares of Rs.10/- each are issued to Promoters at a price of Rs.30/- each (including a Premium of Rs.20/- each)
- ✳ On 22.11.2007, 28,00,000 warrants of Rs.10/- each convertible into Equity Shares issued at a price of Rs.30/- each (including a Premium of Rs.20/- each) to Promoters. 10% of value is paid allotment. Out of these 28,00,000 warrants, 11,85,000 warrants are converted into Equity Shares on 12.02.2008 by paying the remaining 90% value.
- ✳ On 14.02.2008 24,00,000 Equity shares of Rs.10/- each are issued to outsiders other than Promoters at a price of Rs.42.70/- which includes a premium of Rs. 32.70/-.

- ⊛ On 14.02.2008 26,50,000 warrants convertible into equity shares are issued to Promoters and outsiders at a price of Rs.42.70/- which includes a premium of Rs.32.70/-.

The above warrants should be converted into Equity Shares on or before 18 months from the date of allotment, else the entire amount will be forfeited.

2.2 Contingent Liabilities :

1. Bank Guarantees:

The Company has outstanding guarantees and counter guarantees of Rs.2697528/- as on 31.03.2008 (previous year ended 31.3.2007 is Rs.10,00,000) to bank, in respect of the guarantees given by the bank in favour of The President of India, Govt of India, acting through the Telegraph Authority & Rs 9,10,200/- (Previous year - NIL-) to Andhra Pradesh State Road Transport Corporation (APS RTC).

2.3 Secured Loans

- a) The Company has a Over Draft facility for ISP Division of Rs.35,00,000/- with Bank of India. which is secured against book debts of the company.
- b) The Company has a Working Capital facility for Bio Diesel Division – Nalgonda Division of Rs.481 Lacs with Bank of India, . which is secured against Stock of the company.
- c) Also, the Company has a of Term Loan facility of Rs 583.52 (TL –1 Rs. 355.52+TL-2 Rs. 228) lakhs which is secured by charge on the fixed assets of the Company, personal guarantees of the Directors.

2.4 Investments

During the year 2004-05 the Company has Invested Rs.3,430,970/- in Southern Biofe – Biofuels Private Limited to acquire its business by issuing 3,43,097 Equity Shares of Rs.10/- each fully paid up to the shareholders of Southern Biofe – Biofuels Private Limited on swap basis. Subsequently the company has become a 100% subsidiary of the company and the same is approved by the Board of Directors and share holders of company.

2.5 Segment Reporting

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

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 unallocable and directly charged against total income.

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 31.3.2008	ISP Division		Bio Diesel Division		Total	
	2008	2007	2008	2007	2008	2007
Revenues	825.97	687.04	1609.74	-	2435.71	687.04
Identifiable Operating Expenses	475.63	410.66	1248.68	-	1724.31	410.66
Allocated Expenses	257.22	224.00	178.50	-	435.72	224.00
Segmental Operating Income	93.12	52.39	182.56	-	275.68	52.39
Unallocated Expenses					-	-
Profit for the year before Interest	93.12	52.39	182.56	-	275.68	52.39
Interest Expenses	10.26	11.01	99.10	-	109.36	11.01
Other income	1.81	-	3.43	-	5.24	-
Net profit before taxes and prior period items	84.68	41.37	86.88	-	171.56	41.37
Provision for taxation	-	-	-	-	22.26	12.12
Prior Period Items	14.19	-	-	-	14.19	-
Net profit after taxes and before exceptional items					135.12	29.25
Exceptional items					-	-
Profit after tax and exceptional items					135.12	29.25

Geographical segments

(Rs. In Lakhs)

Revenues	March 31,2008	March 31,2007
India	2440.95	687.04
Total	2440.95	687.04

2.6 Deferred Tax Asset/ Liability:

- a. Major components of deferred tax arising on account of timing differences in accounting and taxable income are as follows:

(In Rs.)

	As at 31.3.2008	As at 31.3.2007
Deferred Tax Liability		
a) Opening Balance 01.04.2007	35,12,438	36,98,892
b) Deferred Tax Expense/ Income:		
Depreciation differential	65,28,369	-1,86,454
Total (C)	100,40,807	35,12,438

2.7 Foreign Exchange Earnings - NIL -



2.8 Foreign Exchange Outflow

	(Rs.)	
	31.03.2008	31.3.2007
Foreign Travel	-	18,34,651
For Purchases	63,81,831	32,12,003
Membership Fee	1,04,706	-
Total	64,86,537	50,46,654

2.9 Directors' Remuneration

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

	(Rs.)	
	31.03.2008	31.3.2007
Salary & Allowances (Whole Time Director)	36,11,004	35,57,987

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

2.10 Remuneration to Auditors

	(Rs.)	
	31.03.2008	31.3.2007
Audit Fees	45,000/-	45,000/-
Total	45,000/-	45,000/-

2.11 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	2007-08		2006-07	
		Qty (kgs / Lts)	Value (Rs. In lacs)	Qty (kgs / Lts)	Value (Rs. In lacs)
A	Licensed Capacity	NA		NA	-
B	Installed Capacity	36 TPD		NA	-
C	Finished Goods				
	Bio Diesel				
	Opening Stock	-	-		
	Production During the Year	4,294,138	1,288.24	-	-
	Sales During the year	3,905,313	1,171.59	-	-
	Closing Stock of Bio Diesel	388,825	116.65	-	-
	Glycerine				
	Opening Stock	-	-		
	Production During the Year	162,006	40.50	-	-
	Sales During the year	22,802	5.70	-	-
	Closing Stock of Glycerine	139,204	34.80	-	-

Cake				
Opening Stock	-	-	-	-
Production During the Year	5,066,955	202.68	-	-
Sales During the year	3,778,253	151.13	-	-
Closing Stock of Cake	1,288,702	51.55	-	-
D	RAW MATERIAL CONSUMED			
Fish Oil				
Opening Stock	743,243	148.65	-	-
Purchased During the Year	92,518	18.50	-	-
Consumed During the year	831,894	166.38	-	-
Closing Stock of Seeds	3,867	0.84	-	-
Seeds				
Opening Stock	-	-	-	-
Purchased During the Year	9,966,762	1,045.74	-	-
Consumed During the year	8,601,907	905.18	-	-
Closing Stock of Seeds	1,364,855	140.56	-	-
Tallow				
Opening Stock	-	-	-	-
Purchased During the Year	8,500	1.75	-	-
Consumed During the year	-	-	-	-
Closing Stock of Pongamia Seeds	8,500	1.75	-	-

2.13 DETAILS OF RELATED PARTY TRANSACTION

The company has entered into the following related party transactions as on 31 st March,2008 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
Mr.B. Sreedhara Reddy	Director
Mr. B.H.R.Balaji	Executive Director
Mr. K. Tajesh	Director
Mr. K. Venkateshwara Rao	Director



b) The following are the related party transactions :

(Rs. In lakhs)				
Name of the Party	Relationship	Nature of Transaction	Amount 31.03.08	Amount 31.03.07
Southern Bio Fe Bio Fuels Pvt. Ltd	100 % Subsidiary	Loan	-	14.30
Mr. N. Satish Kumar	Managing Director	Remuneration	8.64	7.89
Mr. K. Radha Krishna	Director	Remuneration	7.16	7.16
Mr.B. Sreedhara Reddy	Director	Remuneration	7.16	7.16
Mr. B.H.R.Balaji	Executive Director	Remuneration	7.16	7.16
Mr. K. Tajesh	Director	Remuneration	3.00	3.00
Mr. K. Venkateshwara Rao	Director	Remuneration	3.00	3.00

2.14 PRIOR PERIOD ITEMS:

(Rupees)	
Voip Usage Charges & DID Rental Charges	13,45,088
Depreciation	73,639
Total	14,18,727

2.15 Confirmations were obtained from debtors/ creditors as to the balances receivable/ payable to them as at year ended 31st March, 2008.

2.16 Earning per share:

(Rs.)		
PARTICULARS	31.03.2008	31.03.2007
Total No. of Shares outstanding (nos.)	3,13,58,315	2,28,17,315
Total No. of Shares outstanding (weighted Average)	63,97,297	12,30,718
Profit after taxes before exceptional items	8,45,26,855	2,81,82,297
Profit after taxes after exceptional items	8,45,26,855	2,81,82,297
EPS before Non-recurring and exceptional items (Weighted Average)	13.21	22.90
EPS after Non-recurring and exceptional items (Weighted Average)	13.21	22.90

2.20 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) Rs.2,17,864/-

2.21 Previous year figures have been regrouped wherever necessary.

AS PER OUR REPORT OF EVEN DATE
for P.Murali & Co
Chartered Accountants

FOR AND ON BEHALF OF THE BOARD

P.MURALI MOHANA RAO
Partner

N.SATISH KUMAR
Managing Director

K.RADHA KRISHNA
Director - Finance

Place : Hyderabad
Date : 30-06-2008

B.H.R.BALAJI
Executive Director

R. HARSHA VARDHAN REDDY
Company Secretary



CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2008

PARTICULARS	Year Ended 31.03.2008 (Rs in Lacs)	Year Ended 31.03.2007 (Rs in Lacs)
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net profit /(Loss) before tax & extraordinary items	171.50	41.37
Adjustments for:		
Prior Period Adjustments	-	-
Depreciation	218.68	113.81
Written off Expense	3.69	3.69
Interest	109.36	11.01
Operating Profit before working capital charges	503.24	169.89
Increase in Loans and Advances	(2,140.38)	
Trade and other receivables	(412.06)	625.77
Inventories	(163.64)	(213.86)
Trade payables	116.68	(65.81)
Cash generated from operations	(2,096.16)	515.99
Interest paid	109.36	11.01
Cash flow before extraordinary items - (A)	(2,205.52)	504.98
NET CASH FLOW FROM OPERATING ACTIVITIES		
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Capital Work-in-Progress.	(453.36)	
Purchase of Fixed Assets	(760.90)	(1,419.13)
Proceeds of Fixed Assets		7.19
Investments		
Net cash used in investing activities - (B)	(1,214.25)	(1,411.94)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
creditros for capital goods		349.05
Increase / Decrease in Secured Loan	286.11	726.40
Misc. Expenses	112.39	(165.83)
increase in Share Application amount	896.75	-
increase in Share Premium	2131.96	-
increase in unsecured Loans	15.00	(3.14)
Net Cash used in Financing activities - (C)	3,442.21	906.48
Net increase in cash and cash equivalents - (A+B+C)	22.43	(0.47)
Cash and Cash equivalents as at (Opening Balance)	6.47	6.94
Cash and Cash equivalents as at (Closing Balance)	28.90	6.47

AS PER OUR REPORT OF EVEN DATE
for P.Murali & Co
Chartered Accountants

FOR AND ON BEHALF OF THE BOARD

P.MURALI MOHANA RAO
Partner

N.SATISH KUMAR
Managing Director

K.RADHA KRISHNA
Director - Finance

Place : Hyderabad
Date : 30-06-2008

B.H.R.BALAJI
Executive Director

R. HARSHA VARDHAN REDDY
Company Secretary



Balance Sheet Abstract and Company's General Business Profile

I. Registration Details	
Registration Number	01-030463
State Code Number	01
Balance Sheet Date	31st March 2008
II. Capital Raised During the Year (Amount in Rs Thousands)	
Public Issue	NIL
Right Issue	NIL
Bonus issue	NIL
Private Placement	NIL
III. Position of Mobilization and Deployment of Funds (Amount in Rs Thousands)	
Total Liabilities	669994
Total Assets	669994
Sources of Funds	
Paid-up Capital	317848
Reserves & Surplus	234214
Secured Loans	105881
Unsecured Loans	2010
Deferred Income Tax Liability	10040
Application of Funds	
Net Fixed Assets	245726
Investments	3430
Net Current Assets	364737
Miscellaneous Expenditure	10765
Accumulated Losses	NIL
IV. Performance of Company (Amount in Rs Thousands)	
Turnover	244095
Total Expenditure	226945
Profit /Loss Before Tax +(-)	17150
Profit /Loss After Tax +(-)	14925
Earnings per Share in Rs	0.43
Dividend Rate %	NIL
V. Generic Names of principal products/ services of Company	
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.H.R. Balaji
Executive Director

R.Harsha Vardhan Reddy
Company Secretary

Place : Hyderabad
Date : 30.06.2008

Southern Biofe Biofuels Pvt. Ltd.

6th Annual Report

2007 - 08

Southern Biofe Biofuels Pvt. Ltd.

BOARD OF DIRECTORS

Mr. N. Satish Kumar	Director
Mr. K.Radha Krishna	Director
Mr. B.Sreedhara Reddy	Director
Mr. B.Hare Ram Balaji	Director

REGISTERED OFFICE

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

AUDITORS

M/s.P. Murali & Co.,
Chartered Accountants
6-3-655/2/3,
Somajiguda,
Hyderabad - 500 082.

Southern Biofe Biofuels Pvt. Ltd.

DIRECTORS' REPORT

To
All Members,

Your Directors have great pleasure to present the SIXTH Annual Report of the company together with the Audited Accounts for the year ended 31st March, 2008.

CAPITAL STRUCTURE

The authorised Share Capital of the Company is Rs.34,40,000/- (3,44,000 Equity Shares of Rs.10/-) and Issued and Paid up Capital is Rs. 34,30,970/- (3,43,097 Equity Shares of Rs.10/- each).

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUT GO

- (a) Conservation of Energy:-The Company is taking necessary measures for conservation of energy.
- (b) Research and Development (R & D):- NIL
- (c) Technology Absorption, adaptation and innovation:- No technology either indigenous or foreign is involved.
- (d) Foreign exchange earnings and out go:- NIL

PARTICULARS OF EMPLOYEES

In pursuance of the provisions of section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975, the Directors are to report that no employee was in receipt of remuneration of Rs.24,00,000/- or more per annum or Rs.2,00,000/- or more per month where employed for a part of the year.

AUDITORS:

M/s. P. MURALI & CO., Chartered Accountants, retiring auditors of the Company being eligible offer themselves for appointment as auditors of the Company M/s. P.MURALI & CO., Chartered Accountants have furnished a certificate of their eligibility u/s 224(1B) of the Companies Act, 1956. The members are requested to reappoint the auditors and authorize the Board of Directors of the Company to fix their remuneration.

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) that in the preparation of the Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

- ii) that the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and/ of the profit or loss of the company for that period;
- iii) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) the Directors had prepared the annual accounts on a going concern basis.

SECRETARIAL COMPLIANCE CERTIFICATE

A Secretarial Compliance Certificate pursuant to Section 383A of the Companies Act, 1956 is attached herewith.

DEPOSITS

The company has not accepted any deposits during the year.

PERSONNEL

The relations between the management and staff were very cordial throughout this year. Your Directors take this opportunity to record their appreciation for the Co-Operation and loyal services rendered by the employees.

Your Directors are confident that during the years to come the company has got very good prospects.

for and on behalf of the Board
By the order of Board of Directors
for Southern Biofe Biofuels Private Limited

SD/-

SD/-

N.Satish Kumar K.Radha Krishna
Director Director

PLACE : HYDERABAD

DATE : 19-08-2008

Southern Biofe Biofuels Pvt. Ltd.

AUDITORS' REPORT

To,
The Members,
Southern Biofe Biofuels Private Ltd.

We have audited the attached balance sheet of Southern biofe Biofuels Private Limited as at 31st March 2008. The 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 test basis, evidence supporting the amounts and disclosures in the financial statement. 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.

Since the company is a private limited company with a paid up capital and reserves not more than rupees fifty lakhs and does not have loan outstanding exceeding rupees twenty five lakhs from any bank or financial institution and does not have a turnover exceeding rupees five crores at any point of time during the financial year, requirement by the companies (Auditors 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 are not applicable to the Company.

Further, 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 dealt with by this report are in agreement with the books of account;
- (iv) In our opinion, the Balance Sheet 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 representation received from the Directors, as on 31 st March, 2008 and taken on record by the Board of Directors we report that non of the directors is disqualified as on 31st March 2008 from being appointed 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, 2008;

For P. Murali & co.,
Chartered Accountants
Sd/-

P. Murali Mohana Rao
Partner

Place : Hyderabad
Date : 30.6.2008

Southern Biofe Biofuels Pvt. Ltd.

BALANCE SHEET AS AT 31.03.2008

PARTICULARS	Schedule No's	Year Ended 31.03.2008 (Rupees)	Year Ended 31.03.2007 (Rupees)
ISOURCES OF FUNDS :			
1 SHAREHOLDERS FUNDS			
a Share Capital	1	3430970	3,430,970
2 LOAN FUNDS			
a Un secured Loans		1436775	1,436,775
TOTAL		<u>4,867,745</u>	<u>4,867,745</u>
II APPLICATION OF FUNDS :			
1 FIXED ASSETS			
a Gross Block		178900	178900
b Less: Depreciation			
c Net block		178,900	178,900
d Pre-operative expenditure		4628076	4,625,278
2 CURRENT ASSETS LOANS & ADVANCES			
Current Assets , Loans & Advances		123316	120,316
Less: Current Liabilities and provisions		97892	92274
NET CURRENT ASSETS		25244	28042
3 MISCELLANEOUS EXPENDITURE			
(To the extend not written off or adjusted)		35,525	35,525
TOTAL		<u>4,867,745</u>	<u>4,867,745</u>
NOTES ON ACCOUNTS	2	-	-

As Per our Report of even date

For and on behalf of the Board

For P.Murali & Co.,
Chartered Accountants

P. Murali Mohana Rao
Partner

N. Satish Kumar
Director

K.Radha Krishna
Director

Place : Hyderabad,
Date : 30.06.2008

Southern Biofe Biofuels Pvt. Ltd.

Schedule - 1

SHARE CAPITAL

PARTICULARS	Year Ended 31.03.2008 Rupees	Year Ended 31.03.2007 Rupees
Authorised Share Capital (3,44,000 Equity Shares of Rs.10/- each)	3,440,000	3,440,000
Issued, Subscribed and Paid-up Share Capital (3,43,097 Equity Shares of Rs. 10/- each)	3,430,970	3,430,970
TOTAL	<u>3,430,970</u>	<u>3,430,970</u>

SCHEDULE – 2

NOTES FORMING PART OF THE ACCOUNTS

Significant Accounting Policies

a) General

- (1) The accounts are prepared on the historical basis and on the accounting principles of a going concern.
- (2) Accounting policies not specifically referred to otherwise are consistent and in consonance with generally accepted accounting principles.

b) Revenue Recognition

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

c) Gratuity

No provision for gratuity has been made as no employee has put in qualifying period of service for entitlement of this benefit.

d) Fixed Assets

Fixed assets are stated at cost. Cost comprises the purchase price and other attributable expenses.

Notes On Accounts

1. REMUNERATION TO Auditors as Audit Fee is Rs.5,612/- (Previous Year Rs.5,612/-)
2. Particulars of employees in accordance with sub-section (2A) of section 217 of the Companies Act, 1956 read with Companies (particulars of Employees) Rule 1975. NIL
3. There are no dues to SSI Units outstanding for more than 30 days.
4. As the company has not started its commercial operation and there is no timing difference of depreciation/loss, the provision for deferred tax liability does not arise as per Accounting Standard 22 (AS 22) issued by ICAI and hence deferred tax liability has not been provided.
5. The figures have been regrouped wherever necessary.
6. The figures have been rounded off to the nearest rupee.

SIGNATURES TO SCHEDULES 1 & 2

As Per our Report of even date

For and on behalf of the Board

For P.Murali & Co.,
Chartered Accountants

P. Murali Mohana Rao
Partner

N. Satish Kumar
Director

K.Radha Krishna
Director

Place : Hyderabad,

Date : 30.06.2008

Southern Biofe Biofuels Pvt. Ltd.

Statement pursuant to section 212 of the Companies Act, 1956 related to subsidiary Company

Name of the Subsidiary Company: Southern Biofe Biofuels Private Limited.

S. No	Particulars	
1	Financial Year	31-03-2008
2	Shares of subsidiary held by the Company on 31-03-2008	
	A Number and face value	343,097 of Rs. 10/- each
	B Extent of Holding	100%
3	The net aggregate of profit / (Loss) of the subsidiary for the above financial year so far as they concern the members of the company and is not dealt within the accounts of the company	
	A For the financial year ended on 31-03-2008	NIL
	B For the previous financial year since it become a subsidiary	NIL
4	The net aggregate of profit / (Loss) of the subsidiary for the above financial year so far as they concern the members of the company and is dealt within the accounts of the company	
	A For the financial year ended on 31-03-2008	NIL
	B For the previous financial year since it become a subsidiary	NIL
5	Change in the holding companies interest in the subsidiary between the end of the financial year of the subsidiary and the end of the holding company's financial year	Not applicable as financial year coincides with that of the holding company
6	Material changes which have occurred between the end of the afore said financial year of the subsidiary and the end of the holding company's financial year in respect:	As the financial year of both holding and subsidiary company companies coincide, there are no particulars to furnish
	a. the subsidiary fixed assets	
	b. its investments	
	c. money lent by the subsidiary company	
	d. the money barrowed by it for any purpose other than that meeting current liabilities of	



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 **Tenth Annual General Meeting** of the Company to be held on Thursday, the 25th day of September, 2008 at 11.30 A.M at Dream Valley, Srinagar, Gandipet, Hyderabad – 500 075 and at any adjournment thereof.

Signed this..... day of 2008.

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.

..... cut here.....

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 **Tenth Annual General Meeting** of the Company to be held on Thursday, the 25th day of September, 2008 at 11.30 A.M at Dream Valley, Srinagar, Gandipet, Hyderabad – 500 075.

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.

