

12th
Annual Report
2009-2010

shrinking
distances

We
get
you
there
Faster.

SOUTHERN ONLINE BIO TECHNOLOGIES LTD

widening
horizons

Smart Solutions and Eco Friendly



ISP Division - Hyderabad



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

-
- Board of Directors** : **Mr. Y. Anand Swaroop** Chairman
Mr. N.Satish Kumar Managing Director
Mr. B.H.R. Balaji Executive Director
Mr. K.Radha Krishna Director - Finance
Mr. B.Sreedhara Reddy Director - Admin.
Mr. K.Tejesh Kumar Director
Ms. T. Rohini Reddy Director
Mr. C. Raveendra Kumar Director
Mr. Kishor Shah Director
Mr Christian A Schmidt Director
- Company Secretary** : **Ms G Anupama**
- 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
- 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.
- UCO Bank**
Hindustan Shipyard Colony,
Gandhigram, Visakhapatnam – 530 005
- State Bank of Hyderabad**
Overseas Branch
6-3-652, "KAUTILYA"
Somajiguda, Hyderabad – 500 082

NOTICE

NOTICE is hereby given that the Twelfth Annual General Meeting of the Members of the Company will be held on Thursday the 30th September 2010 at 11.30 am 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 2010 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 Y Anand Swaroop, 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 M/s.P.Murali & Co., Chartered Accountants, Hyderabad as Auditors of the Company and to fix their remuneration.

SPECIAL BUSINESS:

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

Appointment of Mr BHR Balaji as Executive Director

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII (as amended from time to time) to the said Act, Mr. BHR Balaji be and is hereby appointed as Executive Director of the Company for a period of 5 years with effect from 5th January 2010 at

a remuneration and on such terms and conditions as detailed below:

I. Salary

Rs.2,00,000/- (Rupees Two lakhs only) per month

II. Commission

1% of the amount of Net Profit before taxes (but after charging all expenses including depreciation and managerial compensation) as appearing in the Audited Annual Accounts for each Financial Year of the Company, unless otherwise decided by the Board for any financial Year, subject however, that the total remuneration (i.e., salary, perquisites and commission) in any one financial year shall not exceed the limits prescribed from time to time under Sections 198, 309 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII to the said Act, as may, for the time being, be in force.

III. Perquisites

Perquisites as follow will be paid and / or provided in addition to salary, subject however that the amount of perquisites, if taxable as per Income Tax Act, 1961, shall be restricted to total remuneration as per Part II of Schedule XIII to the Companies Act, 1956, as applicable from time to time.

Part – A

a] Medical Reimbursement

Reimbursement of medical expenses actually incurred for self and family including dependent mother and father, subject to a ceiling of one month's salary per year or 3 months' salary in a block of 3 years.

b] Leave Travel Concession

For self and family including dependent father and mother, to and from any place

in India, once in a year in accordance with the rules of the Company.

c] Club Fees

Fees of Club subject to a maximum of 2 clubs will be allowed, provided that no admission or life membership fees shall be paid.

Part – B

a] Provident Fund

Company's contribution to Provident Fund as per the scheme of the Company.

b] Pension / Superannuation Fund

Company's contribution to Pension / Superannuation Fund in accordance with the scheme of the Company.

c] Gratuity

As per the rules of the Company, payable in accordance with the approved fund at a rate not exceeding one-half month's salary for each completed year of service.

Part – C

a] Car

Use of Company's car with driver for business purposes.

b] Telephone

Free Telephone / Communication facilities at residence for business purposes.

IV. Other Benefits

Leave

On full pay and allowances as per rules of the Company, but not more than one month's leave for every 11 months of service. Leave not availed of shall be allowed to be encashed at the end of the tenure and the same will not be included in the computation of the ceiling on perquisites.

V. Overall Remuneration

The aggregate of salary, commission and perquisites in any financial year shall not

exceed the limits prescribed from time to time under Sections 198, 309 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII to the said Act, as may be, for the time being, in force. In case of any doubt / discrepancy / clarification that may arise with respect to payment of remuneration in excess of that entitled under Section II of Part II of Schedule XIII to the Companies Act, 1956, but not exceeding the overall limits prescribed under the Act, the same shall be determined and decided by the Board.

VI. Minimum Remuneration

In the event of loss or inadequacy of profits, in any financial year during the currency of tenure of service, the payment of salary, commission, perquisites and other allowances shall be governed by the limits prescribed under section II of Part II of Schedule XIII to the Companies Act, 1956, including any statutory modification or re-enactment thereof, as may be for the time being in force.

VII. Three month's notice shall be required on either side for termination of services.

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

Appointment of Mr K Radha Krishna as Director Finance

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII (as amended from time to time) to the said Act, Mr. K Radha Krishna be and is hereby appointed as Director Finance of the Company for a period of 5 years with effect from 5th January 2010 at a remuneration and on such terms and conditions as detailed below:

I. Salary
Rs.2,00,000/- (Rupees Two lakhs only) per month

II. Commission
1% of the amount of Net Profit before taxes (but after charging all expenses including depreciation and managerial compensation) as appearing in the Audited Annual Accounts for each Financial Year of the Company, unless otherwise decided by the Board for any financial Year, subject however, that the total remuneration (i.e., salary, perquisites and commission) in any one financial year shall not exceed the limits prescribed from time to time under Sections 198, 309 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII to the said Act, as may, for the time being, be in force.

III. Perquisites
Perquisites as follow will be paid and / or provided in addition to salary, subject however that the amount of perquisites, if taxable as per Income Tax Act, 1961, shall be restricted to total remuneration as per Part II of Schedule XIII to the Companies Act, 1956, as applicable from time to time.

Part – A

a) Medical Reimbursement
Reimbursement of medical expenses actually incurred for self and family including dependent mother and father, subject to a ceiling of one month's salary per year or 3 months' salary in a block of 3 years.

b) Leave Travel Concession
For self and family including dependent father and mother, to and from any place in India, once in a year in accordance with the rules of the Company.

c) Club Fees
Fees of Club subject to a maximum of 2 clubs will be allowed, provided that no admission or life membership fees shall be paid.

Part – B

a) Provident Fund
Company's contribution to Provident Fund as per the scheme of the Company.

b) Pension / Superannuation Fund
Company's contribution to Pension / Superannuation Fund in accordance with the scheme of the Company.

c) Gratuity
As per the rules of the Company, payable in accordance with the approved fund at a rate not exceeding one-half month's salary for each completed year of service.

Part – C

a) Car
Use of Company's car with driver for business purposes.

b) Telephone
Free Telephone / Communication facilities at residence for business purposes.

IV. Other Benefits

Leave
On full pay and allowances as per rules of the Company, but not more than one month's leave for every 11 months of service. Leave not availed of shall be allowed to be encashed at the end of the tenure and the same will not be included in the computation of the ceiling on perquisites.

V. Overall Remuneration

The aggregate of salary, commission and perquisites in any financial year shall not exceed the limits prescribed from time to time under Sections 198, 309 and other

applicable provisions of the Companies Act, 1956 read with Schedule XIII to the said Act, as may be, for the time being, in force. In case of any doubt / discrepancy / clarification that may arise with respect to payment of remuneration in excess of that entitled under Section II of Part II of Schedule XIII to the Companies Act, 1956, but not exceeding the overall limits prescribed under the Act, the same shall be determined and decided by the Board.

VI. Minimum Remuneration

In the event of loss or inadequacy of profits, in any financial year during the currency of tenure of service, the payment of salary, commission, perquisites and other allowances shall be governed by the limits prescribed under section II of Part II of Schedule XIII to the Companies Act, 1956, including any statutory modification or re-enactment thereof, as may be for the time being in force.

VIII. Three month's notice shall be required on either side for termination of services.

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

Appointment of Mr B Sreedhara Reddy as Director Administration

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII (as amended from time to time) to the said Act, Mr. B Sreedhara Reddy be and is hereby appointed as Director Administration of the Company for a period of 5 years with effect from 5th January 2010 at a remuneration and on such terms and conditions as detailed below:

- I. Salary
Rs.2,00,000/- (Rupees Two lakhs only) per month
- II. Commission
1% of the amount of Net Profit before taxes (but after charging all expenses including depreciation and managerial compensation) as appearing in the Audited Annual Accounts for each Financial Year of the Company, unless otherwise decided by the Board for any financial Year, subject however, that the total remuneration (i.e., salary, perquisites and commission) in any one financial year shall not exceed the limits prescribed from time to time under Sections 198, 309 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII to the said Act, as may, for the time being, be in force.
- III. Perquisites
Perquisites as follow will be paid and / or provided in addition to salary, subject however that the amount of perquisites, if taxable as per Income Tax Act, 1961, shall be restricted to total remuneration as per Part II of Schedule XIII to the Companies Act, 1956, as applicable from time to time.

Part – A

- a] Medical Reimbursement
Reimbursement of medical expenses actually incurred for self and family including dependent mother and father, subject to a ceiling of one month's salary per year or 3 months' salary in a block of 3 years.
- b] Leave Travel Concession
For self and family including dependent father and mother, to and from any place in India, once in a year in accordance with the rules of the Company.

c] Club Fees

Fees of Club subject to a maximum of 2 clubs will be allowed, provided that no admission or life membership fees shall be paid.

Part – B

a] Provident Fund

Company's contribution to Provident Fund as per the scheme of the Company.

b] Pension / Superannuation Fund

Company's contribution to Pension / Superannuation Fund in accordance with the scheme of the Company.

c] Gratuity

As per the rules of the Company, payable in accordance with the approved fund at a rate not exceeding one-half month's salary for each completed year of service.

Part – C

a] Car

Use of Company's car with driver for business purposes.

b] Telephone

Free Telephone / Communication facilities at residence for business purposes.

IV. Other Benefits

Leave

On full pay and allowances as per rules of the Company, but not more than one month's leave for every 11 months of service. Leave not availed of shall be allowed to be encashed at the end of the tenure and the same will not be included in the computation of the ceiling on perquisites.

V. Overall Remuneration

The aggregate of salary, commission and perquisites in any financial year shall not exceed the limits prescribed from time to time under Sections 198, 309 and other applicable provisions of the Companies

Act, 1956 read with Schedule XIII to the said Act, as may be, for the time being, in force. In case of any doubt / discrepancy / clarification that may arise with respect to payment of remuneration in excess of that entitled under Section II of Part II of Schedule XIII to the Companies Act, 1956, but not exceeding the overall limits prescribed under the Act, the same shall be determined and decided by the Board.

VI. Minimum Remuneration

In the event of loss or inadequacy of profits, in any financial year during the currency of tenure of service, the payment of salary, commission, perquisites and other allowances shall be governed by the limits prescribed under section II of Part II of Schedule XIII to the Companies Act, 1956, including any statutory modification or re-enactment thereof, as may be for the time being in force.

IX. Three month's notice shall be required on either side for termination of services.

8. To Consider, and if thought fit, to pass with or without modification(s) , the following resolution as an Special Resolution

Voluntary delisting of Securities from Bangalore Stock Exchange Limited.

"Resolved That subject to the provisions of the Companies Act, 1956, Securities Contracts (Regulation) Act, 1956, and the rules framed thereunder, listing agreement, SEBI (Delisting of Securities) Guidelines, 2003, and such other applicable laws, rules, regulations and guidelines, and subject to such approvals, permission and sanctions, as may be necessary, the Board of directors of the company be and is hereby authorised to seek voluntarily delisting of its securities from Bangalore stock exchange Limited."

"Resolved Further that the securities of the company shall continue to be listed on the

stock exchange having nation wide trading terminals viz the stock exchange Mumbai and therefore as per the said guidelines issued by the Securities and Exchange Board of India, no exit opportunity need to be given to the shareholders of the company.”

“Resolved further that the Board of directors of the company be and is hereby authorised to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary or desirable and to execute all such deeds and documents as may be considered necessary and expedient to give effect to the above said resolution.

On behalf of the Board

Place : Hyderabad

N. Satish Kumar

Date : 10.08.2010

Managing Director

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE THERE AT INSTEAD OF HIMSELF / HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. An instrument appointing proxy to be effective must be lodged at the Registered Office of the Company at least 48 hours before the meeting.
3. An Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 is herewith annexed.
4. The Register of Members / Register of Beneficiaries and Share Transfer Books of the Company will remain closed from Tuesday 21st September 2010 to Friday 24th September 2010 (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 Y Anand Swaroop and Mr C Raveendra Kumar 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 Y Anand Swaroop, born in 1965, is a graduate in Mechanical Engineering from Osmania University, MBA and M Phil in Econometrics from London School of Economics.

Mr Anand Swaroop has more than 22 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.

- B. 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 Limited etc. He has more than 14 years of 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 director in any other Company.

On behalf of the Board

Place : Hyderabad

N. Satish Kumar

Date : 10.08.2010

Managing Director

EXPLANATORY STATEMENT

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

Item 5: Appointment of Mr BHR Balaji as Executive Director of the Company

The term of appointment of Mr BHR Balaji as Executive Director of the Company expired on 04th January, 2010 and therefore, the Board of Directors in its meeting held on 02th January, 2010, reappointed Mr BHR Balaji as Executive Director for a period of five years with effect from 05th January, 2010 as per the terms and conditions and remuneration mentioned in the notice at resolution no. 5

As per the provisions of Schedule XIII of the Companies Act, 1956, re appointment of Mr BHR Balaji as Executive Director, requires the approval of the members in the General meeting. Hence, the above resolution at item no.5 is submitted to the meeting for ratification by the members of the Company by passing an ordinary Resolution.

Mr BHR Balaji aged 38 years is graduate in Electronics & Telecommunication Engineering. Prior to promoting Southern online he worked in Choice Solutions Pvt Ltd, SagarSoft (India) Ltd, Worldwide and with Worldwide Web Institute as Technical Consultant. Mr Balaji has vast knowledge and experience in administration and support of Internet/ Intranet for corporate networks, Enterprise Solutions and other products. He has also development experience on Web-based application. He has more than a decade experience in the IT field. His professional knowledge and expertise would be of immense useful to the efficient functioning of the technical department. He is on the Board of the Company since November 1998. He is currently looking after ISP operations. He is also director of Southern Biofe Biofuels Pvt Ltd a wholly owned subsidiary of your company.

He does not hold any committee Memberships in any company.

The notice together with the explanatory statement attached herewith should be treated as an abstract of the terms of the agreement and memorandum of concern or interest under section 302 of the Companies Act, 1956.

The Board of Directors commends the above resolution at item no.5 for the members' approval in the Annual General Meeting

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

Item 6: Appointment of Mr K Radha Krishna as Director Finance of the Company

The term of appointment of Mr K Radha Krishna as Director Finance of the Company expired on 04th January, 2010 and therefore, the Board of Directors in its meeting held on 02th January, 2010, reappointed Mr K Radha Krishna as Director Finance for a period of five years with effect from 05th January, 2010 as per the terms and conditions and remuneration mentioned in the notice at resolution no.6.

As per the provisions of Schedule XIII of the Companies Act, 1956, re appointment of Mr K Radha Krishna as Director Finance, requires the approval of the members in the General meeting. Hence, the above resolution at item no.6 is submitted to the meeting for ratification by the members of the Company by passing an ordinary Resolution.

Mr K Radha Krishna, aged 42 years is Graduate in Civil Engineering from Nagarjuna university, Guntur. He was involved in several construction projects including Hindustan Cables Limited, Larsen & Toubro and Telecom Department. He has 13 years of experience in the fields of civil construction, and 11 years in Information Technology and Finance.

Presently he is looking after Finance functions of the Company and is also an active member of the core management team in setting up the Nalgonda Bio Diesel unit and Vizag Bio Diesel

unit. He is also director of M/s Southern Biofe Biofuels Pvt Ltd a wholly owned subsidiary of your company and M/s Haritha Shakthi (India) Pvt Ltd.

He does not hold any committee Memberships in any Company.

The notice together with the explanatory statement attached herewith should be treated as an abstract of the terms of the agreement and memorandum of concern or interest under section 302 of the Companies Act, 1956.

The Board of Directors commends the above resolution at item no.6 for the members' approval in the Annual General Meeting

None of the Directors of the Company except Mr K Radha Krishna to the extent of his appointment as director is concerned or interested in this resolution.

Item 7: Appointment of Mr B Sreedhara Reddy as Director Administration of the Company

The term of appointment of Mr B Sreedhara Reddy as Director Administration of the Company expired on 04th January, 2010 and therefore, the Board of Directors in its meeting held on 02th January, 2010, reappointed Mr B Sreedhara Reddy as Director Administration for a period of five years with effect from 05th January, 2010 as per the terms and conditions and remuneration mentioned in the notice at resolution no.7.

As per the provisions of Schedule XIII of the Companies Act, 1956, re appointment of Mr B Sreedhara Reddy as Director Administration, requires the approval of the members in the General meeting. Hence, the above resolution at item no.7 is submitted to the meeting for ratification by the members of the Company by passing an ordinary Resolution.

Mr B Sreedhara Reddy, aged 41 years is a Graduate in Civil Engineering from Nagarjuna University, Guntur. He was involved in several construction projects. He has experience of

more than 13 years in the field of construction and 11 years in Information Technology. He is handling administration and related activities of the Company.

He is also director of M/s Southern Biofe Biofuels Pvt Ltd a wholly owned subsidiary of your company and M/s Haritha Shakhti (India) Pvt Ltd.

He does not hold any committee Memberships in any Company.

The notice together with the explanatory statement attached herewith should be treated as an abstract of the terms of the agreement and memorandum of concern or interest under section 302 of the Companies Act, 1956.

The Board of Directors commends the above resolution at item no.7 for the members' approval in the Annual General Meeting

None of the Directors of the Company except Mr B Sreedhara Reddy to the extent of his appointment as director is concerned or interested in this resolution.

Item no: 8: Voluntary Delisting of Securities from Bangalore Stock Exchange Limited.

The Securities & Exchange Board of India (SEBI) notified guidelines for voluntary delisting of securities from the stock exchanges. As per clause 5.2 of SEBI (Delisting of Securities) Guidelines, 2003 an exit opportunity to the shareholders need not be given where securities of the company remain listed on the stock exchange having nation wide trading terminal, i.e., The Stock Exchange, Mumbai, the National Stock Exchange of India and any other stock exchange that may be specified by SEBI in this regard.

At present the equity shares of the company are listed at The Stock Exchange, Mumbai and Bangalore Stock Exchange Limited. Considering the negligible volume of trading and as a part of its cost reduction measure, the consent of members is sought for getting its securities delisted from Bangalore Stock

Exchange Limited as proposed in the special resolution. The securities of the company shall continue to be listed on the Stock Exchange, Mumbai.

The Board recommends the resolution for approval of members.

None of the directors is, in any way, concerned or interested in the said resolution.

On behalf of the Board

Place : Hyderabad

Date : 10.08.2010

N. Satish Kumar

Managing Director

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the Twelfth Annual Report together with the Audited Balance Sheet, Profit & Loss Account and Cash Flow Statement for the financial year ended 31st March, 2010.

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	2009 – 10	2008 – 09
Total Income	3826.46	4106.33
Operating Profit	382.40	487.29
Less: Depreciation	191.94	236.49
Less: Misc. Expenditure written off	3.69	3.69
Less: Provision for Tax	34.13	28.08
Net Profit (after deferred tax assets provision)	80.85	169.33

Review and Prospects

The total revenue of the Company for the financial year ended 31st March, 2010 is Rs.3826.46 Lakhs as compared to the previous year's total revenue of Rs.4106.33 Lakhs. During this financial year the Company has recorded a net profit of Rs. 80.85 Lakhs as against the previous year's net profit of Rs.169.33 Lakhs (after deferred tax assets provision).

The Company has achieved a significant turnover of Rs. 989.20 lakhs with a net profit of Rs. 21.04 lakhs for the Quarter ended June, 2010 when compared with previous financial year corresponding period turnover of Rs. 741.79 lakhs with a net profit of Rs.12.65 lakhs.

Awards to the Company

- Best Cleaner Production Practices & Waste Minimization techniques.

The Andhra Pradesh Pollution Control Board, Nalgonda awarded your Company "Best Cleaner Production Practices & waste minimization techniques" on the occasion of the World Environment day 5th June 2009.

- Institute of Economic Studies presented Excellence award to the Company on 5th February 2010 at Thailand.

The Company's Products / Services

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

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

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 unit is able to produce and sell 80% of the installed capacity.

The Company has been supplying biodiesel to various well reputed customers like APSRTC, Kirloskar Oil Engines, Pune, Hyderabad Castings Limited, Hotel Marriott, Taj group of Hotels, Solveno foods pvt Ltd, Real Bakers Pvt Ltd, Anand foods Pvt Ltd, Parle group, Evergreen Energy Inc., Gujarat Witmans Industries, Biking Foods Pvt Ltd and other traders etc.,

APSRTC

The Company has supplied to Andhra Pradesh Road Transport Corporation (APSRTC) 4000 Kilo Litres during the year 2009-10 and subsequently APSRTC has given order to the Company to tune of 8000 Kilo Litres.

A part from APSRTC Company has received orders from Indian Railways for the quantity of 2664.50 Kilo Litres and 3003 Kilo Litres from BEST (Brihan Mumbai Electric Supply and Transport undertaking)

Company on regular basis is supplying to RDSO (Division of Indian Railways) and exchanging the performance of Bio Diesel on Railway Engine with RDSO.

Future Plans

Company is focusing to enter in to Agricultural business by producing and formulating the highly potential Bio agro inorganic fertilizers, nutrients and insecticides in the coming years.

Company also working closely with the technology provider in utilizing the Algae based raw material for the production of Biodiesel.

Company is planning to get in to captive power generation to meet its power requirements.

Plant at Vizag

The Company has completed the mechanical erections and structural erections of the 250 Tonnes per day capacity integrated Biodiesel unit at SEZ of APIIC at Vizag and it is intended to export 70% of the production and 30% to the domestic market. The unit has started producing Bio diesel under trail runs. Soon the Company will go for commercial operations. The Company is expecting to receive good orders for Bio Diesel from Global Market.

Preferential Allotment

During the last financial year the Company has raised funds Rs.2.09 crores through conversion of 9,00,000 warrants into equity shares by receiving 90% balance payment of Rs.23.31 (including premium) per share/warrant allotted to non-promoters on 30th September 2008 and 06th October 2008. The above equity shares upon conversion of warrants are listed at the stock exchanges. The proceeds of the said preferential allotments are utilized for the purpose for which they are raised.

Directors

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

Corporate Governance

Your Directors are happy to report that your Company is 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 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, 2010, 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 2010 and of the profit of the company for the financial year ended 31st March 2010.
- 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, 2010 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 under section 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 : There are no earnings foreign exchange earnings

(ii) Foreign Exchange Total Rs.
out go 2,08,14,858

Particulars	Rs.
Foreign Travel	48,191
Purchase of Equipments	2,06,50,694
Membership Fee	1,15,973
TOTAL	2,08,14,858

Stock Exchanges

The Company's present Equity shares are listed in Bombay Stock Exchange and The Bangalore Stock Exchange. The Company has paid the Listing Fees to the Stock Exchanges for the Financial Year 2009-10.

Demat Suspense Account:

As on 31st March 2010, 8801 Equity Shares of 22 Shareholders were lying in the Escrow Account due to non-availability of the correct particulars. Despite of the three reminders .being sent at the address given in the Application form as well as captured in depositories database, by the Registrars to the Issue, viz., M/s Aarathi consultants Pvt. Ltd. no response has been received. As a result the said unclaimed shares are or being credited to the M/s. Southern online Bio Technologies Limited - Demat Suspense Account opened with M/s inter-Connected Stock Exchange of India Limited and the same shall be held by the Company purely on behalf of the allottees who are entitled for the shares in such account, in view of the compliance of the provisions of Clause 5A of the Listing Agreement.

Every successful allottee who has not received the shares in its demat Account may approach the Company or its RTA with their correct particulars and proof of their identity for crediting of the Shares from the Demat Suspense Account to their individual demat Account. The voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.

Acknowledgements

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

On behalf of the Board

N. Satish Kumar
Managing Director

K. Radha Krishna
Director -Finance

Place: Hyderabad

Date: 10.08.2010

REPORT ON CORPORATE GOVERNANCE

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 a Non 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/she is a Director. The Directors have made necessary disclosures regarding Committee positions in other public companies as on March 31, 2010.
- 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 2009-10 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	4	NIL
K. Venkateswara Rao*	Non Executive Director	4	NIL
Y. Anand Swaroop	Independent Director	NIL	NIL
T. Rohini Reddy	Independent Director	NIL	NIL
C. Raveendra Kumar	Independent Director	NIL	NIL
Kishor Shah**	Indepednet Director	4	2
Christian A Schmidt**	Non Executive Director	NIL	NIL

* Ceases to be Director w.e.f 15.07.2009

**Appointed as Additional Directors on 25.02.2009 and regularized as Director in the AGM held on 30.09.2009

- 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 2009 - 10 the Board of Directors met 11 times on the following dates: 20.04.2009, 29.06.2009, 15.07.2009, 30.07.2009, 17.08.2009, 30.10.2009, 02.01.2010, 30.01.2010, 13.02.2010, 05.03.2010, 10.03.2010
- 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 30th September, 2009.

Name of the Director	No. of Board Meetings attended	Whether attended the last AGM
N. Satish Kumar	11	Yes
K.Radha Krishna	11	Yes
B. Sreedhara Reddy	8	Yes
B.H.R. Balaji	11	Yes
K. Tejesh Kumar	8	No
K. Venkateswara Rao	-	No
Y. Anand Swaroop	11	Yes
T. Rohini Reddy	10	No
C. Raveendra Kumar	-	No
Kishor Shah	1	No
Christian A Schmidt	-	No

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 2009-10

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

I hereby certify that all 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 2009-10.

Place : Hyderabad
Date : 10.08.2010

(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;
- Overview of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements reflect a true and fair position and that sufficient and credible information is disclosed.
 - Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services.
 - Discussion with external auditors before the audit commences, of the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
 - Reviewing the financial statements and draft audit report including quarterly / half yearly financial information.
 - Reviewing with management the annual financial statements before submission to the Board, focusing on:
 - i Any changes in accounting policies and practices;
 - ii Qualification in draft audit report;
 - iii Significant adjustments arising out of audit;
 - iv The ongoing concern concept;
 - v Compliance with accounting standards;
 - vi Compliance with stock exchange and legal requirements concerning financial statements;
 - vii Any related party transactions
 - Reviewing the company's financial and risk management's policies.
Disclosure of contingent liabilities.
 - Reviewing with management, external and internal auditors, the adequacy of internal control systems.
 - Reviewing the adequacy of internal audit function, including the audit character, the structure of the internal audit department, approval of the audit plan and its execution, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
 - Discussion with internal auditors of any significant findings and follow-up thereon.
 - Reviewing the findings of any internal investigations by the internal auditors into the matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
 - Looking into the reasons for substantial defaults in payments to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
 - Reviewing compliances as regards the Company's Whistle Blower Policy.
- III) The previous Annual General Meeting of the Company was held on 30th September 2009 and Mr.Y.Anand Swaroop, Chairman of the Audit Committee, attended previous AGM.

IV) The composition of the Audit Committee and the attendance of each member of the Audit Committee are given below:

Composition

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

S.No	Name of the Director	Designation	Nature of Directorship
1	Y. Anand Swaroop	Chairman	Non-Executive & Independent Director
2	T. Rohini Reddy	Member	Non-Executive & Independent Director
3	C. Raveendra Kumar	Member	Non-Executive & Independent Director

V) Four Audit Committee meetings were held during the year. The dates on which the said meetings were held are as follows: 29.06.2009, 30.07.2009, 30.10.2009 and 30.01.2010.

The necessary quorum was present at all the meetings.

Attendance during the year 2009-10:

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

Subsidiary Company

Southern Biofe Biofuels Pvt. Ltd (SBBF)

SBBF is a wholly owned subsidiary of the Company. SBBF was incorporated on 08th May, 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 in compliance with existing accounting standards, internal control and disclosures.

5. Remuneration Committee

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

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

A. Composition

The Remuneration Committee consists of the following Directors:

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

B. Brief description of terms of reference

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

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 two times on 20.04.2009 and 01.01.2010.

The details of the salary and commission paid / payable for the Financial Year ended 31st March, 2010 to the Managing / Whole time Director are as under:

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

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

6. Investors' Grievance Committee

A. Composition

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

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

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 Twenty Five share transfers and four complaints are received from the shareholders, all of them have been transferred / resolved and there are no pending Share Transfers / Complaints as on date of this report.

7. General Body Meetings

Financial Year	Date	Time	Venue	Special resolutions passed
11th AGM 2008-09	30.09.2009	11.30 AM	Dream Valley, Srinagar, Gandipet, Hyderabad-500 075	1. Mr. Kishor Shah appointed as a Director of the Company. 2. Mr .Christian A Schmidt appointed as a Director of the Company.
10th AGM 2007-08	25.09.2008	11.30 AM	Dream Valley, Srinagar, Gandipet, Hyderabad-500 075	1. Increase in Remuneration of Mr. N. Satish Kumar 2. Increase in Remuneration of Mr BHR Balaji. 3. Increase in Remuneration of Mr K Radha Krishna. 4. Increase in Remuneration of Mr B Sreedhara Reddy. 5. Issue of Equity shares and Convertible warrants to non promoters.
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

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.

8. Disclosures

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

• Details of non-compliance

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

• Whistle Blower policy

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

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

The Company has complied with the non –mandatory requirements to 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.40.43 crores through the Preferential Issues which has been utilized to setup the second Biodiesel unit in APIIC SEZ at Vizag, Andhra Pradesh with a capacity of 250 tons per day.

• Management Discussion and Analysis

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

9. Means of Communication

The quarterly, half-yearly and yearly financial results will be sent to the Stock Exchanges immediately after the Board approves the same and these results will also be published in prominent daily newspapers, viz. Business Standards and Andhra Prabha/ 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.

10. General Shareholder Information:

The following information would be useful to the shareholders:

a) Twelfth Annual General Meeting

Date and Time : 30.09.2010, at 11.30 A.M

Venue : Dream Valley, Srinagar, Gandipet, Hyderabad - 75.

b) Financial Calendar 2010-11 (Tentative Schedule)

For the Quarter ended 30th June, 2010, the Company has already declared the Unaudited Financial Results on August 10, 2010.

Adoption of Quarterly results for the Quarter ending

- 30th September, 2010 : 1st/2nd Week of November, 2010
- 31st December, 2010 : 1st/2nd Week of February, 2011
- 31st March, 2011 : on or before 15th May 2011
- Annual General Meeting (Next year) : August / September, 2011

c) Book Closure Date

21st September, 2010 to 24th September, 2010 (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, 2009 to March, 2010 at Bombay Stock Exchange.

Scrip Code: 532669 Company Name: SOUTHBIOTEC For the period: April 2009 to March 2010

Date	High (Rs.)	Low (Rs.)	No. of Shares
April 2009	11.22	8.13	461167
May 2009	17.34	10.00	865650
June 2009	18.40	13.45	895168
July 2009	17.76	13.83	731086
August 2009	23.79	13.98	1448867
September 2009	21.45	17.45	969078
October 2009	25.25	16.45	1337615
November 2009	23.70	21.40	416890
December 2009	24.50	19.65	1291310
January 2010	26.55	22.80	2822376
February 2010	24.20	21.05	2121291
March 2010	25.35	22.40	3127428

g) Registrars and Transfer Agents

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

h) Share Transfer System

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

11. (A) Shareholding pattern as on 31.03.2010

Category code	Category of Shareholder	Number of Share holders	Total Number of shares	Number of shares held in dematerialised form	Total shareholding as a percentage of total number of shares		Shares pledged or otherwise encumbered	
					As a Percentage of (A+B)1	As a Percentage of (A+B+C)	Number of Shares	As a percent age
(A)	Shareholding of Promoter and Promoter Group							
(1)	Indian							
a.	Individuals/Hindu Undivided Family	11	6049479	6048479	18.16	18.16	0	0
b.	Central Government/State Government(s)	0	0	0	0	0	0	0
c.	Bodies Corporate	0	0	0	0	0	0	0
d.	Financial Institutions/Banks	0	0	0	0	0	0	0
e.	Others :- Mutual Funds	0	0	0	0	0	0	0
f.	Trusts	0	0	0	0	0	0	0
	Sub Total (A)(1)	11	6049479	6048479	18.16	18.16	0	0
(2)	Foreign							
a.	Individuals (Non Resident Individuals/Foreign Individuals)	0	0	0	0	0	0	0
b.	Bodies Corporate	0	0	0	0	0	0	0
c.	Institutions	0	0	0	0	0	0	0
d.	Others :- Overseas Corporate Bodies	0	0	0	0	0	0	0
	Sub Total (A)(2)	0	0	0	0	0	0	0
	Total Shareholding of Promoter and Promoter Group							
	(A)=(A)(1)+(A)(2)	11	6049479	6048479	18.16	18.16	0	0
(B)	Public Shareholding							
(1)	Institutions							
a.	Mutual Funds/UTI	0	0	0	0	0	0	0
b.	Financial Institutions/Banks	0	0	0	0	0	0	0

c.	Central Government/State Government(s)	0	0	0	0	0	0	0
d.	Venture Capital Funds	0	0	0	0	0	0	0
e.	Insurance Companies	0	0	0	0	0	0	0
f.	Foreign Institutional Investors	5	3858218	3858218	11.58	11.58	0	0
g.	Foreign Venture Capital Investors	0	0	0	0	0	0	0
h.	Others :- Foreign Companies	0	0	0	0	0	0	0
	Sub Total (B)(1)	5	3858218	3858218	11.58	11.58	0	0
(2)	Non-Institutions							
a.	Bodies Corporate	304	8438489	8391443	25.33	25.33	0	0
b.	Individuals							
	i)Individual shareholders holding nominal share capital upto Rs.1 lakh	10269	7061043	6715662	21.2	21.2	0	0
	ii)Individual shareholders holding nominal share capital in excess of Rs.1 lakh	145	5712550	4988950	17.15	17.15	0	0
c.	Any Others :-							
	i)Non Resident Individuals	93	1976420	1901120	5.93	5.93	0	0
	ii)Overseas Corporate Bodies	1	10000	0	0.03	0.03	0	0
	iii)Trusts	1	1100	1100	0	0	0	0
	iv)Employees	0	0	0	0	0	0	0
	v)Clearing Members	38	206516	206516	0.62	0.62	0	0
	vi)Foreign Nationals	0	0	0	0	0	0	0
	Sub Total (B)(2)	10851	23406118	22204791	70.26	70.26	0	0
	Total Public Shareholding (B)=(B)(1)+(B)(2)	10856	27264336	26063009	81.84	81.84	0	0
	Total (A)+(B)	10867	33313815	32111488	100	100	0	0
(C)	Shares held by Custodians and against Depository Receipts have been issued	0	0	0	0	0	0	0
	Grand Total (A)+(B)+(C)	10867	33313815	32111488	100	100	0	0

(B) Distribution of Shareholding as on 31.03.2010

Range (Rs)	No. of Shareholders	% of Total Shareholders	Shares Amount	% of Total Shares Amount
1 - 5000	7868	72.00	19982600	6.00
5,001 - 10000	1341	12.25	11861590	3.56
10,001 - 20000	684	6.25	11085440	3.33
20,001 - 30000	273	3.00	7157000	2.15
30,001 - 40000	116	1.10	4196920	1.25
40,001 - 50000	153	1.40	7361670	2.21
50,001 - 100000	212	2.00	16317780	4.90
1,00,001 and above	220	2.00	255175150	76.60
Total	10867	100.00	333138150	100.00

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 96.39% of the Company's shares up to 31st March 2010 are now held in electronic form. Shares of the Company are actively traded in Bombay Stock Exchange, and hence have good liquidity. The list of depository participants is available with the National Securities Depository Limited (NSDL) at www.nsdl.co.in.

Particulars	No. of Shares	% Share Capital
NSDL	2,70,09,638	81.08
CDSL	51,01,850	15.31
PHYSICAL	12,02,327	3.61
Total	3,33,13,815	100.00

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 located 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 : Aarthi 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: 10.08.2010

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:

India currently has around 50-60 million internet users and 7.4 million broadband connections as on March 2010 and an estimation as per DNA survey.

The Internet is made up of networked data and tools for their manipulation. Regardless of its specific application, each tool has a number of structural (i.e. technical), functional and, finally, social characteristics. If these characteristics are consonant with the prevailing (both tacit and overt) expectations and needs of its users, the tool gets accepted and proliferates. If not, it struggles briefly for public attention and then fades away. The most visible parts of today's Internet are, therefore, the successful products. Their very success forms the catalytic, self-referential milieu into which new products and ideas are constantly being born. The emergence and flow of networked inventions and activities inevitably establishes precedents, the elaborate patterns of relationships and expectations, which are then followed, more or less deliberately, by most of the subsequent inventions and events.

One way of looking at all the discussed technical solutions is to view them as a series of innovations which enable and speed up our interchanges across the Net. However, a more fruitful approach would be to view them as a series of archetypes of successful online conduct. Each of the reviewed online tools represents a body of practical wisdom. Each of them tells us about their relationship to other tools and happenings on the Internet. Each of them offers an example, a set of principles, a recommended strategy for the online existence

ii) Opportunities and Threats

Opportunities

Internet provides many facilities to the people. You can share information with other people around the world. Sharing information through Internet is very easy, cheap and a quick method. A lot of information of different types is stored on web servers on the Internet. You can easily collect information on every topic of the world. Usually, the information on the Internet is free of cost. The information on the Internet is available 24 hours a day. You can get latest news of the world on the Internet. Most of the newspapers of the world are also available on the Internet. Today, most of the commercial organizations advertise their products through Internet. You can communicate with others through Internet. For this purpose, different services are provided on the Internet such as Chatting, Video conferencing, E-mail, Internet telephony. Internet provides the facility to get online education. Many websites of different universities provide lectures and tutorials on different subjects or topics.

Threats

Although Internet has many advantages but it also has some disadvantages. Today, Internet is the most popular source of spreading viruses. Most of the viruses transfer from one computer to another through e-mail or when information is downloaded on the Internet. These viruses create different problems in your computer. The valuable websites can be damaged by hackers and your valuable data may be deleted. Similarly, confidential data may be accessed by unauthorized persons.

iii. Outlook for the Industry

To be fair the internet business has blended very well with the main stream economy. It is as much a part of everyday lives. 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. Cost to consumers for Internet access and quality in service plays a vital role for the growth of Internet industry.

B. BIODIESEL Division

Bio Diesel is a safe alternative fuel to replace traditional petroleum diesel. It has highly lubricity, is a clean burning fuel and can be fuel component for use in existing unmodified diesel engines. Bio Diesel acts like petroleum diesel but produces less air pollution, comes from renewable sources, is biodegradable and is safer for environment. Producing Bio Diesel fuels can help local economic revitalization and local environmental benefits. Many groups interested in promoting the use of Bio Diesel already exist at the local, state and national level.

Other Benefits

Bio Diesel provides significantly reduced emissions of carbon monoxide, particulate matter, unburned hydro carbons, and sulfates compared to petroleum diesel fuel. When blended with petroleum diesel fuel these emissions reductions are generally directly proportional to the amount of bio diesel in the blend.

Dependence on foreign oil is reduced to a large extent because of presence of feed stock and other sources that are used to produce Bio Diesel. Creates more employment. Tax benefits, Generation of Income for the local feed stock producers and refiners.

Bio Diesel processing plant operators who have multi feed stock plant function with a competitive edge over others because of the fact that their plant can run on variety of feed stock easily available in the local market. Multi feed stock plant operators are less sensitive to price fluctuation because they can choose from range of easily available feed stock that are used to produce Bio Diesel.

A win-win situation is one in which all the participants can profit from it in one way or other. For instance here the Bio Diesel producers and the farmers can both earn profit and continue to operate in a successful market with flexibility of feed stock. Hence it leads to win win situation for all the participants in the industry.

Benefits of bio-diesel

SBTL has initiated its bio-diesel project with an eye on the deteriorating urban environment caused by vehicular pollution. Much of the pollution is created by old buses, trucks, three-wheel taxis, and other forms of public transport many of them over 15 years old. The government, under court orders, is requiring old vehicles to upgrade their engines to lower emissions. The project was developed on the premise that replacing Petro Diesel by Bio Diesel is a cheaper option than upgrading or replacing older engines. Bio Diesel also lowers emissions to meet government's new environmental standards. Field tests, set up under the first phase, have produced results that can convince and educate vehicle operators of the benefits of Bio Diesel.

Other reasons for the bio-diesel foray

There are four other reasons for developing the project. One, new opportunities are being created by government policy encouraging the production and distribution of Bio Fuel. The new policy, under discussion, proposes to provide several financial incentives (e.g. investment subsidy, exemptions in sales and income taxes, rebates on power, etc). Two, 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. Their involvement would provide a steady source of raw material for the Bio Fuel project. Three, the financial returns (Return on Capital employed) in this project are healthy, which ensures the financial viability of the project. Four, the success of Bio Diesel in operating transport fleets has been proven in the United States and Europe, so its application should not be much of a problem in India.

A blend of 20% Bio Fuel with 80% diesel oil (or B20) would be an appropriate beginning as it calls for no modification in bus engines built prior to 1994.

i. Industry Structure and Development

Transesterification of vegetable oil was conducted as early as 1853 by scientist E. duffy and J Patrick many years before the first diesel engine became functional. Vegetable oil is used as fuel by Dr Rudolf in 1895. Dr. Rudolf Diesel developed the first diesel engine to run on vegetable oil. Rudolf Diesel's prime model as single 10ft (3m) iron cylinder with a fly wheel at its base, ran on its own power for the first time in Augburg, Germany, on August 10, 1893. In remembrance of this event, August 10 has been declared " International biodiesel Day." 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. On August 31, G Chavanne of the University of Brussels (Belgium) was granted a patent for a "procedure for the transformation of vegetable oils for their uses as fuels"

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 esterfication, 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 can be used in pure form or may be blended with petroleum diesel at any concentration in most modern diesels engines. Bio diesel is used in vehicles, Railways, Aircraft, construction equipments, motor boats etc.

ii. Opportunities and Threats

Opportunities :

- is ever-growing demand for Bio Diesel the main product of the company
- Employment generation capacity in rural areas.
- Better utilization of fallow cultivable waste land
- Low gestation period comparative to other than edible oil sources.
- The product is an renewable energy source and is an ideal substitute for fossil fuel the source of which is dwindling
- The ever increasing prices of petroleum crude shores up more opportunities by way of demand and higher prices
- The recent increase in prices of edible oils which are used as raw material for Bio Diesel in western countries presents cutting edge to the company which has designed its plant for non edible oils and animal fat
- By using non edible oils as feed stock the company is far away from the growing criticism of diverting food for fuel upsetting the economies of various countries.

Threats :

- If the edible oil prices fall internationally, price advantage on exports will be impacted.

- Due to lack of policy frame work from both central and state governments, the industry lacks direction for support and growth.
- Abundance of misleading information.
- Requirement of seed in large quantity even to fulfill demand of 5% blending with diesel.

iii. Outlook for the Industry

There has been greater awareness on Bio Diesel in India in the recent times and significant activities have picked up for its production especially with a view to boost the rural economy. A national mission on bio diesel has been set up by Govt. of India comprising of six micro missions covering the essential aspects of plantation, seed procurement, oil extraction, transesterification, blending and trade and Research and Development. By 2020, India will become the largest Bio Diesel processing, blending, consuming nation. Bio Diesel will be viewed as an integral component of a national energy security, which will increasingly relies on clean, indigenous, renewable fuels. We believe that proposed bio fuels Board that would soon be incorporated as announced by Government under the chairmanship of Honorable Prime minister would announce policies and will support a significant and stable market.

The importance and benefits of Bio diesel 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, and 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. 382.24 Lakhs on the total Income of Rs.3824.64 lakhs with a net profit of Rs.80.85 lakhs (after deferred tax assets provision) as against the previous year's Operating Profit of Rs. 487.29 lakhs on the total Income of Rs. 4106.33 Lakhs with a net profit of Rs. 169.33 lakhs (after deferred tax assets provision).

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, 2010, 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 : 28.05.2010

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, 2010 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, 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March , 2010 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, 2010;
- (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
FRN: 007257S

Place : Hyderabad

Date : 28.05.2010

P. Murali Mohana Rao
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 inventory has been physically verified during the year and in our opinion, the frequency of verification is reasonable.
- (b) In our opinion, the procedures of physically 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 good sand 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 reverent 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
FRN: 007257S

Place : Hyderabad **P. Murali Mohana Rao**
Date : 28.05.2010 Partner

Balance Sheet As at 31st March, 2010

Description	Schedule No.	As At 31.03.2010 (Rs.)	As At 31.03.2009 (Rs.)
I. SOURCES OF FUNDS :			
1. Shareholders' Funds :			
a. Share Capital	1	333,138,150	327,138,150
b. Equity Share Warrants		4,000,000	12,734,500
c. Reserves & Surplus	2	318,077,742	286,279,054
2. Loan Funds :			
a. Secured Loans	3	642,309,481	358,017,596
b. Unsecured Loans	4	494,984	2,010,074
3. Deferred Income Tax Liability Provision		21,961,444	14,783,589
TOTAL :		1,319,981,801	1,000,962,963
II. APPLICATION OF FUNDS :			
1. Fixed Assets :			
a. Gross Block	5	356,585,456	341,601,263
b. Less : Depreciation		123,104,330	103,968,501
c. Net Block		233,481,126	237,632,762
d. Capital Work in Progress		608,376,859	174,132,475
2. INVESTMENTS :	6	3,430,970	3,430,970
3. Current Assets, Loans and Advances :			
a. Inventories	7	98,691,656	71,091,339
b. Sundry Debtors	8	112,912,492	108,881,118
c. Cash & Bank Balances	9	9,540,506	131,038,738
d. Loans, Advances & Deposits	10	296,475,653	267,669,544
		517,620,307	578,680,739
Less : Current Liabilities & Provisions :	11	80,317,753	58,317,915
Net Current Assets		437,302,554	520,362,824
4. Miscellaneous Expenditure	12	37,390,293	65,403,932
(to the extent not written off or adjusted)			
TOTAL :		1,319,981,801	1,000,962,963
Notes forming part of Accounts	18		

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
Managing Director

B SREEDHARA REDDY
Director Administration

Place: Hyderabad
Date : 28.05.2010

K. RADHA KRISHNA
Director - Finance

G. ANUPAMA
Company Secretary

Profit & Loss Account As On 31st March, 2010

Description	Schedule No.	Period ended 31.03.2010 (Rs.)	Period ended 31.03.2009 (Rs.)
I. INCOME			
Income from Sales		383,226,828	394,782,815
Other Income		473,951	272,416
Increase / Decrease in Stock		(1,054,537)	15,577,385
TOTAL :		382,646,242	410,632,616
II. EXPENDITURE			
Manufacturing & Other Expenses	13	307,016,718	320,812,989
Personnel Cost	14	11,606,394	11,575,865
Administrative Expenses:	15	6,291,372	7,020,199
Financial Expenses	16	14,781,879	17,090,981
Marketing Expenses	17	4,710,016	5,403,244
Sub Total		344,406,378	361,903,278
Operating Profit		38,239,864	48,729,338
Depreciation		19,194,224	23,649,696
Miscellaneous expenditure written off		369,476	369,476
Profit Before Tax		18,676,164	24,710,166
Provision for Tax		3,413,121	2,808,514
Provision for Fringe Benefit Tax		-	225,843
Profit After tax		15,263,043	21,675,810
Deferred Income Tax Liability Provision		(7,177,855)	(4,742,783)
Prior Period Expenses		-	-
Profit after deferred tax liability provision		8,085,188	16,933,027
Add : Profit Brought forwarded		27,022,140	10,089,113
Transitional Cumulative Provision for Deferred Income Tax Liability Provision		-	-
Profit Transferred to Balance Sheet		35,107,328	27,022,140
Earnings Per Share		0.46	0.66

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
Managing Director

B SREEDHARA REDDY
Director Administration

Place: Hyderabad
Date : 28.05.2010

K. RADHA KRISHNA
Director - Finance

G. ANUPAMA
Company Secretary

Schedules forming part of the Balance Sheet

Description	As at 31.03.2010 (Rs.)	As at 31.03.2009 (Rs.)
1. Share Capital :		
Authorised :		
7,50,00,000 Equity Shares of Rs.10/- each.	750,000,000	750,000,000
Current Year		
a) Issued, Subscribed & Paid-up :		
3,33,13,815 Equity Shares of Rs.10/- fully paid up (Previous year 3,27,13,815 equity shares @ 10/- each fully paid up and during the year 6,00,000 share warrants fully paid converted to Equity Shares)	333,138,150	327,138,150
b) Warrants		
1,27,34,500 Warrants convertible to Equity shares of Rs.10/- each	127,345,000	127,345,000
Less : Arrears 6,00,000 warrants converted to Equity Shares	6,000,000	-
	121,345,000	127,345,000
Less : 1,08,34,500 Share warrants forfeited @ Rs. 1/-	10,834,500	
Less : 1,08,34,500 Share warrants cancellation @Rs. 9/- as money not received within 18 months	<u>97,510,500</u>	
	108,345,000	-
	13,000,000	
Less : Arrears 10,00,000 warrants convertible to equity shares of Rs. 9/- each.	9,000,000	114,610,500
3,00,000 Share Warrants convertible to Equity Shares of Rs. 10/- each	3,000,000	-
10,00,000 Share Warrants convertible to Equity Shares of Rs. 1/- each	<u>1,000,000</u>	-
	4,000,000	12,734,500
TOTAL :	337,138,150	339,872,650

Description	As at 31.03.2010 (Rs.)	As at 31.03.2009 (Rs.)
2. Reserves & Surplus :		
Profit Brought Forward	37,952,054	21,019,027
Share Premium	238,877,500	248,327,000
Share warrants Forfeited 1,08,34,500 @ 1/-	10,834,500	
Share Premium on forfeited warrants.	<u>22,328,500</u>	
	33,163,000	-
PROFIT FOR THE YEAR (After Income Tax Provision and Deferred Income Tax)	8,085,188	16,933,027
TOTAL :	318,077,742	286,279,054
3. Secured Loans :		
Bank of India, B hills - Over Draft (Against Book Debts of ISP Division of the Company)	3,540,747	4,001,536
Bank of India, B Hills - Loans for Flats (Against Hypothecation of Flats of the Company)	4,422,735	4,594,683
Bank of India, B hills - Working Capital (Secured by Inventory of the Company)	47,987,917	47,724,036
Bank of India, B Hills - Term Loan (Secured by Plant & Machinery of the Company)	306,443,768	174,979,030
State Bank of Hyderabad, Somajiguda - Term Loan (Secured by Plant & Machinery of th Company)	121,414,273	53,956,982
UCO Bank , Vizag - Term Loan (Secured by Plant & Machinery of the Company)	151,750,644	68,418,369
AXIS Bank Ltd - Vehicle (Hypothecation of Vehicles of the Company)	715,405	1,227,770
HDFC Bank Ltd - Vehicle (Hypothecation of Vehicles of the Company)	556,148	1,060,867
Bank of India - Bolero Vehicle (Hypothecation of Vehicles of the Company)	600,212	482,720
Bank of India - Vehicle (Hypothecation of Vehicles of the Company)	-	61,602
AXIS Bank Ltd - Vehicle (Hypothecation of Vehicles of the Company)	4,877,632	1,510,000
TOTAL :	642,309,481	358,017,596
4. Un Secured Loans :		
a) Loans from Directors	494,984	2,010,074
TOTAL :	494,984	2,010,074

Depreciation Statement

S.No.	ASSETS	GROSS BLOCK			DEPRECIATION			NET BLOCK			
		As at 01.04.2009	Additions during the year	Deductions during the year	As at 31.03.2010 year	Up to 01.04.2009	For the Period	Deductions during the year	Up to 31.03.2010	As at 31.03.2010	As at 31.03.2009
1	Land & Site Development	1,597,009	-	-	1,597,009	-	-	-	-	1,597,009	1,597,009
2	Building EDP	32,724,903	529,266	-	33,254,169	1,615,300	999,645	-	2,614,945	30,639,224	32,724,903
3	Equipments Plant & Machinery	77,713,778	7,089,513	-	84,803,291	76,313,599	4,475,012	-	80,788,611	4,014,680	77,653,780
4	Furniture and Technical Know How	195,024,752	968,366	-	195,993,118	17,172,887	10,326,287	-	27,499,174	168,493,944	195,084,752
5		4,152,066	-	-	4,152,066	904,689	2,62,826	-	1,167,515	2,984,552	4,152,066
6		7,896,908	-	-	7,896,908	2,718,608	1,579,382	-	4,297,990	3,598,918	7,896,908
7	Vehicles Office Equipments	3,831,719	3,256,253	589,208	6,498,764	426,184	502,383	132,038	796,529	5,702,235	3,831,719
8		1,665,975	-	-	1,665,975	613,835	82,167	-	696,002	969,973	1,665,975
9	Cable Laying	16,994,155	3,730,000	-	20,724,155	4,277,042	966,523	-	5,243,565	15,480,590	16,994,155
10	CWIP	174,132,475	434,244,384	-	608,376,859	-	-	-	-	608,376,859	174,132,475
	T O T A L :	515,733,741	449,817,782	589,208	964,962,315	104,042,144	19,194,224	132,038	123,104,330	841,857,985	515,733,742
	Previous Year	371,380,812	144,352,930	-	515,733,742	80,318,505	23,649,696	-	103,968,501	411,765,241	291,062,007

Description	As at 31.03.2010 (Rs.)	As at 31.03.2009 (Rs.)
6. Investments :		
Investments (343097 No of Equity Shares each Rs.10/- Invested in M/s. Southern Biofe Biofuels Pvt. Ltd)	3,430,970	3,430,970
T O T A L :	3,430,970	3,430,970
7. Inventories :		
A. Current Assets:		
a) Raw Materials	43,062,520	29,221,958
b) Work In Progress	2,738,753	2,055,088
c) Finished Goods	31,436,992	33,821,994
d) Consumables	21,453,391	5,992,299
T O T A L :	98,691,656	71,091,339
8. Sundry Debtors :		
(Un Secured considered Good) Debts outstanding for a period exceeding six months	75,537,226	48,760,737
Other Debts	37,375,265	60,120,381
T O T A L :	112,912,492	108,881,118
9. Cash and Bank Balances :		
Cash on Hand	179,053	180,714
Balances with Scheduled Banks	9,351,240	130,819,393
With AP Grameena Vikas	10,213	38,632
T O T A L :	9,540,506	131,038,738
10. Loans , Advances & Deposits :		
A. Current Assets:		
a) Pre-paid Expenses	2,951,872	7,662,429
b) Tax Deducted at Source	2,773,378	2,507,171
c) Deposits	6,514,557	7,499,738
B. Loans & Advances:		
a) Advances for Capital Goods	277,814,029	232,539,322
b) Advances	2,341,628	12,183,846
c) Other Advances	4,080,190	5,277,038
T O T A L :	296,475,653	267,669,544

Description	As at 31.03.2010 (Rs.)	As at 31.03.2009 (Rs.)
11. Current Liabilities & Provisions :		
Sundry Creditors for Capital Goods	26,512,828	47,327,220
Sundry Creditors for Expenses	42,200,157	1,808,502
Advances received from Customers	2,455,348	-
Outstanding Liabilities		
- Provision for Income Tax	2,722,970	1,847,950
- Provision for Fringe Benefit Tax	-	332,125
- Provision for Sales Tax	599,969	756,361
- Provision for Service Tax	2,182,803	1,742,269
- Provision for Excise Duty	-	117,312
- Provision for Expenditure	3,643,678	4,386,177
TOTAL :	80,317,753	58,317,915
12. Miscellaneous Expenditure :		
(to the extent not written off or adjusted)		
a) Preliminary / Issue Expenses	64,979,244	9,970,863
Add : Incurred During the year	-	55,008,381
Less: Written Off During the year	-	-
Less: Preoperative expenses capitalised	-	-
Less: Transferred to CWIP Assets	27,644,163	-
	37,335,081	64,979,244
b) Deferred Revenue Expenses	424,688	794,164
Add: Additions During the year	-	-
Less: Written Off During the year	369,476	369,476
	55,212	424,688
TOTAL :	37,390,293	65,403,932
13. Manufacturing & Other Operating Expenses :		
Consumables	16,388,857	6,816,813
Consumption of Raw Material	231,791,734	244,835,640
Power and Fuel	14,589,092	10,268,893
Wages	3,869,311	3,494,365
Other Manufacturing Expenses	9,982,397	6,034,642
Bandwidth	28,931,732	47,059,172
Lease Line Charges	-	148,255
Cable Rental	517,636	102,300
Cable Laying Expenses	611,819	329,796
Repairs and Maintenance	-	365,733
Prior Period Adjustment	-	46,135
Licencing Fee	334,140	1,311,245
TOTAL :	307,016,718	320,812,989

Description	As at 31.03.2010 (Rs.)	As at 31.03.2009 (Rs.)
14. Personnel Cost :		
Salaries - Staff	4,808,473	6,450,578
Salaries - Directors	5,520,000	3,611,004
Staff Welfare	1,277,921	1,514,283
TOTAL :	11,606,394	11,575,865
15. Administrative Expenses :		
Audit Fee	75,870	113,841
AGM & Board Meeting Expenses	253,391	61,768
General Expenses	380,613	356,186
Insurance	751,819	403,236
Membership, Books & Periodicals	62,135	163,680
Consultancy Charges	191,358	52,704
Printing & Stationery	105,633	465,271
Postage & Telegrams	16,965	111,504
Rent, Rates & Taxes	1,328,393	1,131,932
Secretarial Expenses	4,556	64,451
Security Expenses	485,309	430,832
Telephone, Mobile & Pager Expenses	1,226,270	1,151,897
Travelling & Conveyance Expenses	1,251,894	2,215,082
Loss on Chits	-	297,816
Loss on Sale of Fixed Assets	157,167	-
TOTAL :	6,291,372	7,020,199
16. Financial Expenses :		
Bank Charges	518,206	253,761
Interest on Term Loan	6,907,837	7,669,546
Interest on Over Draft	7,029,377	8,845,784
Interest on Secured Loans	326,459	321,890
TOTAL :	14,781,879	17,090,981
17. Marketing Expenses :		
Advertisements Expenses	22,870	72,944
Collection Expenses	186,500	571,479
Commission & Discounts	2,602,466	2,787,514
Freight charges	1,254,220	986,790
Business Promotion Expenses	642,785	866,633
Donations	1,175	117,884
TOTAL :	4,710,016	5,403,244

SCHEDULE- 18

Significant Accounting Policies and Notes to the accounts for the year ended 31st March 2010.

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 realized in respect of liquidated damages, delayed payments as recovery of the amounts are not certain.

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

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

1.6.2 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, 2010 is 3,33,13,815 Equity Shares of Rs. 10/- each fully paid up.

During the year:

- On 21.05.2009, 13.08.2009 and 30.03.2010 Out of First preferential issue, Share warrants of number 15,84,500 and out of second preferential issue, share warrants of number 26,50,000 and out of third preferential issue 66,00,000 were forfeited, due to lapse of 18 months from the date of Issue.
- Monies relating to forfeiture of Share warrants amounting to Rs.1,08,34,500 were transferred to Capital Reserve.
- Out of preferential Issue, made on 30.09.2008, 2,00,000 Share warrants were fully converted in to Equity Shares on 05.03.2010 and 2,00,000 Share warrants are fully converted in to Equity Shares on 10.03.2010 .
- Out of the preferential issues made 06.10.2008 , 2,00,000 Shares warrants were fully converted into Equity Shares on 15.02.2010.
- Funds against share warrants of number 3,00,000 are received, pending allotment
- Balance of Share warrants, which are pending for conversion, are 10,00,000.

(The same 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. 42,05,794/- as on 31.03.2010 (previous year ended 31.3.2009 is Rs. 46,97,528/-) to bank, in respect of the guarantees given by the bank in favour of The President of India, Government of India, acting through the Telegraph Authority , Andhra Pradesh State Road Transport Corporation (APS RTC) and Ministry of Railways .

2.3 Secured Loans

- a) The Company has a Over Draft facility for ISP Division of Rs.0.35Lakhs with Bank of India. This is secured against book debts of the company.
- b) The Company has a Working Capital facility for Bio Diesel Division – Nalgonda Division of Rs. 481 Lakhs with Bank of India, which is secured against Stock of the company.
- c) During the financial year the company got additional sanction Rs. 1255 Lakhs working capital for the Bio Diesel unit -2 at Visakhapatnam under APIIC – SEZ, from Bank of India and State Bank of Hyderabad through consortium agreement which is secured by way of charge on the fixed assets of the Company and personal guarantees of the Directors..

2.4 Investments

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

No other investments were made by the 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 unallowable 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 31.3.2010	ISP		BIO DIESEL		TOTAL	
	2010	2009	2010	2009	2010	2009
Revenues	555.99	850.17	3,276.28	3,253.43	3,832.27	4,103.60
Identifiable Operating Expenses	311.84	493.63	2,768.88	2,703.41	3,080.71	3,197.04
Allocated Expenses	188.30	278.60	233.42	212.67	421.71	491.28
Segmental Operating Income	53.01	77.94	273.98	337.35	326.99	415.29
Unallocated Expenses	-	-	-	-	-	-
Profit for the year before Interest	53.01	77.94	273.98	337.35	326.99	415.29
Interest Expenses	16.79	11.38	131.02	159.53	147.82	170.91
Other income	0.70	2.45	4.04	0.27	4.74	2.72
Net profit before taxes and prior period items	39.76	69.01	147.00	178.09	186.76	247.10
Provision for taxation	7.54	19.03	26.59	11.32	34.13	30.34
Prior Period Items	-	-	-	-	-	-
Net profit after taxes and before exceptional items	32.22	49.99	120.41	166.77	152.63	216.76
Exceptional items	-	-	-	-	-	-
Profit after tax and exceptional items	32.22	49.99	120.41	166.77	152.63	216.76

Geographical segments

(Rs. In Lakhs)

Revenues	March 31,2010	March 31,2009
India	3,821.72	4,103.60
Total	3,821.72	4,103.60

2.6 Deferred Tax Asset/ Liability:

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

(In Rs.)

	As at 31.3.2010	As at 31.3.2009
Deferred Tax Liability		
a) Opening Balance 01.04.2009	147,83,589	100,40,807
b) Deferred Tax Expense/ Income:		
Depreciation differential	71,77,855	47,42,783
Total (C)	2,19,61,444	147,83,589

2.7 Foreign Exchange Earnings

- NIL -

2.8 Foreign Exchange Outflow

(Rs.)

	31.03.2010	31.3.2009
Foreign Travel	48,191	21,050
For Purchases	2,06,50,694	23,80,351
Membership Fee	1,15,973	1,21,745
Total	2,08,14,858	25,23,146

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.)

	31.03.2010	31.3.2009
Salary & Allowances (Whole Time Director)	55,20,000	63,21,668

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.)

	31.03.2010	31.3.2009
Audit Fees	1,00,000/-	1,00,000/-
Total	1,00,000/-	1,00,000/-

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	2009-10		2008-09	
		Qty (kgs / Lts)	Value (Rs. In lacs)	Qty (kgs / Lts)	Value (Rs. In lacs)
A	Licensed Capacity	NA		NA	
B	Installed Capacity	30 TPD		30 TPD	
C	Finished Goods				
	Bio Diesel				
	Opening Stock	481,608	143.16	388,825	116.65
	Production During the Year	9,519,646	2,839.57	8,929,815	2,748.06
	Sales During the year	9,323,960	2,731.23	8,837,032	2,836.06
	Home Consumption	21,560	6.47	-	-
	Closing Stock of Bio Diesel	655,734	196.72	481,608	143.16

Sl. No.	Quantitative Information	2009-10		2008-09	
		Qty (kgs / Lts)	Value (Rs. In lacs)	Qty (kgs / Lts)	Value (Rs. In lacs)
	Glycerin				
	Opening Stock	3,867	0.94	139,204	34.80
	Production During the Year	618,045	154.51	30,873	8.19
	Sales During the year	360,097	93.04	166,210	41.63
	Closing Stock of Glycerine	261,815	65.45	3,867	0.94
	Cake				
	Opening Stock	3,842,252	214.68	1,288,702	51.55
	Production During the Year	3,107,805	210.03	9,205,692	482.81
	Sales During the year	5,731,814	329.15	6,652,142	207.94
	Closing Stock of Cake	1,218,243	79.59	3,842,252	214.68
D	RAW MATERIAL CONSUMED				
	Fish Oil				
	Opening Stock			3,867	0.84
	Purchased During the Year				
	Consumed During the year			3,867	0.84
	Closing Stock of Fish Oil			-	
	Seeds				
	Opening Stock	2,803,261	292.22	1,364,855	140.56
	Purchased During the Year	2,647,962	271.00	17,412,289	1,969.73
	Consumed During the year	5,358,283	553.35	15,973,883	1,818.07
	Closing Stock of Seeds	92,940	9.88	2,803,261	292.22
	Tallow				
	Opening Stock		-	8,500	1.75
	Purchased During the Year	2,655,055	700.82	177,390	59.96
	Consumed During the year	2,046,374	533.25	185,890	61.71
	Closing Stock of Tallow	608,681	167.57	-	-
	Palm Sterain				
	Opening Stock	-	-	-	-
	Purchased During the Year	5,259,100	1,491.11	2,058,065	565.19
	Consumed During the year	4,418,513	1,231.19	2,058,065	565.19
	Closing Stock of Palm sterain	840,587	259.91		

2.13 DETAILS OF RELATED PARTY TRANSACTION

The company has entered into the following related party transactions as on 31 st March,2010 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 Biofe Biofuels Pvt. Ltd	100 % Subsidiary
Mr. N. Satish Kumar	Managing Director
Mr. K. Radha Krishna	Director-Finance
Mr.B. Sreedhara Reddy	Director-Admin
Mr. B.H.R.Balaji	Executive Director
Mr. K. Tejesh Kumar	Director
Mr. K. Venkateshwara Rao	Promoter

b) The following are the related party transactions: (Rs. In lakhs)

Name of the Party	Relationship	Nature of Transaction	Amount 31.03.10	Amount 31.03.09
Southern Biofe Bio Fuels Pvt. Ltd.	100 % Subsidiary	Loan	-	-
Mr. N. Satish Kumar	Managing Director	Remuneration	19.20	16.56
Mr. K. Radha Krishna	Director-Finance	Remuneration	12.00	10.79
Mr.B. Sreedhara Reddy	Director-Admin	Remuneration	12.00	10.79
Mr. B.H.R.Balaji	Executive Director	Remuneration	12.00	10.79

2.14 PRIOR PERIOD ITEMS: NIL

2.15 Confirmations were obtained from debtors/ creditors as to the balances receivable/ payable to them as at year ended 31st March, 2010.

2.16 Earning per share:

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

PARTICULARS	31.03.2010	31.03.2009
Total No. of Shares outstanding (nos.)	333,13,815	327,13,825
Total No. of Shares outstanding (weighted Average)	327,63,678	335,61,693
Profit after taxes before exceptional items	154,20,210	216,75,810
Profit after taxes after exceptional items	154,20,210	216,75,810
EPS before Non-recurring and exceptional items (Weighted Average)	0.47	0.65
EPS after Non-recurring and exceptional items (Weighted Average)	0.47	0.65

2.17 Gratuity and Leave encashment etc.

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

b) The Amount of gratuity paid during the year is Rs. 47,560.

2.18 Previous year figures have been regrouped wherever necessary.

Signatures to Schedules 1 to 18

AS PER OUR REPORT OF EVEN DATE

FOR AND ON BEHALF OF THE BOARD.

For P. Murali & Co.

Chartered Accountantsm

P. MURALI MOHANA RAO

Partner

Place: Hyderabad

Date : 28.05.2010

N. SATISH KUMAR

Managing Director

K. RADHA KRISHNA

Director - Finance

B SREEDHARA REDDY

Director Administration

G. ANUPAMA

Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2010

PARTICULARS	Year Ended 31.03.2010 (Rs in Lacs)	Year Ended 31.03.2009 (Rs in Lacs)
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net profit /(Loss) before tax & extraordinary items	186.76	247.10
Adjustments for:		
Depreciation	191.94	236.50
Written off Expense	3.69	3.69
Interest	147.82	170.91
Operating Profit before working capital charges	530.22	658.20
Increase in Loans and Advances	(288.06)	(52.75)
Trade and other receivables	(40.31)	(229.60)
Inventories	(276.00)	(333.41)
Trade payables	185.87	310.65
Cash generated from operations	111.71	353.09
Interest paid	147.82	170.91
Cash flow before extraordinary items - (A)	(36.11)	182.19
NET CASH FLOW FROM OPERATING ACTIVITIES		
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Capital Work in Progress	(4,066.00)	(1,287.97)
Purchase of Fixed Assets	(150.43)	(155.56)
Investments	-	-
Net cash used in investing activities - (B)	(4,216.43)	(1,443.52)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Increase / decrease in Secured Loans	2,842.92	2,521.36
Misc Expenses	-	(550.08)
increase in Share Application amount	81.00	220.25
increase in Share Premium amount	128.79	351.32
increase in unsecured Loans	(15.15)	-
Repayment of unsecured Loans	-	-
Net Cash used in Financing activities - (C)	3,037.56	2,542.85
Net increase in cash and cash equivalents - (A+B+C)	(1,214.98)	1,281.52
Cash and Cash equivalents as at (Opening Balance)	1,310.39	28.90
Cash and Cash equivalents as at (Closing Balance)	95.41	1,310.39

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

Managing Director

B SREEDHARA REDDY

Director Administration

Place: Hyderabad

Date : 28.05.2010

K. RADHA KRISHNA

Director - Finance

G. ANUPAMA

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 2010
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	1319982
Total Assets	1319982
Sources of Funds	
Paid-up Capital	337138
Reserves & Surplus	318077
Secured Loans	642309
Unsecured Loans	495
Deferred Income Tax Liability	21961
Application of Funds	
Net Fixed Assets	841858
Investments	3431
Net Current Assets	437302
Miscellaneous Expenditure	37390
Accumulated Losses	NIL
IV. Performance of Company (Amount in Rs Thousands)	
Turnover	382646
Total Expenditure	367383
Profit /Loss Before Tax +(-)	18676
Profit /Loss After Tax +(-)	15263
Earnings per Share in Rs	0.46
Dividend Rate %	NIL
V. Generic Names of principal products/ services of Company	
Item Code No. (ITC Code)	NIL
Product Description	ISP Services & Biodiesel

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

Managing Director

B SREEDHARA REDDY

Director Administration

Place: Hyderabad

Date : 28.05.2010

K. RADHA KRISHNA

Director - Finance

G. ANUPAMA

Company Secretary

Southern Biofe Biofuels Pvt. Ltd.

**8th Annual Report
2009 – 10**

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.

DIRECTORS' REPORT

To,
All Members,

Your Directors have great pleasure to present the Eighth Annual Report of the company together with the Audited accounts for the year ended 31st March, 2010.

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. 34,32,000/- (3,43,200 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.

for and on behalf of the Board

By the order of Board of Directors

for **Southern Biofe Biofuels Private Limited**

Sd/-

N. Satish Kumar
Director

Sd/-

K. Radha Krishna
Director

Place : Hyderabad

Date : 10.08.2010

Southern Biofe Biofuels Pvt. Ltd.

To
The Members of
SOUTHERN BIOFE BIOFUELS PRIVATE LIMITED
3A, 3rd Floor, Office Block
Samrat Complex, Saifabad
Hyderabad-500004.

I have examined the registers, records, books and papers of **M/s. SOUTHERN BIOFE BIOFUELS PRIVATE LIMITED** (the company) as required to be maintained under the Companies Act, 1956 (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the company for the financial year ended on 31st March, 2010. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the company, its officers and agents, I certify that in respect of the aforesaid financial year:

1. The company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made there under and all entries therein have been duly recorded.
2. The Company has filed all forms and returns as stated in Annexure 'B' to this certificate with the Registrar of Companies under the Act and the rules made there under.
3. The company being a private limited company has the minimum prescribed paid up capital and its maximum number of members during the said financial year was Two and the company during the year under scrutiny:
 - a) has not invited public to subscribe for its shares or debentures; and
 - b) has not invited or accepted any deposits from persons other than its members, directors or their relatives:
4. The Board of Directors duly met Six times on 20.04.2009, 15.06.2009, 30.07.2009, 17.08.2009, 30.10.2009 and 30.01.2010 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed.
5. The company has not closed its Register of Members during the financial year under review.
6. The Annual General Meeting for the financial year ended on 31st March, 2009 was held on 30th September, 2009 after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No Extra-ordinary General Meeting was held during the financial year.
8. The company being a Private Company, Section 295 of the Act is not applicable.
9. The Company has not entered in to any contracts falling within the purview of Section 297 of the Act.
10. The Company has made necessary entries in the register maintained under Section 301 (3) of the Act.
11. The provisions of Section 314 of the Act have not been attracted and therefore no approvals were required to be taken.
12. The Company has not issued any duplicate share certificates during the financial year under review.
13. The Company has:
 - (i) Not made any allotment of shares and there was no transfer or transmission of shares during the financial year.
 - (ii) Not paid any dividend during the financial year.
 - (iii) Complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the company is duly constituted and there was no appointment of Directors during the financial year under scrutiny.

- 15 The company, being a private company, provisions of Section 269 of the Act with regard to appointment of Managing Director/ Whole-time Director/ Manager are not applicable.
- 16 The company has not appointed any sole-selling agents during the financial year under review.
- 17 The company has not obtained any approvals of the Central Government, Company Law Board, Regional Director, Registrar of Companies and /or such other authorities during the financial year under review.
- 18 The Directors have disclosed their interest in other firms /companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
- 19 The company has not issued any equity shares / debentures or other securities during the financial year under scrutiny.
- 20 The company has not bought back any shares during the financial year under review.
- 21 The company has not so far issued any redeemable preference shares / debentures.
- 22 There were no transactions necessitating the company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
- 23 The Company has not invited / accepted any deposits falling within the purview of Section 58A during the financial year.
- 24 The company, being a private company, the provisions of Section 293(1) (d) of the Act are not applicable.
- 25 The company, being a private company, the provisions of Section 372A of the Act are not applicable.
- 26 The company has not altered the provisions of the memorandum with respect to situation of the company's registered office from one state to another during the year under scrutiny.
- 27 The company has not altered the provisions of the memorandum with respect to objects of the company during the year under scrutiny.
- 28 The company has not altered the provisions of the memorandum with respect to name of the company during the year under scrutiny.
- 29 The company has not altered the provisions of the Memorandum with respect to share capital of the company during the year under scrutiny.
- 30 The company has not altered its Articles of Association during the financial year under scrutiny.
- 31 There was no prosecution initiated against or show cause notices received by the company during the financial year for offences under the Act.
- 32 The company has not received any money as security from its employees during the financial year under review.
- 33 The Company has not constituted a separate provident fund trust for its employees or class of its employees as contemplated under Section 418 of the Act.

N. Muneyya
Practising Company Secretary
C.P.No: 3489

Place: Hyderabad
Date: 10.08.2010

Southern Biofe Biofuels Pvt. Ltd.

ANNEXURE A

Registers as maintained by the Company:

1. Register of Members u/s 150 of the Act.
2. Register of Contracts u/s.301 (3) of the Act.
3. Register of Directors u/s 303 of the Act.
4. Register of Directors Shareholding u/s.307 of the Act.
5. Minutes of General Meetings u/s 193 of the Act.
6. Minutes of the Meetings of Board of Directors u/s 193 of the Act.

ANNEXURE B

Forms and Returns as filed by the Company with the Registrar of Companies during the financial year ending 31st March, 2009.

Sr No.	Form. No./ Return	Relevant Section	Description	Date of Filing	Whether filed in prescribed time Yes / No	If delay in filing whether requisite additional fee paid Yes / No
1.	Form23AC Form23ACA	220	Balance- Sheet and Profit and loss Account for the year 2008-2009	21.10.09	Yes	No
2.	Form20B	159	Annual Return for the year 2008-2009	20.11.09	Yes	No
3.	Form 66	383 A	Compliance Certificate for the year of 2007-2008	21.10.09	Yes	No

Place: Hyderabad

Date: 10.08.2010

N. Muneyya

Practising Company Secretary

C.P.No: 3489

Auditors Report

To,
The Members,
Southern Biofe Biofuels Private Ltd.

We have audited the attached Balance Sheet of SOUTHERN BIOFE BIO FUELS PRIVATE LIMITED, as at 31st March, 2010. 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.

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 representations received from the Directors, as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2010 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, 2010;

For P. MURALI & CO.,
CHARTERED ACCOUNTANTS

Place : Hyderabad

Date : 13.05.2010

Partner

FRN : 0072575

Balance Sheet As at 31st March, 2010

PARTICULARS	Schedule No's	Year Ended 31.03.2010 Rupees	Year Ended 31.03.2009 Rupees
I. SOURCES OF FUNDS			
1			
1			
a.	1	3,432,000	3,432,000
2			
a.		1,436,775	1,436,775
TOTAL		4,868,775	4,868,775
II. APPLICATION OF FUNDS			
1 FIXED ASSETS			
a.		178,900	178,900
b.		-	-
c.		178,900	178,900
d.		4,628,076	4,628,076
2 CURRENT ASSETS LOANS & ADVANCES			
Current Assets , Loans & Advances		124,166	124,166
Less: Current Liabilities and provisions		97,892	97,892
NET CURRENT ASSETS		26,274	26,274
3 MISCELLANEOUS EXPENDITURE			
(To the extent not written off or adjusted)		35,525	35,525
TOTAL		4,868,775	4,868,775

NOTES ON ACCOUNTS

2

AS PER OUR REPORT OF EVEN DATE

FOR AND ON BEHALF OF THE BOARD.

For **P. Murali & Co.**

Chartered Accountants

Partner

N. SATISH KUMAR

Director

K. RADHA KRISHNA

Director

Place: Hyderabad

Date : 13.05.2010

Schedule - 1**SHARE CAPITAL**

PARTICULARS	Year Ended 31.03.2010 Rupees	Year Ended 31.03.2009 Rupees
Authorized Share Capital (3,44,000 Equity Shares of Rs.10/- each)	3,440,000	3,440,000
Issued, Subscribed and Paid-up Share Capital (3,43,200 Equity Shares of Rs. 10/- each)	3,432,000	3,432,000
TOTAL	3,432,000	3,432,000

SCHEDULE - 2**NOTES FORMING PART OF THE ACCOUNTS****A. 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 principals.

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 services for entitlement of this benefit.

d) Fixed Assets: Fixed Assets are stated at cost. Cost comprises the purchase price and of the attributable expenses.

B. NOTES ON ACCOUNTS :

1. Remuneration to Auditors as Audit Fee is 5,515/- (Previous year Rs. 5,618/-)
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 SCHEDULE 1 - 2

AS PER OUR REPORT OF EVEN DATE

FOR AND ON BEHALF OF THE BOARD.

For **P. Murali & Co.**

for **SOUTHERN BIOFE BIOFUELS PRIVATE LIMITED**

Chartered Accountants

N. SATISH KUMAR

K. RADHA KRISHNA

Partner

Director

Director

Place: Hyderabad

Date : 13.05.2010

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	31-03-2010
2	Shares of subsidiary held by the Company on 31-03-2010 A Number and face value B Extent of Holding	343,097 of Rs. 10/- each 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 31-03-2010 B For the previous financial year since it become a subsidiary	NIL 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 31-03-2010 B For the previous financial year since it become a subsidiary	NIL 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: 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	As the financial year of both holding and subsidiary company Companies coincide, there are no particulars to furnish

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 Twelfth Annual General Meeting of the Company to be held on Thursday, the 30th day of September, 2010 at 11.30 A.M at Dream Valley, Srinagar, Gandipet, Hyderabad – 500 075 and at any adjournment thereof.

Signed this..... day of _____ 2010.

Address

Signed

* Applicable for investors holding shares in electronic form.

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

SOUTHERN ONLINE BIO TECHNOLOGIES LIMITED

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

ATTENDANCE SLIP

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

No. of Shares held

I hereby record my presence at the Twelfth Annual General Meeting of the Company to be held on Thursday, the 30th day of September, 2010 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.



SBT Biodiesel Plant - Visakhapatnam

**Book - Post
Printed Matter**



If undelivered please return to :

SOUTHERN ONLINE BIO TECHNOLOGIES LTD.

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

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

Visit us : www.sol.net.in E-mail : info@sol.net.in