

18th Annual Report 2015-2016



SOUTHERN ONLINE BIO TECHNOLOGIES LTD

Smart Solutions and Eco Friendly

CORPORATE INFORMATION

BOARD OF DIRECTORS

Ms T Rohini Reddy	- Non Executive Chairperson & Independent Director (DIN: 00638514)
Mr N Satish Kumar	- Managing Director (DIN: 00552358)
Mr K Radha Krishna	- Director & CFO (DIN: 01585940)
Mr B Sreedhara Reddy	- Director Administration (DIN: 01302512)
Mr BHR Balaji	- Executive Director (DIN: 00552538)
Mr Ashiwini Kumar Tripathi	- Non Executive & Independent Director (DIN: 00388913)
Mr Bachala Ashok	- Non Executive & Independent Director (DIN: 06856936)
Mr G Viswanath	- Nominee Director (Bank of India) (DIN: 07192232)

COMPANY SECRETARY

Ms. D. Manoranjani

AUDIT COMMITTEE

Ms. T Rohini Reddy	- Chairperson
Mr. Bachala Ashok	- Member
Mr. Ashiwini Kumar Tripathi	- Member

NOMINATION & REMUNERATION COMMITTEE

Mr. Bachala Ashok	- Chairman
Ms. T Rohini Reddy	- Member
Mr. Ashiwini Kumar Tripathi	- Member

STAKEHOLDERS RELATIONSHIP COMMITTEE

Ms. T. Rohini Reddy	- Chairperson
Mr. N Satish Kumar	- Member
Mr. K Radha Krishna	- Member

INDEPENDENT DIRECTORS COMMITTEE

Ms. T Rohini Reddy	- Chairperson
Mr. Bachala Ashok	- Member
Mr. Ashiwini Kumar Tripathi	- Member

RISK MANAGEMENT COMMITTEE

Ms. T. Rohini Reddy	- Chairperson
Mr. N Satish Kumar	- Member
Mr. K Radha Krishna	- Member

BANKERS

Bank of India	- Banjara Hills Branch, Hyderabad
UCO Bank,	- Banjara Hills Branch, Hyderabad
State Bank of Hyderabad	- Somajiguda Branch, Hyderabad
Punjab National Bank	- Sanath Nagar Branch, Hyderabad

STATUTORY AUDITORS

M/s. P.Murali & Co.,
Chartered Accountants
6-3-655/2/3, Somajiguda,
Hyderabad - 500082.

COST AUDITORS

M/s. Lavanya & Associates,
29, Shalivahana Nagar, Srinagar Colony,
Hyderabad - 500073

SECRETARIAL AUDITOR

M/s. S S Reddy & Associates,
Practising Company Secretaries
Plot No. 6-3-354/13/A1, Surya Teja Apartments,
Hindi Nagar, Panjagutta, Hyderabad - 500 034

REGISTRAR & TRANSFER AGENTS :

Aarathi Consultants Pvt Ltd
1-2-285, Domalguda, Hyderabad - 500 029
Tel No.040-27638111
E-mail: info@aarthiconsultants.com

WORKS

- i) Survey Nos.6 & 7,
Samsthan Narayanpur (V&M),
Nalgonda Dist, Telangana.
- ii) Plot No.45/A, APSEZ,
Atchutapuram, Rambilli Mandal
Visakhapatnam - 531 011
Andhra Pradesh

REGISTERED OFFICE

8-3-833/173, Kamalapuri Colony,
Phase-II, Hyderabad – 500 073
Tel: (040) 4922 1999, Fax(040) 4922 1998
E-mail : info@sol.net.in

CIN : **L72900TG1998PLC030463**

WEBSITE : **www.sol.net.in**

INVESTORS EMAIL ID : **investors@sol.net.in**

NOTICE OF 18TH ANNUAL GENERAL MEETING

NOTICE is hereby given that the **18th Annual General Meeting** of the members of **SOUTHERN ONLINE BIOTECHNOLOGIES LIMITED** will be held on Friday, 30th September, 2016 at 10.30 AM at Dwaraka Conference Hall, Plot No.73, Reliance Chambers, Bandlaguda Cross Roads, Rajendranagar Mandal, Hyderabad - 500030 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the financial statements (standalone and consolidated) of the Company for the year ended 31 March 2016, including the audited Balance Sheet as at 31 March 2016 and the Statement of Profit and Loss of the Company for the year ended on that date, along with the reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr BHR Balaji who retires by rotation and being eligible offers himself for re-appointment.
3. To ratify the re-appointment of Statutory Auditor.

“RESOLVED that pursuant to the provisions of sections 139 and other applicable provisions of the Companies Act, 2013, (the “Act”) read with Rule 3(7) of the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), the company hereby ratifies the appointment of M/s. P Murali & Co., Chartered Accountants, bearing ICAI Registration No.: 007257S as the Statutory Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the Annual General Meeting to be held for the financial year 2016-17 on such remuneration as may be determined by the Board of Directors.”

SPECIAL BUSINESS:

4. RE-APPOINTMENT OF MR. N. SATISH KUMAR AS MANAGING DIRECTOR OF THE COMPANY

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

“**RESOLVED that** pursuant to approval of the Board as per the recommendation of the Nomination & remuneration committee and subject to the provisions of Sections 196, 197, 198, 203 and other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification or re-enactment thereof) read with Schedule-V of the Companies Act, 2013 and Articles of Association of the Company, approval of the members of the Company be and is hereby accorded for re-appointment of Mr. N. Satish Kumar (DIN 00552358), Managing Director of the Company for a period of 3 years commencing from 27th May, 2016 to 26th May, 2019 on a monthly remuneration of Rs.2,00,000 and on such terms and conditions as set out in the explanatory statement annexed to the notice.”

“**Resolved further that** the Board of Directors be and are hereby authorized to alter or vary the scope of remuneration of Mr. N. Satish Kumar (DIN 00552358), Managing Director including the monetary value thereof, from time to time as may be considered appropriate within and as per the provisions and Schedule V of the Companies Act, 2013.”

“**Resolved further that** any one of the Directors of the Company be and are hereby authorized to do all necessary acts, deeds and things, which may be usual expedient or proper to give effect to the above resolution.”

5. RE-APPOINTMENT OF COST AUDITORS

TO RATIFY THE REMUNERATION PAYABLE TO COST AUDITORS, M/S. LAVANYA & ASSOCIATES COST ACCOUNTANTS FOR THE FINANCIAL YEAR ENDING 31ST MARCH 2017.

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

“RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), M/s. Lavanya & Associates, Cost Accountants (Firm Registration No.101257) appointed by the Board of Directors of the Company as cost auditors for the financial year ending 31st March 2017, be paid a remuneration of Rs.20,000/- (Rupees Twenty Thousand) per annum.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to do all such acts, matters, deeds and things as may be necessary to give effect to the above resolution.”

By Order of the Board
For Southern Online Bio Technologies Limited

Sd/-
N Satish Kumar
Managing Director
(DIN:00552358)

Place : Hyderabad
Date : 13.08.2016

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND, ON A POLL, TO VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE VALID AND EFFECTIVE, MUST BE DELIVERED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

Pursuant to provisions of the Companies Act, 2013 and the Companies (Management and Administration) Rules, 2014 a person can act as proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the company carrying voting rights.

2. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising such representative to attend and vote on their behalf at the Meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 24.09.2016 to 30.09.2016 (both days inclusive) for the purpose of annual closure.
4. The Company's Equity shares are listed at BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400001 and the Company has paid the Listing Fees to the said Stock Exchange.
5. Members / Proxies are requested to bring their copies of Annual Report with them for the Annual General Meeting and the attendance slip duly filled in for attending the Meeting. No copies of the Annual Report will be distributed at the meeting.
6. Members holding shares in dematerialized form are requested to intimate all changes pertaining to nominations, change of address, change of name, e-mail address, contact numbers, etc., to their Depository Participant (DP). Changes intimated to the DP will then be automatically reflected in the Company's records which will help the Company and the Company's Registrars and Transfer Agents, Aarthi Consultants Private Limited to provide efficient and better services. Members holding shares in physical form are requested to intimate such changes to Aarthi Consultants Private Limited
7. Members holding shares in physical form in identical order of names in more than one folio are requested to send to the Company or Aarthi Consultants Private Limited, the details of such folios together with the share certificates for consolidating their holding in one folio. A consolidated share certificate will be returned to such Members after making requisite changes thereon.
8. In case of joint holders attending the meeting, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote.
9. Members seeking any information with regard to the Accounts are requested to write to the Company at an early date, so as to enable the Management to keep the information ready at the meeting.
10. Regulation 36 of SEBI (LODR) Regulations, 2015 permits sending of soft copies of annual reports to all those members who have registered their email addresses for the purpose.

The Companies Act, 2013 has also recognized serving of documents to any member through electronic mode. As per Central Depository Securities Limited, email addresses made available by the Depository for your respective DPs accounts as part of the beneficiary position downloaded

from the Depositories from time to time will be deemed to be your registered email address for serving notices/documents including those covered under Section 101 and 136 of the Companies Act, 2013 read with Section 20 of the Companies Act, 2013 and the applicable rules. In light of the requirements prescribed by the aforesaid circulars, for those members whose Depository Participant accounts do not contain the details of their email addresses, printed copies of the Annual Report would be dispatched.

11. Shareholders are requested to furnish their e-mail IDs to enable the Company to forward all the requisite information in electronic mode and support the green initiative. In case of the Shareholders holding shares in demat form the email IDs of the shareholders registered with DP and made available to the Company shall be the registered email IDs unless communication is received to the contrary.
12. The Securities and Exchange Board of India has notified that the shareholder/transferee of shares (including joint holders) holding shares in physical form are required to furnish a certified copy of their PAN card to the Company's RTA while transacting in the securities market including transfer, transmission or any other Corporate Action. Accordingly, all the shareholders/transferee of shares (including joint holders) are requested to furnish a certified copy of their PAN card to the Company's RTA while transacting in the securities market including transfer, transmission or any other corporate action.
13. Pursuant to Section 108 of the Companies Act, 2013 read with relevant Rules under the Act, the Company is pleased to provide the facility to the Members to exercise their right to vote through electronic voting. The members who have not cast their vote by remote e-voting shall be able to vote at the Annual General Meeting.
14. The members whose names appear on the Register of Members/ list of beneficial owners as on 23rd September, 2016 are eligible to participate in e-voting on the resolutions set forth in this notice.
15. The Companies (Management and Administration) Rules, 2015 provide that the electronic voting period shall close at 5:00 PM, on the date preceding the AGM. Accordingly, the e-voting will be available at www.evotingindia.com. The remote e-voting period will commence at 9:00 A.M. (IST) on 27th September, 2016 and will end at 5:00 P.M. (IST) on 29th September, 2016. The remote e-voting will not be allowed beyond the aforesaid period and time, and the remote e-voting module shall be disabled.
16. The member(s) who have cast their vote by remote e-voting may also attend the meeting but shall not be entitled to cast their vote again. Once the vote on a resolution is cast by a member, the member shall not be allowed to change it subsequently.
17. In order to enable its members, who do not have access to e-voting facility, to send their assent or dissent in writing in respect of the resolutions as set forth in their Notice, the Company is enclosing a Ballot form with the Notice. Resolution (s) passed by the members through ballot forms, remote e-voting and voting at the AGM are deemed to have passed as if they have been passed at the AGM.
18. The Company has appointed Mr. S. Sarveswar Reddy, Company Secretary in Practice, Hyderabad to act as Scrutinizer to scrutinize the poll at the Annual General Meeting, remote e-voting process and through ballot form in a fair and transparent manner.

19. The login ID and password for e-voting along with process, manner and instructions for e-voting is being sent to the members who have not registered their e-mail ids with the Company/their respective Depository Participant along with physical copy of the Notice. Those members who have registered their e-mail IDs with the Company/their respective Depository Participant are being forwarded the login ID and password for e-voting along with process, manner and instruction by e-mail.
20. Members are requested to send all communication relating to shares to the Company's Share Transfer Agents (Physical and Electronic) at M/s Aarthi Consultants Private Limited, Domalguda, Hyderabad. Further, kindly note that members holding shares in physical form and intending to transfer their shares have to furnish the PAN particulars of transferee along with the share transfer deeds for affecting the physical share transfer.
21. Any person who acquires shares of the Company and becomes a member of the Company after dispatch of the Notice of AGM and holds shares as on the cut-off date of 23rd September, 2016, may obtain User ID and Password by sending a request at **helpdesk.evoting@cdslindia.com**. However, if you are already registered with CDSL for e-voting, then you can use your existing User ID and Password for casting your vote.
22. Please note that, any queries pertaining to accounting related aspects may be posted /handed over to the Secretarial Department at the Registered Office of the Company at least 48 hours before the Annual General Meeting, so that the same could be clarified to the shareholders at the Annual General Meeting.
23. The relative Explanatory Statements pursuant to Section 102 of the Companies Act, 2013 in respect of Special Businesses set out above is annexed herewith.

In compliance with Regulation 44, SEBI Listing Obligation and Disclosure Requirements, 2015 and Sections 108 and other applicable provisions of the Companies Act, 2013, read with the related Rules, the Company is pleased to provide e-voting facility to all its Members, to enable them to cast their votes electronically. The Company has engaged the services of CDSL for the purpose of providing e-voting facility to all its Members. The instructions for e-voting are as follows:

INSTRUCTIONS FOR EVOTING

- (i) The voting period begins on 27th September, 2016 at 9-00 a.m. and ends on 29th September, 2016 at 5-00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date 23rd September, 2016 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store.
- (iii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iv) Click on Shareholders.
- (v) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (viii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> ◆ Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. ◆ In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
Dividend Bank Details OR Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> ◆ If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).

- (ix) After entering these details appropriately, click on “SUBMIT” tab.
- (x) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for the relevant Southern Online Biotechnologies Limited on which you choose to vote.
- (xiii) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiv) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xvi) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.

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- (xvii) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xviii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) **Note for Non – Individual Shareholders and Custodians**
- ◆ Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to **www.evotingindia.com** and register themselves as Corporates.
 - ◆ A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to **helpdesk.evoting@cdslindia.com**.
 - ◆ After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
 - ◆ The list of accounts linked in the login should be mailed to **helpdesk.evoting@cdslindia.com** and on approval of the accounts they would be able to cast their vote.
 - ◆ A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at **www.evotingindia.com**, under help section or write an email to **helpdesk.evoting@cdslindia.com**.

Please follow the instructions as prompted by the mobile app while voting on your mobile.

By Order of the Board
For Southern Online Bio Technologies Limited

Sd/-
N Satish Kumar
Managing Director
(DIN:00552358)

Place : Hyderabad
Date : 13.08.2016

**EXPLANATORY STATEMENT
PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013**

Item No.4:

Mr N Satish Kumar (DIN: 00552358) aged 47 years is a Graduate in English Literature and a Post Graduate Diploma holder in Computer Applications. He is one of the Promoters and also Managing Director of the Company. He is having 26 years of rich experience in the areas of Environment, Software consultancy and Marketing. He is the Managing Director of the Company and has received various National and International awards in his personal capacity and on behalf of the Company. He does not hold any Committee membership in any company except in the Company he is member of Stakeholders Relationship Committee. He is on Board of the Company since its inception i.e., from November 1998. He is also director in Southern Biofe Biofuels Pvt Ltd a wholly owned Subsidiary of the Company and Southern online Services Limited. He holds 60,27,652 equity shares of the Company.

Considering the qualifications and experience in managing affairs of the Company, the Nomination and Remuneration Committee has recommended the reappointment of Mr N Satish Kumar as a Managing Director for another period of three years with effect from 27th May, 2016 subject to the approval of the shareholders in the Annual General Meeting. He will be paid remuneration and perquisites as recommended by the Nomination and Remuneration Committee and within the limits prescribed under sections 196, 197, 198 and Schedule V and other applicable provisions of the Companies Act, 2013 subject to overall ceiling fixed under Schedule V part 2 section I and II of the Companies Act, 2013 amended from time to time and on terms and conditions given hereunder:

1. Salary

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

2. 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 196, 197 and Schedule V of the Companies Act 2013 and Rule 3 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014.

3. 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 Sections 196, 197 and Schedule V of the Companies Act 2013 and Rule 3 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014.

1. 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.

2. 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.

3. 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.

4. Provident Fund

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

5. Pension / Superannuation Fund

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

6. 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.

7. Car

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

8. Telephone

Free Telephone / Communication facilities at residence for business purposes.

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.

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 196, 197 and Schedule V of the Companies Act 2013 and Rule 3 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014.

In case of any doubt / discrepancy / clarification that may arise with respect to payment of remuneration in excess of that entitled under Sections 196, 197 and Schedule V of the Companies Act 2013 and Rule 3 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, but not exceeding the overall limits prescribed under the Act, the same shall be determined and decided by the Board.

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 Sections 196, 197 and Schedule V of the Companies Act 2013 and Rule 3 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, including any statutory modification or re-enactment thereof, as may be for the time being in force.

Three months' notice shall be required on either side for termination of services.

In the opinion of the Board, Mr N Satish Kumar proposed to be appointed as Managing Directorfulfills the conditions specified in the section149(6) and other applicable provisions of the Companies Act, 2013 and the rules made there under.

The Board recommends the resolution set forth in Item no 04 for the approval of members. Except Mr N Satish Kumar, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or in interested, financial or otherwise, in the resolution set out at Item no.04.

Item No.5:

The Board on recommendation of the Audit committee has approved the re-appointment of M/s. Lavanya & Associates, Cost Accountants, as Cost Auditors at a remuneration of Rs. 20,000/- (Rupees Twenty Thousand per annum) to conduct the audit of the cost records of the Company for the financial year ending 31.03.2017.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the members of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 05 of the notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31 March, 2017.

None of the Directors / Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in this resolution set out at item no. 05 of the notice

The Board recommends the Resolution set out in item no. 05. of the notice for approvals of members.

By Order of the Board
For Southern Online Bio Technologies Limited

Place : Hyderabad
Date : 13.08.2016

Sd/-
N Satish Kumar
Managing Director
(DIN:00552358)

DETAILS OF DIRECTORS SEEKING APPOINTMENT/ RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING

Name of the Director	Mr N Satish Kumar	Mr BHR Balaji
Date of Birth	28.05.1969	12.04.1972
Date of Appointment	28.05.2000	05.01.2010
Qualifications	B.A., (English Literature), Post Graduate Diploma in Computer Applications	B.E., (Electronics)
Expertise in specific functional areas	Mr N Satish Kumar (DIN: 00552358) aged 47 years is a Graduate in English Literature and a Post Graduate Diploma holder in Computer Applications. He is one of the Promoter and also Managing Director of the Company. He is having 26 years of rich experience in the areas of Environment, Software consultancy and Marketing. He is the Managing Director of the Company and has received various National and International awards in his personal capacity and on behalf of the Company. He does not hold any Committee membership in any company except in the Company he is member of Stakeholders Relationship Committee. He is on Board of the Company since its inception i.e., from November 1998. He is also director in Southern Biofe Biofuels Pvt Ltd, Marvel Bio Oil FZE, wholly owned Subsidiaries of the Company and Southern online Services Limited. He holds 60,27,652 equity shares of the Company.	Mr BHR Balaji (DIN: 00552538) aged 44 years is Graduate in Electronics and Telecommunication Engineering. Prior to promoting Southern Online he worked in choice Solutions Private Limited, Sagar Soft (India) Limited, World Wide Web institute as Technical Consultant. Mr Balaji has vast knowledge and experience in administration and support of internet, intranet 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.
List of Companies in which outside Directorships held as on 31.03.2016	Southern Biofe Biofuels Pvt Ltd Southern Online Services Ltd Marvel Bio Oil FZE	Southern Biofe Biofuels Pvt Ltd
Chairman/Member of the *Committees of other Companies on which he is a Member as on 31.03.2016	Nil	Nil
Number of equity shares held in the Company	60,27,652	7,11,657

DIRECTORS REPORT

To the Members,

The Directors have pleasure in presenting before you the Eighteenth Annual Report of the Company together with the Audited Statements of Accounts for the year ended 31st March, 2016.

1. FINANCIAL RESULTS:

The performance during the period ended 31st March, 2016 has been as under:

(Rs. in Lakhs)

Particulars	2015 – 16	2014 – 15
Total Income	22164.50	24736.65
Total Expenditure	22906.40	27951.86
Profit before Tax	(741.90)	(3215.21)
Provision for Tax	(240.71)	(2045.58)
Profit after Tax	(501.19)	(1169.63)
Transfer to General Reserve	-	-
Profit available for appropriation	-	-
Provision for Proposed Dividend	-	-
Provision for Corporate Tax	-	-
Balance Carried to Balance Sheet	(501.19)	(1169.63)

2. PERFORMANCE:

Operations:

The total revenue of the Company for the financial year ended 31st March, 2016 is Rs. 22164.50 lakhs as compared to the previous year's total revenue of Rs. 24736.65 lakhs. During this financial year the Company has incurred a net loss of Rs. 501.19 lakhs as against the previous year's net loss of Rs.1169.63 lakhs. The net loss incurred is due to lack of adequate working capital in required size, delay in process of sanctions and disbursements, unable to utilize available working capital due to low drawing power and above all the major Visakhapatnam Bio diesel plant was damaged due to Hud-hud cyclone and was in non operation for 10 months of the FY 2015-16.

Prospects:

As per Government of India's Initiatives to promote the use of Bio diesel fuel, Government has made it compulsory to use 5% as bio diesel fuel of its total fuel requirement. On account of this mandatory action, the Company has good number of orders in hand both from Indian Government organisations like State Transport organisations, Indian Railways, OMC's IOCL, HPCL etc.

The Company has an order of Rs 70 Crores approximately for Nalgonda Plant and order of Rs 150 Crores for Vizag plant. Apart from this, Company has around 600 cores plus potential orders which is more than the plant capacities.

Your Company has entered MOU certificate No: IN-DL2965436879777N and signed rate contract with Association of State Road Transport Undertaking (ASRTU) through marketing Company.

Your Company has tied up with suppliers in Malaysia and Indonesia for supply of Palm Sludge Oil/ Palm Mill Effluent containing high FFA and is a raw material for bio diesel production.

ISP Division

The Company presently provides internet services as a Licensed ISP. The Company Services include the following:

- Server Co-Location
- Leased Line services (Terrestrial and RF links)

- Broad band services
- Networking solutions.
- Web hosting services

Bio Diesel Division:

The Company has two Bio diesel units, one is at Samsthan Narayanpur (V&M), Nalgonda District, Telangana State with 36TPD capacity and the other is at APIIC, SEZ, Atchutapuram, Rambilli Mandal, Visakhapatnam, Andhra Pradesh state with 250 TPD capacity.

The Company has been supplying Biodiesel to various well reputed customers like India Railways, Telangana State Road Transport Corporation, Indian Oil Corporation Limited, Sovino foods Pvt Ltd, Jubilant Generics Ltd, G.S B Forge Pvt Ltd, Coronet Foods Pvt Ltd, Bio Future Ltd, Bharat Petroleum Corporation Ltd, Hindustan Petroleum Corporation Limited, Indian Oil Corporation, My ECO Energy Ltd and other traders etc.,

Plant at Visakhapatnam:

All the external damages of Hud-hud cyclone have been restored and has started commercial production.

Bio diesel Plant at Tondiarpet, Chennai:

The 30 TPD Biodiesel plant for Indian Railways Organization for Alternate Fuels (IROAF), Ministry of Railways is under implementation by the Company and is expected to commence the production during this financial year.

Biodiesel plant at Raipur, Chattisgarh:

Company has received Letter of Acceptance for executing the Raipur bio diesel plant at Chattisgarh for IROAF.

Bio diesel orders:

The Company has received Biodiesel supply Orders from Oil manufacturing companies viz Indian Oil Corporation, Hindustan Petroleum Corporation Limited and Bharat Petroleum Corporation Limited apart from State Road Transport corporations.

ISCC CERTIFICATE:

Company has acquired prestigious International Sustainability and Carbon Certification (ISCC EU) which is approved by European Commission, Germany.

3. DEPOSITS:

The Company has not accepted any deposits from public in terms of Section 73 of the Companies Act, 2013 and as such, no amount on account of principal or interest on public deposits was outstanding as on the date of the balance sheet.

4. PARTICULARS IN RESPECT OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

The information on Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and outgo required to be disclosed under Section 134(3)(m) of the Companies Act, 2013, read with Rule 8 of the Companies (Accounts) Rules, 2014 are provided in the **Annexure-I** forming part of this Report.

5. DIRECTORS RESPONSIBILITY STATEMENT:

Pursuant to the requirement under Section 134 of the Companies Act, 2013, with respect to the Directors' Responsibility Statement, the Board of Directors of the Company hereby confirms:

- (a) That the preparation of the annual accounts for the financial year ended 31st March, 2016, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (b) That the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year 31st March, 2016 and of the profit and loss of the company for that period;

- (c) That the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) That the directors have prepared the annual accounts for the financial year 31st March, 2016 on a going concern basis; and
- (e) That the directors have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and
- (f) That the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

6. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. To maintain its objectivity and independence, the Internal Audit function reports to the Chairman of the Audit Committee of the Board.

The Internal Audit Department monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company and its subsidiaries. Based on the report of internal audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions thereon are presented to the Audit Committee of the Board.

7. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURT:

There are no significant and material orders passed by the Regulators or Courts or Tribunals which would impact the going concern status of the Company and its future operations.

8. RELATED PARTY TRANSACTIONS:

All transactions entered with Related Parties for the year under review were on arm's length basis and in the ordinary course of business. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large. All Related Party Transactions are placed before the Audit Committee as also the Board for approval, where ever required. Prior omnibus approval of the Audit Committee is obtained for the transactions which are of a foreseeable and repetitive nature. A statement giving details of all related party transactions entered into pursuant to the omnibus approval so granted are placed before the Audit Committee and the Board of Directors on a quarterly basis. The Company has developed a Policy on Related Party Transactions for the purpose of identification and monitoring of such transactions. The policy on Related Party Transactions as approved by the Board is uploaded on the Company's website www.sol.net.in.

The particulars of contracts or arrangements with related parties referred to in sub-section (1) of section 188 is prepared in Form AOC-2 pursuant to clause (h) of the Companies (Accounts) Rules, 2014 and the same is annexed herewith as **Annexure-II** to this Report.

9. EXTRACT OF ANNUAL RETURN:

The Extracts of Annual Return as per the provisions of Section 92 of the Companies Act, 2013 and Rule 12 of Companies (Management and Administration) Rules, 2014 in Form MGT-9 are enclosed as **Annexure-III** to this Report.

10. STATEMENT ON DECLARATION GIVEN BY INDEPENDENT DIRECTORS:

The independent directors have submitted the declaration of independence, as required pursuant to sub-section (7) of section 149 of the Companies Act, 2013 stating that they meet the criteria of independence as provided in sub-section(6) of Section 149.

11. NOMINATION AND REMUNERATION POLICY

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy which lays

down a framework in relation to selection, appointment and remuneration to Directors, Key Managerial Personnel and Senior Management of the Company. The details of Nomination and Remuneration Committee and Policy are stated in the Corporate Governance Report.

12. SUBSIDIARIES:

Your company has the following Subsidiary as mentioned below. Further there has been no material change in the nature of business of the Subsidiary:

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

Sl. No.	Name of the Company	Percentage (%)
Subsidiary Companies:		
1	Southern Biofe Biofuels Pvt Ltd (SBBF)	99.97
2	Marvel Bio Oil FZE Sharjah, UAE	100.00

In terms of proviso to sub section (3) of Section 129 of the Act, 2013 read with Companies (Accounts) Rules, 2014, the salient features of the financial statement of the subsidiaries and Associates is set out in the prescribed Form AOC-1, which forms part of the annual report. - **Annexure IV**.

13. INTERNAL AUDITORS:

M/s V. Ravi & Co., Chartered Accountants, Hyderabad shall be the Internal Auditors of the Company.

14. SECRETARIAL AUDIT REPORT:

Pursuant to the provisions of Section 204 of the Companies Act, 2013, and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s S S Reddy & Associates Practicing Company Secretaries to conduct Secretarial audit of the company for the financial year ended March 31, 2016.

The Secretarial Audit Report issued by M/s. S S Reddy & Associates, Practicing Company Secretaries in Form MR-3 is enclosed as **Annexure-V** to this Annual Report.

The Secretarial Audit Report does not contain any qualifications, reservation or adverse remarks.

15. STATUTORY AUDITORS:

The Auditors, M/s P Murali & Co., Chartered Accountants, Hyderabad retire at this Annual General Meeting and being eligible offer themselves for reappointment.

16. AUDITORS' REPORT:

There are no qualifications, reservations or adverse remarks made by M/s P Murali & Co., Chartered Accountants, Statutory Auditors in their report for the Financial Year ended 31st March, 2016.

The Statutory Auditors have not reported any incident of fraud to the Audit Committee of the Company in the year under review.

17. CORPORATE SOCIAL RESPONSIBILITY (CSR):

Corporate Social Responsibility required to be disclosed under Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014 is not applicable to the company. Hence, composition of committee is not required.

18. PARTICULARS OF LOANS, GUARANTEES OR SECURITIES OR INVESTMENTS:

The details of Loans, Guarantees Securities and Investments made during the financial year ended 31st March, 2016 are given in the notes to the Financial Statements in compliance with the provisions of Section 186 of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014.

19. COST AUDITORS:

The Board of Directors, subject to the approval of the Central Government, re-appointed M/s Lavanya & Associates, Cost Accountants, as a Cost Auditor for conducting the Cost Audit for the financial year 2016-17. Subject to section 148 of the Companies Act, 2013 read with Companies (Cost Records and Audit) Rules, 2014 issued by the MCA, the Audit Committee recommended their re-appointment. The Company has also received a letter from the Cost Auditor, stating that the appointment, if made, will be within the limits prescribed pursuant to the section 141 of Companies Act, 2013.

20. RATIO TO REMUNERATION TO EACH DIRECTORS AND PARTICULARS OF EMPLOYEES:

Under section 197(12) of the Companies Act, 2013, and Rule 5(1)(2) & (3) of the Companies (Appointment & Remuneration) Rules, 2014, ratio of remuneration to median employees for Mr N Satish Kumar is 1: 2.6 times in rupees and for Mr K Radha Krishna is 1: 1.6 times in rupees.

The Company has not employed any individual whose remuneration falls within the purview of the limits prescribed under the provisions of Section 197 of the Companies Act, 2013, read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

21. CONSOLIDATED FINANCIAL STATEMENTS:

The consolidated financial statements prepared and annexed in accordance with the Accounting Standards 21 and 23 as prescribed under Section 133 of the Companies Act, 2013, read with Rule 7 of Companies (Accounts) Rules, 2014 and Guidelines issued by Securities and Exchange Board of India ("SEBI") also forms part of this Annual Report.

As per the provisions of Section 136 of the Companies Act, 2013, the Company has placed separate audited accounts of its subsidiaries on its website www.sol.net.in and copy of separate audited financial statements of its subsidiaries will be provided to the shareholders at their request.

22. SHARE CAPITAL:

The Authorised share capital of the Company is Rs 75,00,00,000 (Rupees Seventy Five Crores) divided into 7,50,00,000 equity shares of Rs 10/- each. The paid up capital of the Company is Rs 58,99,32,880/- divided into 5,89,93,288 equity shares of Rs 10/- each.

23. MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

The Management Discussion and Analysis forms an integral part of this Report and gives details of the overall industry structure, developments, performance and state of affairs of the Company's various businesses viz., Bio Diesel Products, internal controls and their adequacy, risk management systems and other material developments during the financial year.

Management Discussion and Analysis Report is presented in a separate section forms part of the Annual Report as **Annexure-VI**.

24. BOARD EVALUATION:

Evaluation of all Board members is done on an annual basis. The evaluation is done by the Board, Nomination and Remuneration Committee and Independent Directors with specific focus on the performance and effective functioning of the Board and Individual Directors.

The criteria covered various aspects for evaluation of Independent Directors such as Participation at the Board / Committee meetings, Commitment (including guidance provided to senior management outside of Board/ Committee meetings), Effective deployment of knowledge and expertise, Integrity and maintaining of confidentiality, Independence of behavior and judgment, exercise of objective independent judgment in the best interest of the Company, Ability to contribute to and monitor corporate governance practice and Adherence to the code of conduct for independent directors, for Evaluation of the Board, Implementation of robust policies and procedures and Size, structure and expertise of the Board were considered, for Evaluation of the Managing Director and Non-Executive Directors, Participation at the Board / Committee meetings, Effective deployment of knowledge and expertise;

Discharge of its functions and duties as per its terms of reference, Process and procedures followed for discharging its functions, Effectiveness of suggestions and recommendations received were considered, for evaluation of Chairman of the Board aspects such as Managing relationship with the members of the Board and management, and effective decision making at the board were considered.

25. DIRECTORS AND KMP:

Mr BHR Balaji, Executive Director of the Company will retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

Mr N Satish Kumar, Managing Director of the company is re-appointed for a period of 3 years w.e.f. 27.05.2016.

Ms G Anupama, Company Secretary has resigned on 5th July, 2016 and Ms D Manoranjani, Company Secretary has been appointed on 5th July, 2016.

26. MEETINGS:

During the financial year under review, 12 (Twelve) Board Meetings 27.05.2015, 08.06.2015, 15.06.2015, 25.06.2015, 28.07.2015, 07.08.2015, 01.10.2015, 14.11.2015, 19.11.2015, 10.02.2016, 13.02.2016, 25.03.2016 and 4 (Four) Audit Committee Meetings were convened and held. The details of which are given in the Corporate Governance Report. The intervening gap between the meetings was within the period of 120 days as prescribed under the Companies Act, 2013 and Regulation 17 of SEBI Listing Regulations, 2015.

27. CORPORATE GOVERNANCE:

The Company has implemented the procedures and adopted practices in conformity with the Code of Corporate Governance as per the requirements of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015.

A separate report on corporate governance practices followed by the Company together with a Certificate from the Company's Auditors confirming compliances forms an integral part of this Report.

28. VIGIL MECHANISM:

The Company has adopted a Whistle Blower Policy establishing vigil mechanism, to provide a formal mechanism to the Directors and employees to report concerns about unethical behavior, actual or suspected fraud or violation of Code of Conduct and Ethics. It also provides for adequate safeguards against the victimization of employees who avail of the mechanism and provides direct access to the Chairperson of the Audit Committee in exceptional cases. It is affirmed that no personnel of the Company has been denied access to the Audit Committee. The policy of vigil mechanism is available on the Company's website. The Whistle Blower Policy aims for conducting the affairs in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behavior.

29. CHANGE IN NATURE OF BUSINESS:

There is no change in nature of business of the Company.

30. MATERIAL CHANGES AND COMMITMENTS:

There are no material changes and commitments, affecting the financial position of the Company which occurred between the end of the financial year 31st March, 2016 to which the financial statements relates and the date of signing of this report.

31. HUMAN RESOURCES:

The industrial relations of the Company continued to be harmonious during the year under review.

32. ISO 9001-2008 CERTIFICATION:

Your Company continues to hold ISO 9001-2008 Certification by meeting all the requirements of Certification from time to time.

33. POLICY ON SEXUAL HARRASSEMENT:

The Company has adopted policy on Prevention of Sexual Harassment of Women at Workplace in accordance with The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

During the financial year ended 31st March, 2016, the Company has not received any Complaints pertaining to Sexual Harassment.

34. DEMATERIALISATION OF SHARES:

92.71% of the company's Paid-up Equity Share Capital is in dematerialized form as on 31st March, 2016 and balance 7.29% is in physical form. The Company's Registrars are M/s Aarthi Consultants Pvt. Ltd., having their registered office at 1-2-285, Domalguda, Hyderabad - 500 029.

35. INSURANCE:

The properties and assets of your Company are adequately insured.

36. UNCLAIMED SECURITIES DEMAT SUSPENSE ACCOUNT:

As on date, there are 8239 Equity Shares of Rs. 10/- each, which were allotted in Initial Public Offer and Rights Issue of 2005, were lying in the escrow account due to non-availability of 18 shareholders correct particulars. Despite various reminders to them, by M/s. Aarthi Consultants Private Limited, Registrars and Share Transfer Agents, no response has been received. As a result, the said unclaimed shares were credited to Southern Online Bio Technologies Ltd - Unclaimed Securities Demat Suspense Account. Such shareholders may approach either the Company or our Registrars and Share Transfer Agents with their correct particulars and proof of their identity for crediting requisite shares from the Demat Suspense Account to their individual demat Accounts. The voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.

37. TRANSFER TO RESERVES:

Directors have decided not to transfer any amount to reserves for the year.

38. REVISION OF FINANCIAL STATEMENTS:

There was no revision of the financial statements for the year under review

39. DIVIDEND:

Company has not declared any dividend during the year

40. STATUTORY COMPLIANCE:

The Company has complied with the required provisions relating to statutory compliance with respect to affairs of the Company with all respects.

41. COMPLIANCE WITH SEBI (LODR) REGULATIONS, 2015:

In compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Company has signed uniform listing agreement with BSE Limited and framed the following policies which are available on Company's website i.e. www.sol.net.in

- ◆ Board Diversity Policy
- ◆ Policy on preservation of Documents
- ◆ Risk Management Policy
- ◆ Whistle Blower Policy
- ◆ Familiarisation programme for Independent Directors
- ◆ Sexual Harrassment Policy
- ◆ Related Party Policy
- ◆ Code of Conduct

42. RISK MANAGEMENT POLICY:

The Board of the Company has formed a Risk Management Committee to frame, implement and monitor the risk management policy/plan for the Company and ensuring its effectiveness. The Risk Management Committee oversees the Risk Management process including risk identification, impact assessment, effective implementation of the mitigation plans and risk reporting. The Audit Committee has additional oversight in the area of financial risks and controls. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis.

43. DISCLOSURE OF COST AUDIT:

Cost Audit is applicable to your Company.

44. NON-EXECUTIVE DIRECTORS COMPENSATION AND DISCLOSURES:

None of the Independent / Non-Executive Directors has any pecuniary relationship or transactions with the Company which in the Judgment of the Board may affect the independence of the Directors.

45. CEO/CFO CERTIFICATION:

In line with the requirements of Schedule-V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr N Satish Kumar, Managing Director, Mr K Radha Krishna, Chief Financial Officer (CFO) have submitted a certificate to the Board, certifying inter-alia, that the Financial Statements and the Cash Flow Statement for the year ended March 31, 2016 were reviewed to the best of their knowledge and belief, that they do not contain any material untrue statement, do not omit any material facts, are not misleading statements, together present a true and fair view and are in compliance with the applicable laws and regulations. The certificate further confirms that the transactions entered into by the Company for establishing internal control, financial reporting, evaluation of the internal control systems and making of necessary disclosures to the Auditors and the Audit Committee have been complied with.

46. INDUSTRY BASED DISCLOSURE:

The Company is not a NBFC, Housing Companies etc., and hence Industry based disclosures is not required.

47. EVENT BASED DISCLOSURE:

During the year under review, the Company has not taken up any of the following activities:

- 1. Issue of sweat equity share:** The Company has not issued any sweat equity shares during the year under review and hence no information as per provisions of Section 54(1)(d) of the Act read with Rule 8(13) of the Companies (Share Capital and Debenture) Rules, 2014.
- 2. Issue of shares with differential rights:** The Company has not issued any shares with differential rights and hence no information as per provisions of Section 43(a)(ii) of the Act read with Rule 4(4) of the Companies (Share Capital and Debenture) Rules, 2014.
- 3. Issue of shares under employee's stock option scheme:** The Company has not issued any equity shares under Employees Stock Option Scheme during the year under review and hence no information as per provisions of Section 62(1)(b) of the Act read with Rule 12(9) of the Companies (Share Capital and Debenture) Rules, 2014
- 4. Non- Exercising of voting rights:** During the year under review, there were no instances of non-exercising of voting rights in respect of shares purchased directly by employees under a scheme pursuant to Section 67(3) of the Act read with Rule 16(4) of Companies (Share Capital and Debentures) Rules, 2014.
- 5. Disclosure on purchase by company or giving of loans by it for purchase of its shares:** The company did not purchase or give any loans for purchase of its shares.
- 6. Buy back shares:** The company did not buy-back any shares during the period under review.
- 7. Preferential Allotment of Shares:** The company did not allot any shares on preferential basis during the period under review.

48. SECRETARIAL STANDARDS:

The company is in compliance with SS 1 & SS 2.

49. COMPOSITION OF COMMITTEES

The Composition of Audit Committee, Nomination & Remuneration Committee and Stakeholders Relationship Committee is mentioned in Corporate Governance Report.

50. APPRECIATION:

Your Directors wish to place on record their appreciation to employees at all levels for their hard work, dedication and commitment. The enthusiasm and unstinting efforts of the employees have enabled the Company to remain at the forefront of the industry, despite increased competition from several existing and new players.

51. ACKNOWLEDGEMENT:

The Directors take this opportunity to place on record their sincere thanks to the suppliers, customers, strategic partners, Banks and Financial Institutions, Insurance Companies, Central and State Government, Indian Railways Organisation for Alternate Fuels, Indian Railways, Telangana State Road Transport Corporation, Material suppliers, customers and the shareholders for their support and co-operation extended to the Company from time to time. Directors are pleased to record their appreciation of the sincere and dedicated services of the employees and workmen at all levels.

For and on behalf of the Board of Directors
For Southern Online Bio Technologies Limited

Place : Hyderabad

Date : 13.08.2016

Sd/-

N Satish Kumar
Managing Director
(DIN : 00552358)

Sd/-

K Radha Krishna
Director & CFO
(DIN : 01585940)

PARTICULARS IN RESPECT OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

(Information Under Section 134(3)(m) of The Companies Act, 2013,

Read with Rules 8(3) of the Companies (Accounts) Rules, 2014)

FORM A
1. CONSERVATION OF ENERGY:

- | | | |
|----------------------------------|---|-----|
| (i) Energy Conservation measures | : | - |
| (ii) Total energy consumption | : | Nil |

2. TECHNOLOGY ABSORPTION:
FORM B

(Disclosure of particulars with respect to Technology Absorption)

A. Research and Development (R & D):

- | | | |
|--|---|----|
| 1. Specific areas in which R & D is carried out by the Company | : | NA |
| 2. Benefits derived as a result of the above R & D | : | NA |
| 3. Future plan of action | : | - |
| 4. Expenditure on R & D | : | - |

B. Technology absorption, adaptation and innovation :

The Company is making all its efforts for improving productivity, product quality and reducing consumption of scarce raw materials and fuels.

3. FOREIGN EXCHANGE EARNINGS AND OUTGO:

Activities relating to exports and initiatives taken to increase export products and services and export plans: NIL

Total Foreign Exchange used and earned:

Used	:	Rs. 33,49,34,102
Earned	:	Rs. 29,81,27,727

By Order of the Board
For Southern Online Bio Technologies Limited

Sd/-

N Satish Kumar
Managing Director
(DIN:00552358)

Place : Hyderabad
Date : 13.08.2016

FORM AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in subsection (1) of section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso is given below:

1. Details of contracts or arrangements or transactions not at Arm's length basis:

Sl. No	Particulars	Details
a)	Name (s) of the related party & nature of relationship	Mr N Satish Kumar, K Radha Krishna, and Mr B Sreedhara Reddy, Whole Time Directors of the Company.
b)	Nature of contracts/arrangements/transaction	Four Wheeler Vehicles (Cars) on Lease to Whole time Directors of the Company.
c)	Duration of the contracts/arrangements / transactions	Three years
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	Rs 85,000 per month per car
e)	Date of approval by the Board, if any	14th August 2014 (Special Resolution was passed in the Annual General Meeting held on 30th September 2014)
f)	Amount paid as advances, if any	Nil

For Southern Online Bio Technologies Ltd

Sd/-

N Satish Kumar
Managing Director
(DIN:00552358)

Sd/-

K Radha Krishna
Director & CFO
(DIN:01585940)

Place : Hyderabad

Date : 13.08.2016

EXTRACT OF ANNUAL RETURN
FORM MGT 9

(Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12(1) of the Company (Management & Administration) Rules, 2014)

Financial Year ended on 31.03.2016

I. REGISTRATION & OTHER DETAILS :		
i	CIN	: L72900TG1998PLC030463
ii	Registration Date	: 09.11.1998
iii	Name of the Company	: SOUTHERN ONLINE BIO TECHNOLOGIES LTD.
iv	Category/Sub-category of the Company	: Company limited by shares/ Non-Government Company
v	Address of the Registered office & contact details	: # 8-3-833/173, Kamalapur Colony, Phase-II, Hyderabad – 500073 Tel:(040) 4922 1999, Fax: (040) 4922 1998 Website : www.sol.net.in, Email : info@sol.net.in
vi	Whether listed company	: Yes (Listed in BSE Ltd)
vii	Name, Address & contact details of the Registrar & Transfer Agent, if any.	: Aarhi Consultants Pvt. Ltd. 1-2-285, Domalguda, Hyderabad - 500 029 Phone: 040 - 27642217 / 27638111, Fax: 040-27632184 Email: info@aarhiconsultants.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY :

All the business activities contributing 10% or more of the total turnover of the company shall be stated

S No	Name & Description of main products/services	NIC Code of the Product /service	% to total turnover of the company
1	Manufacture of Biodiesel	40107	27
2	Trading of Used Cooking Oil	63023	70

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

S No	Name and address of the Company	CIN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Southern Biofe Biofuels Pvt.Ltd	U40107TG2002PTC038919	Subsidiary	99.97	2(87)
2	Marvel Bio Oil FZE Sharjah, UAE	-	Foreign Subsidiary	100	2(87)

SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)
i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(a) Individuals/Hindu Undivided Family	11555081	0	11555081	19.59	11565081	0	11565081	19.6	0.01
(b) Central Government/ State Government(s)	0	0	0	0	0	0	0	0	0
(c) Bodies Corporate	0	0	0	0	0	0	0	0	0
(d) Financial Institutions/Banks	0	0	0	0	0	0	0	0	0
(e) Any Others(Specify)	0	0	0	0	0	0	0	0	0
(e-i) Mutual Funds	0	0	0	0	0	0	0	0	0
(e-ii) Trusts	0	0	0	0	0	0	0	0	0
Sub Total (A)(1)	11555081	0	11555081	19.59	11565081	0	11565081	19.6	0.01
2 Foreign									
(a) Individuals (Non Resident Individuals/Foreign Individuals)	0	0	0	0	0	0	0	0	0
(b) Bodies Corporate	0	0	0	0	0	0	0	0	0
(c) Institutions	0	0	0	0	0	0	0	0	0
(d) Qualified Foreign Investor	0	0	0	0	0	0	0	0	0
(e) Any Others(Specify)	0	0	0	0	0	0	0	0	0
(e-i) Overseas Corporate Bodies	0	0	0	0	0	0	0	0	0
(e-ii)	0	0	0	0	0	0	0	0	0
Sub Total (A)(2)	0	0	0	0	0	0	0	0	0
Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)	11555081	0	11555081	19.59	11565081	0	11565081	19.6	0.01
(B) Public Shareholding									
1 Institutions									
(a) Mutual Funds/UTI	0	0	0	0	0	0	0	0	0
(b) Financial Institutions/Banks	0	0	0	0	0	0	0	0	0
(c) Central Government/State Government(s)	0	0	0	0	0	0	0	0	0
(d) Venture Capital Funds	0	0	0	0	0	0	0	0	0
(e) Insurance Companies	0	0	0	0	0	0	0	0	0
(f) Foreign Institutional Investors	4975125	0	4975125	8.43	2000000	0	2000000	3.39	-5.04
(g) Foreign Venture Capital Investors	0	0	0	0	0	0	0	0	0
(h) Qualified Foreign Investor	0	0	0	0	0	0	0	0	0
(i) Any Others(Specify)		0				0			0
(i-i) Foreign Companies	0	3406769	3406769	5.77	4156601	3406769	7563370	12.82	7.05
Sub Total (B)(1)	4975125	3406769	8381894	14.21	6156601	3406769	9563370	16.21	2
B2 Non-Institutions									
(a) Bodies Corporate	6033496	47046	6080542	10.31	5287338	47046	5334384	9.04	-1.27
(b) Individuals		0				0			0
(I) Individual shareholders holding nominal share capital upto Rs.1 lakh	5981578	304777	6286355	10.66	7844855	327477	8172332	13.85	3.19
(II) Individual shareholders holding nominal share capital in excess of Rs.1 lakh	17247230	461600	17708830	30.02	16672481	438000	17110481	29	-1.02
(c) Qualified Foreign Investor	0	0	0	0	0	0	0	0	0
(d) Any Others(Specify)		0				0			0

SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(d-i) Non Resident Individuals	2543602	71300	2614902	4.43	2516544	71300	2587844	4.39	-0.04
(d-ii) Overseas Corporate Bodies	4323267	10000	4333267	7.35	0	10000	10000	0.02	-7.33
(d-iii) Trusts	0	0	0	0	0	0	0	0	0
(d-iv) Employees	0	0	0	0	0	0	0	0	0
(d-v) Clearing Members	726315	0	726315	1.23	368569	0	368569	0.62	-0.61
(d-vi) Foreign Nationals	1276102	0	1276102	2.16	1276102	0	1276102	2.16	0
(d-vii) Foreign Portfolio Investor (Individuals)	0	0	0	0	0	0	0	0	0
(d-viii) Foreign Portfolio Investor (Corporate)	30000	0	30000	0.05	3005125	0	3005125	5.09	5.04
Sub Total (B)(2)	38161590	894723	39056313	66.2	36971014	893823	37864837	64.17	-2.03
		0				0			0
Total Public Shareholding (B)=(B)(1)+(B)(2)	43136715	4301492	47438207	80.41	43127615	4300592	47428207	80.38	-0.03
		0				0			0
Total (A) + (B)	54691796	4301492	58993288	100	54692696	4300592	58993288	100	0
(C) Shares held by Custodians and against Depository Receipts have been issued									
1 Shareholding of Promoter and Promoter Group	0	0	0	0	0	0	0	0	0
2 Public Shareholding	0	0	0	0	0	0	0	0	0
Grand Total (A)+(B)+(C)	54691796	4301492	58993288	100	54692696	4300592	58993288	100	0

ii) Shareholding of Promoters								
Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1	Mr N Satish Kumar	6027652	10.22	10.22	6027652	10.22	10.22	0
2	Mr K Radha Krishna	2534657	4.30	4.30	2534657	4.30	4.30	0
3	Mr BHR Balaji	711657	1.20	0.77	711657	1.20	0.77	0
4	Mr B Sreedhara Reddy	2122157	3.60	3.60	2122157	3.60	3.60	0
5	Ms K Subhashini	97500	0.17	-	97500	0.17	-	0
6	Ms K Sumithra	51000	0.09	-	51000	0.09	-	0
7	Ms N Rama Devi	10458	0.02	-	10458	0.02	-	0
8	Mr B Praveen	0	0.008	-	5000	0.008	-	0
9	Mr V Narasimha Reddy	0	0.008	-	5000	0.008	-	0
	Total	11555081	19.59	18.89	11565081	19.60	18.89	0

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	11555081	19.59	11555081	19.59
2	Date wise Increase/ Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc.,):	10000 equity shares transferred to new induction promoters on 10.02.2016.	0.01	10000	0.01
3	At the End of the year	11565081	19.60	11565081	19.60

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year				
	Advait B.V.	4323267	7.33	4323267	7.33
	AI Sried Company for trade Ltd	3406769	5.77	3406769	5.77
	National Westminster Bank PLC as Trustee of the Jupiter	2000000	3.39	2000000	3.39
	PKR OcimumInfraprojects Private Limited	2000000	3.39	2000000	3.39
	APMS Investment Fund Ltd	1890618	3.20	1890618	3.20
	Mohammad Salahuddin	1500000	2.54	1500000	2.54
	Christian A Schmidt	1276102	2.16	1276102	2.16
	PNV Enterprises Pvt Ltd	1120636	1.90	1120636	1.90
	Jupiter South Asia Investment Company Limited	74507	1.33	784507	1.33
	Poondla Dayakara Reddy	776060	1.32	776060	1.32
	Total	19077959	32.34	19077959	32.34

II	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/ bonus/sweat equity etc.):	No equity shares allotted to top 10 Shareholders during the year 2015-16	-	-	-
III	At the End of the year (or on the date of separation, if separated during the year)				
	Advait B.V.	4156601	7.05	4156601	7.05
	AI Sried Company for trade Ltd	3406769	5.77	3406769	5.77
	PKR OcimumInfraprojects Private Limited	2000000	3.39	2000000	3.39
	National Westminster Bank PLC as Trustee of the Jupiter	2000000	3.39	2000000	3.39
	APMS Investment Fund Ltd	1890618	3.20	1890618	3.20
	Mohammad Salahuddin	1500000	2.54	1500000	2.54
	Christian A Schmidt	1276102	2.16	1276102	2.16
	Jupiter South Asia Investment Company Limited	784507	1.33	784507	1.33
	Poondla Dayakara Reddy	776060	1.32	776060	1.32
	Sunil Poondla	750000	1.27	750000	1.27
	Total	18540657	31.43	18540657	31.43

(v) Shareholding of Directors and Key Managerial Personnel :

Sl No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
I	At the beginning of the year				
1	Mr N Satish Kumar	6027652	10.21	6027652	10.21
2	Mr K Radha Krishna	2534657	4.30	2534657	4.30
3	Mr B Sreedhara Reddy	2122157	3.60	2122157	3.60
4	Mr BHR Balaji	711657	1.21	711657	1.21
5	Ms T Rohini Reddy	5000	0.01	5000	0.01
6	Mr Ashiwini Kumar Tripathi	20600	0.03	20600	0.03
7	Mr Bachala Ashok	0	0	0	0
8	Mr G Viswanath	0	0	0	0
9	Ms G Anupama (KMP)	30000	0.05	30000	0.05
	Total	11451723	19.41	11451723	19.41
II	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	No equity shares allotted to Directors and Key Managerial Personnel during the year 2015-16	-	-	-

III	At the End of the year				
1	Mr N Satish Kumar	6027652	10.21	6027652	10.21
2	Mr K Radha Krishna	2534657	4.30	2534657	4.30
3	Mr B Sreedhara Reddy	2122157	3.60	2122157	3.60
4	Mr BHR Balaji	711657	1.21	711657	1.21
5	Ms T Rohini Reddy	5000	0.01	5000	0.01
6	Mr Ashiwini Kumar Tripathi	20600	0.03	20600	0.03
7	Mr Bachala Ashok	0	0	0	0
8	Mr G Viswanath	0	0	0	0
9	Ms G Anupama (KMP)	30000	0.05	30000	0.05
	Total	11451723	19.41	11451723	19.41

V. INDEBTEDNESS:

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Rs in Lakhs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year	-	-	-	-
i) Principal Amount	14583.16	206.55	-	14789.71
ii) Interest due but not paid	9.37	-	-	9.37
iii) Interest accrued but not due	-	-	-	-
Total (i + ii + iii)	14592.53	206.55	-	14799.08
Change in Indebtedness during the financial year	-	-	-	-
• Addition	2233.62	248.60	-	2482.22
• Reduction	(150.69)	-	-	(150.69)
Net Change	2082.93	248.60	-	2331.53
Indebtedness at the end of the financial year	-	-	-	-
i) Principal Amount	16670.69	455.15	-	17125.84
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	525.69	-	-	525.69
Total (i + ii + iii)	17196.38	455.15	-	17651.53

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

Remuneration to Managing Director, Whole-time Directors and/or Manager

(Rs in Lakhs)

Sl. No. Particulars	Name of MD/WTD/ Manager					Total Amount
	Mr N Satish Kumar Managing Director	Mr K Radha Krishna WTD	Mr B Sreedhara Reddy WTD	Mr BHR Balaji WTD	Ms G Anupama, CS KMP	
1. Gross salary	19.20	12.00	12.00	12.00	6.12	61.32
(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961						
(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-	-	-
(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-	-	-
2. Stock Option	-	-	-	-	-	-
3. Sweat Equity	-	-	-	-	-	-
4. Commission						
- as % of profit	-	-	-	-	-	-
- others, specify						
5. Others, please specify	-	-	-	-	-	-
Total (A)	19.20	12.00	12.00	12.00	6.12	61.32

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES :

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/ NCLT/Court)	Appeal made if any (give details)
A. COMPANY					
Penalty Punishment Compounding			Nil		
B. DIRECTORS					
Penalty Punishment Compounding			Nil		
C. OTHER OFFICERS IN DEFAULT					
Penalty Punishment Compounding			Nil		

Form AOC-1

(Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014 Statement containing salient features of the financial statement of subsidiaries

Part "A": Subsidiaries (Amount in Rupees)

S No	Name of the Subsidiary	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries.	Share capital	Reserves & surplus	Total assets	Total Liabilities	Turn over	P B T	Provision for taxation	Profit after taxation	Proposed Dividend	% of share holding
1	SBBF	31.03.2016	INR	3432000	-	4982182	1550182	-	-	-	-	-	99.97
2	Marvel Bio oil FZE	31.03.2016	Dirham	431550	-	1166863	735313	-	-	-	-	-	100

For Southern Online Bio Technologies Ltd

Sd/-

N Satish Kumar
Managing Director
(DIN:00552358)

Sd/-

K Radha Krishna
Director & CFO
(DIN:01585940)

Place : Hyderabad

Date : 13.08.2016

FORM MR-3
SECRETARIAL AUDIT REPORT

(Pursuant to section 204(1) of the Companies Act, 2013 and
Rule 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016

To
The Members of
M/s. **Southern Online Bio Technologies Limited**

We have conducted the audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. Southern Online Bio Technologies Limited (hereinafter called "the Company"). Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the Company's Books, Papers, Minute Books, Forms and Returns filed and other Records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the financial year commencing from 1st April, 2015 and ended 31st March, 2016, complied with the statutory provisions listed hereunder and also that the Company has proper Board process and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by M/s. Southern Online Bio Technologies Limited ("The Company") for the financial year ended on 31st March, 2016, according to the provisions of:
 - i. The Companies Act, 2013 (the Act) and the rules made there under for specified sections notified and came in to effect from 12th September, 2013 and sections and Rules notified and came in to effect from 1st April, 2014;
 - ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under;
 - iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
 - iv. Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment (FDI) and Overseas Direct Investment and External Commercial Borrowings;
 - v. The Securities and Exchange Board of India Act, 1992 ('SEBI Act');
2. Compliance status in respect of the provisions of the following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI ACT') is furnished hereunder for the financial year 2015-16:-
 - i. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; **Not Applicable, except yearly and event based disclosures.**
 - ii. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **Not Applicable**
 - iii. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **Not Applicable**
 - iv. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **Not Applicable**
 - v. The Securities and Exchange Board of India (Registrars to an issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with client; **Not Applicable**
 - vi. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **Not Applicable**

- vii. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; **Not Applicable**
- viii. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 Insider Trading regulations; The Company has framed code of conduct for regulating & reporting trading by Insiders and for fair disclosure, 2015 and displayed the same on company's Website i.e., www.sol.net.in; and all required disclosures from time to time as and when applicable are complied with.
- ix. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 were complied with to the extent applicable and
 - ◆ The Company has signed Uniform listing agreement with BSE Limited;
 - ◆ The company has framed the policies as mentioned below and displayed the same on the company's website i.e., www.sol.net.in
 - ☆ Board Diversity Policy
 - ☆ Policy on Preservation of Documents
 - ☆ Risk Management Policy
 - ☆ Whistle Blower Policy
 - ☆ Related Party Transaction Policy
 - ☆ Familiarization programme for Independent Directors.
3. During the year the Company has conducted 12 Board Meetings, 4 Audit Committee Meetings, 1 Independent Director's Meeting and 4 Stakeholders Relationship Committee Meetings and We have also examined compliance with the applicable clauses of the following:
 - i. Secretarial Standards issued by the Institute of Company secretaries of India on meeting of the Board of Directors and General Meetings and
 - ii. Fresh Listing Agreement (till November 30, 2015) entered by the company with Stock Exchanges and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (from December 1, 2015 to March 2016);
4. We further report that the Compliance by the Company of applicable financial laws, like Direct and Indirect tax laws, has not been reviewed thoroughly in this audit since the same have been subject to review by statutory financial audit and other designated professionals.
5. During the financial year under report, the Company has complied with the provisions of the New Companies Act, 2013, Old Companies Act, 1956 to the extent applicable and the Rules, Regulations, Guidelines, Standards, etc.,
6. The Company has identified the following laws applicable specifically to the Company:
 - ◆ Water (Prevention and control of Pollution) Act, 1974 and the rules made thereunder;
 - ◆ Air (Prevention and control of Pollution) Act, 1981 and the rules made thereunder;
 - ◆ Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008;
 - ◆ The Environment Protection Act, 1986;

OBSERVATIONS:

- (a) As per the information and explanations provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we report that
 - (i) The provisions of the Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of:
 - (ii) External Commercial Borrowings were not attracted to the Company under the financial year under report;

- (iii) Foreign Direct Investment (FDI) was not attracted to the company under the financial year under report;
- (iv) Overseas Direct Investment by Residents in Joint Venture/Wholly Owned Subsidiary abroad was not attracted to the company under the financial year under report.
- (v) we report that the Company has not made any GDRs/ADRs or any Commercial Instrument under the financial year under report.

(b) We further report that:

- (i) The company has claimed the insurance amount in respect of damage caused to the plant by Hudhud cyclone which took place in the year 2014 at Visakhapatnam, but the same is under process.
- (ii) The Company has restructured the existing debt as per the CDR package in its Board Meeting held on 19.11.2015 from Rs. 269.83 crores to Rs. 343.83 crores.
- (iii) The Company has a Managing Director and CFO namely Mr N Satish Kumar and Mr K Radha Krishna respectively.
- (iv) The Company has the internal auditors namely M/s. V Ravi & Co., Chartered Accountants, Hyderabad.
- (v) The Company has the Company Secretary namely Ms D Manoranjani.

We further report that:-

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- Adequate notice of board meeting is given to all the directors along with agenda and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and meaningful participation at the meeting.
- As per the minutes of the meeting duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.
- We, further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.
- We further report that during the year under report, the Company has not undertaken event/action having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc.

For S.S. Reddy & Associates
Sd/-
S. Sarveswar Reddy
Practicing Company Secretaries
C. P. No: 7478

Place : Hyderabad

Date : 13.08.2016

Annexure

To
The Members of
M/s. **Southern Online Bio Technologies Limited**
Our report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
3. We have relied on the reports given by the concerned professionals in verifying the correctness and appropriateness of financial records and books of accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The secretarial Audit report is neither an assurance as to future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For S.S. Reddy & Associates
Sd/-
S. Sarveswar Reddy
Practicing Company Secretaries
C. P. No: 7478

Place : Hyderabad

Date : 13.08.2016

MANAGEMENT DISCUSSION AND ANALYSIS REPORT
a) Structure and Developments, Opportunities and Threats, Performance, Outlook, Risks and Concerns:

The total revenue of the Company for the financial year ended 31st March, 2016 is Rs. 22164.50 lakhs as compared to the previous year's total revenue of Rs. 24736.65 lakhs. During this financial year the Company has incurred a net loss of Rs.501.19 lakhs as against the previous year's net loss of Rs.1169.63 lakhs. The net loss incurred is due to lack of adequate working capital in required size, delay in process of sanctions and disbursements, unable to utilize available working capital due to low drawing power, damages due to Hud-hud cyclone.

Indian Government has introduced a new policy. The Goal policy is to ensure that a minimum level of biofuels become readily available in the market to meet the demand at any given time. An indicative target of 20% blending of biofuels, both for bio diesel and bio ethanol by 2017 is proposed.

Blending levels prescribed in regard to bio diesel are intended to be recommendatory in the near term. The blending level of bio ethanol has already been made mandatory, effective from October 2008, and will continue to be mandatory leading upto indicative target.

The Government has made mandatory 5% usage of bio diesel across all Zonal Railways in India which has led to bag us plenty of orders from Zonal railways for the supply of the bio diesel. In this case, the bio diesel production would have to increase by approximately 18.4 billion litres (4.9 billion gallons) to meet the expected blending targets until 2022.

The Company has an order of Rs 70 Crores approximately for Nalgonda Plant and order of Rs 150 Crores for Vizag plant. Apart from this, Company has around 600 cores plus potential orders which is more than the plant capacities.

Your Company has entered MOU certificate No: IN-DL2965436879777N and signed rate contract with Association of State Road Transport Undertaking (ASRTU) through marketing Company.

Your Company has tied up with suppliers in Malaysia and Indonesia for supply of Palm Sludge Oil/ Palm Mill Effluent containing high FFA and is a raw material for bio diesel production.

b) Internal Control Systems and their Adequacy:

The Company has adequate internal control systems and procedures in all operational areas and at all levels equipment's procurement, finance, administration, marketing and personnel departments. The Company also has Internal Audit systems 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.

c) Financial and Operational Performance:

The Highlights of Financial Operational Performance are given below:

(Rs. in Lakhs)

Particulars	2015 – 16	2014 – 15
Total Income	22164.50	24736.65
Total Expenditure	22906.40	27951.86
Profit before Tax	(741.90)	(3215.21)
Less: Provision for taxation	(240.71)	(2045.58)
Net Loss after Tax	(501.19)	(1169.63)

The net loss incurred is due to delay in getting the working capital limits and Plant was shutdown since October 2014 due to the damage caused by Hudhud Cyclone.

d) Human Resources 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.

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

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

Southern Online Bio Technologies Limited to set the highest standards of Corporate Governance right from its inception benchmarked with the best class practices across the globe. Effective Corporate Governance is the manifestation of professional beliefs and values, which configures the organizational values, credo and actions of its employees. The aim of "Good Corporate Governance" is to ensure commitment of the board in managing the company in a transparent manner for maximizing long-term value of the company for its shareholders and all other partners. It integrates all the participants involved in a process, which is economic, and at the same time social. The Company's core philosophy on the code of Corporate Governance is to ensure:

- Fair and transparent business practices;
- Accountability for performance;
- Compliance of applicable statute;
- Transparent and timely disclosure of financial and management information;
- Effective management control and monitoring of executive performance by the Board; and
- Adequate representation of promoter, executive and independent directors on the Board.

Hence it harmonizes the need for a company to strike a balance at all times between the need to enhance shareholders' wealth whilst not in any way being detrimental to the interests of the other stakeholders in the company.

2. BOARD OF DIRECTORS:

a) Composition and Category of Directors:

In terms of compliance with the regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 "SEBI Listing Regulations, 2015", the Company endeavour to have an optimum combination of Executive and Non-Executive Directors to maintain the independence of the Board and separate the functions of Governance and Management through Board and Committees. As at March 31, 2016, the Board of Directors ("Board") comprises of eight Directors, of which three are Non-Executive Directors and Four are Executive Directors and One Nominee Director. The Company has Three Independent Directors. The composition and category of the Board of Directors is as follows :

S No	Name of Director	Designation	Category
1	Mr N Satish Kumar	Managing Director	Promoter
2	Mr K Radha Krishna	Director & CFO	Promoter
3	Mr B Sreedhara Reddy	Director Administration	Promoter
4	Mr BHR Balaji	Executive Director	Promoter
5	Ms T Rohini Reddy	Non-Executive Chairperson	Independent
6	Mr Ashiwini Kumar Tripathi	Non-Executive Director	Independent
7	Mr Bachala Ashok	Non-Executive Director	Independent
8	Mr G Viswanath	Nominee Director	Nominee (Bank of India)

b) Attendance of each director at the Board meetings and at the last Annual General Meeting:

The particulars of attendance of Board Meetings and Annual General Meeting by Directors for the financial year ended 31.03.2016 has been set out here below:

S No	Name of Director	No. of Board Meetings		Attendance at last AGM on 30.09.2015
		Held	Attended	
1	Mr N Satish Kumar	12	12	NO
2	Mr K Radha Krishna	12	12	NO
3	Mr B Sreedhara Reddy	12	9	Yes
4	Mr BHR Balaji	12	1	NO
5	Ms T Rohini Reddy	12	12	YES
6	Mr Ashiwini Kumar Tripathi	12	1	NO
7	Mr Bachala Ashok	12	12	NO
8	Mr G Viswanath	12	3	NO

c) Number of Other Directorships, Committee Membership(s) & Chairmanship(s):

S No	Name of Director	Other Directorships	Committee Membership	Committee Chairmanship
1	Mr N Satish Kumar	2	-	-
2	Mr K Radha Krishna	2	-	-
3	Mr B Sreedhara Reddy	2	-	-
4	Mr BHR Balaji	1	-	-
5	Ms T Rohini Reddy	-	-	4
6	Mr Ashiwini Kumar Tripathi	4	-	-
7	Mr Bachala Ashok	-	-	-
8	Mr G Viswanath	-	-	-

- The number of total directorships is in accordance with Section 165 of the Companies Act, 2013.
- The Number of Directorships, Committee memberships and Chairmanships of all listed and unlisted companies are within the limits as per Regulation 26 of SEBI (LODR) Regulations, 2015 and erstwhile Clause 49(II)(D)(2) of the Listing Agreement.

d) Number of Board Meetings held and the date on which held:

In terms of compliance with the requirement of Regulation 17(2) of SEBI (LODR) Regulations, 2015, Twelve Board Meetings were held during the financial year ended 31.03.2016.

The dates on which the Board meetings were held are:

27.05.2015	08.06.2015	15.06.2015	25.06.2015	28.07.2015	07.08.2015
01.10.2015	14.11.2015	19.11.2015	10.02.2016	13.02.2016	25.03.2016

e) Disclosure of relationship between directors inter-se

None of the Directors are related to any other Director.

f) Shares held by Non-Executive Directors

The number of equity shares of the Company held by the non-executive directors, as on 31.03.2016 are as follows:

SNo	Name of the Director	No of Equity Shares
1	Ms T Rohini Reddy	5000
2	Mr Ashiwini Kumar Tripathi	20,600
3	Mr Bachala Ashok	-

g) The details of familiarization programs imparted to independent directors is given below

Your Company follows a structured orientation and familiarisation programme through various reports/codes/internal policies for all the Directors with a view to update them on the Company's policies and procedures on a regular basis. Periodic presentations are made at the Board Meetings on business and performance, long term strategy, initiatives and risks involved.

BOARD COMMITTEES :

Details of the Board Committees and other related information are provided hereunder:

1. AUDIT COMMITTEE :

(a) Brief description of terms of reference:

The role and terms of reference of the Audit Committee are set out in Regulation 18(3) read with Part C of Schedule II of the SEBI Listing Regulations and Section 177 of the Companies Act, 2013, besides other terms as may be referred to by the Board of Directors of the Company. The terms of reference of the Audit Committee broadly are:

1. Review of financial reporting systems;
2. Ensuring compliance with regulatory guidelines;
3. Reviewing the quarterly, half yearly and annual financial results;
4. Approval of annual internal audit plan;
5. Review and approval of related party transactions;
6. Discussing the annual financial statements and auditor's report before submission to the Board with particular reference to the (i) Director's Responsibility Statement; (ii) major accounting entries; (iii) significant adjustments in financial statements arising out of audit findings; (iv) compliance with listing requirements etc.;
7. Interaction with statutory, internal and cost auditors;
8. Recommendation for appointment and remuneration of auditors; and
9. Reviewing and monitoring the auditor's independence and performance etc.

Further the Audit Committee also mandatorily reviews the following information:

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions submitted by management;
3. Management letters / letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses;
5. The appointment, removal and terms of remuneration of the internal auditor shall be subject to review by the audit committee; and
6. Statement of deviations:
 - (a) Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of SEBI Listing Regulations;
 - (b) Annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/ notice in terms of Regulation 32(7) of SEBI Listing Regulations.

In addition to the above, the Audit Committee also reviews the financial statements, minutes and details of investments made by the subsidiary companies.

(b) Composition, Name of members and Chairman:

As on March 31, 2016, the Audit Committee of the Board comprises of three (3) Independent Directors and one (1) Non-executive Director. The Chairperson of the Audit Committee is Independent Director. The composition of the Committee is in compliance with the provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI Listing Regulations:

SNo	Name of the Director	Designation
1	Ms T Rohini Reddy	Chairperson
2	Mr Ashiwini Kumar Tripathi	Member
3	Mr Bachala Ashok	Member

- ◆ CFO, Statutory Auditors and Internal Auditors attend the Audit Committee meetings on invitation and the Company Secretary acts as the Secretary of the Committee.
- ◆ The minutes of the meetings of the Audit Committee are placed before the Board and discussed in the meeting.

(c) Meetings and attendance during the year:

- ◆ Four Audit Committee Meetings were held during the financial year ended March 31, 2016. The maximum time gap between any of the two meetings was not more than one Hundred and Twenty days.
- ◆ The Audit Committee meetings were held on

27.05.2015	07.08.2015	14.11.2015	13.02.2016
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- ◆ Attendance at the Audit Committee Meeting:

SNo	Name of the Director	Number of Meetings	
		Held	Attended
1	Ms T Rohini Reddy	4	4
2	Mr Ashiwini Kumar Tripathi	4	-
3	Mr Bachala Ashok	4	4

The Statutory Auditors and Internal Auditors of the Company have also attended the above meetings on invitation. The recommendations made by the Audit Committee from time to time have been followed by the Company. The Chairman of the Audit Committee has attended the Annual General Meeting to answer the queries raised by the Shareholders regarding Audit and Accounts.

2. NOMINATION & REMUNERATION COMMITTEE:

a. Brief description of terms of reference

- ◆ Formulation of the criteria for determining qualifications, positive attributes and independence of a director;
- ◆ Recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- ◆ Carry on the evaluation of every director's performance;
- ◆ Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal;
- ◆ Formulation of criteria for evaluation of Independent Directors and the Board;
- ◆ Devising a policy on Board diversity; and
- ◆ Any other matter as the Board may decide from time to time.

b. Composition, Name of members and Chairman:

The Nomination and Remuneration Committee was constituted by the Board with 3 Independent Directors. The following is the composition of the Board.

SNo	Name of the Director	Designation
1	Mr Bachala Ashok	Chairman
2	Mr Ashiwini Kumar Tripathi	Member
3	Ms T Rohini Reddy	Member

- ◆ The Company Secretary acts as the Secretary of the Committee.
- ◆ The minutes of the meetings of the Nomination and Remuneration Committee are circulated to all the members of the Board.

c. Nomination and Remuneration Committee meetings

During the period from April 1, 2015 to March 31, 2016, Nomination and Remuneration Committee Meetings were held on 25.03.2016.

S No	Name of the Director	Number of Meetings	
		Held	Attended
1	Mr Bachala Ashok	1	1
2	Mr Ashiwini Kumar Tripathi	1	-
3	Ms T Rohini Reddy	1	1

d. Nomination and Remuneration policy

- ◆ The nomination and remuneration committee has adopted a Nomination and Remuneration Policy which, inter-alia, deals with the manner of selection of Board of Directors, KMP & other senior management and their remuneration. Executive Directors and KMP are eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The Executive Director and KMP remuneration is determined based on levels of responsibility and scales prevailing in the industry. The executive directors are not paid sitting fee for any Board/Committee meetings attended by them.
- ◆ The Non-executive directors are paid sitting fees for attending meetings of Board/Committee.

e. Performance Evaluation of Directors.

Pursuant to applicable provisions of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board, in consultation with its Nomination & Remuneration Committee has formulated a framework containing, inter-alia, the criteria for performance evaluation of the Independent Directors, Board of Directors, Committees of Board, Individual Directors including Managing Director and Non- Executive Directors and Chairperson of the Board.

Criteria for Performance Evaluation of Independent Directors, Board of Directors, Committees of Board, Individual Directors, Managing Director, Non- Executive Directors and Chairperson of the Board

The criteria covered various aspects for evaluation of Independent Directors such as Participation at the Board / Committee meetings, Commitment (including guidance provided to senior management outside of Board/ Committee meetings), Effective deployment of knowledge and expertise, Integrity and maintaining of confidentiality, Independence of behaviour and judgment, exercise of objective independent judgment in the best interest of the Company, Ability to contribute to and monitor corporate governance practice and Adherence to the code of conduct for independent directors, for Evaluation of the Board, Implementation of robust policies and procedures and Size, structure and expertise of the Board were considered, for Evaluation of the Managing Director and Non-Executive Directors, Participation at the Board / Committee meetings, Effective deployment of knowledge and expertise; Discharge of its functions and duties as per its terms of reference, Process and procedures followed for discharging its functions, Effectiveness of suggestions and recommendations received were considered, for evaluation of Chairman of the Board aspects such as Managing relationship with the members of the Board and management, and effective decision making at the board were considered.

On the basis of performance evaluation done by all the Directors, it was determined whether to continue their term of appointment, whenever the respective term expires. The Directors expressed their satisfaction with the evaluation process.

3. INDEPENDENT DIRECTORS' MEETING:

During the year, meeting of Independent Directors was held on 10.02.2016 to review the performance of the Board as a whole on parameters of effectiveness and to assess the quality, quantity and timeliness of flow of information between the management and the Board.

Remuneration of Directors

(a) Details of Remuneration of Non - Executive Directors:

- ◆ There were no pecuniary transactions with any non-executive director of the Company.
- ◆ Sitting Fee is not paid to Non-Executive Directors for attending the Board and Committee Meetings.

S No	Name of the Director	Sitting Fees paid (Rs.)
1	Mr Bachala Ashok	-
2	Mr Ashiwini Kumar Tripathi	-
3	MsT Rohini Reddy	-

(b) Details of Remuneration of Executive Directors and Key Managerial Personnel

(Rs/lakhs)

Name of the Director	Salary	Total
Mr N Satish Kumar	19.20	19.20
Mr K Radha Krishna	12.00	12.00
Mr B Sreedhara Reddy	12.00	12.00
Mr BHR Balaji	12.00	12.00
Ms G Anupama (KMP)	6.12	6.12
Total		61.32

4. STAKEHOLDERS RELATIONSHIP COMMITTEE:

(a) Brief description of terms of reference:

The Stakeholders Relationship Committee oversees and reviews all matters connected with the share transfers and also looks into redressing of shareholders complaints like transfer of shares, non-receipt of annual report/dividends etc. The committee oversees the performance of the Registrar of Transfer Agents and recommends measures for overall improvement in the quality of investor services. Email-Id for Investor Grievance. investor@sol.net.in

(b) Composition:

S No	Name of the Director	Designation
1	Ms T Rohini Reddy	Chairperson
2	Mr N Satish Kumar	Member
3	Mr K Radha Krishna	Member

c) Name and Designation of Compliance Officer:

Ms G Anupama, Company Secretary is acting as Compliance Officer of the Company.

(d) Number of Shareholders complaints received so far.

During the year ended March 31, 2016, the Company has not received any complaints.

(e) Number of complaints not resolved to the satisfaction of shareholders is Nil.

(f) There were no pending complaints as at the year end.

5. GENERAL BODY MEETINGS:

i) Location and Time, where last three Annual General Meetings held:

Year	Locations	Date	Time
17th AGM (2014-15)	Mrugavani Resorts #177/1, Aziz Nagar, Moinabad Hyderabad- 500 075	30th September, 2015	10.30 A.M
16th AGM (2013-14)	Dwaraka Chambers, Bandlaguda, Cross Roads, Rajendra Nagar Mandal Hyderabad – 50 030	30th September, 2014	10.30 A.M
15th AGM (2012-13)	Dwaraka Chambers, Bandlaguda, Cross Roads, Rajendra Nagar Mandal Hyderabad – 500 030	30th September, 2013	10.30 A.M.

6. MEANS OF COMMUNICATION:

(a) Financial / Quarterly Results:

The quarterly results of the Company are published in accordance with the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, in widely circulated newspapers namely Business Standard (English daily) and Mana Telangana.

(b) Newspapers wherein results normally published

The results of the Company are published in widely circulated newspapers namely Business Standard (English daily) and Mana Telangana.

(c) Any website, where displayed

The results of the Company are published on the Company's website: www.sol.net.in

(d) Whether it also displays official news releases

Official news releases along with quarterly results are displayed on the Company's website : www.sol.net.in

(e) Presentations made to institutional investors or to the analysts.

There are no presentations made to the investors/ analysts.

Website:

The website www.sol.net.in contains a separate dedicated section for the Company's "Investor Relations" where shareholders' information is available. The full Annual Report, shareholding pattern etc. is also available in the 'Investor Relations' sections on the website of the Company.

7. GENERAL SHAREHOLDER INFORMATION:

Annual General Meeting	Date : 30th September, 2016
	Time : 10.30 AM
	Venue : Dwaraka Conference Hall, Plot # 73, Reliance Chambers, Bandlaguda, Cross Roads, Rajendranagar Mandal, Hyderabad-500030
Financial Calendar	1st April to 31st March.
Date of Book Closure	24.09.2016 to 30.09.2016 (both days inclusive)
Dividend Payment Date	Nil
Listing on Stock Exchanges	BSE Ltd
Scrip/Stock Code	532669 on BSE
ISIN Number for NSDL & CDSL	INE371B01015

The listing fees for the year 2016-17 has been paid to the above stock exchange.

MARKET PRICE DATA:

Month	BSE	
	High (Rs.)	Low (Rs.)
Apr-2015	4.44	3.39
May-2015	3.90	3.35
Jun-2015	5.21	3.25
Jul-2015	6.16	4.56
Aug-2015	5.12	3.75
Sep-2015	4.13	3.49
Oct -2015	5.05	3.75
Nov-2015	5.29	4.04
Dec-2015	6.15	4.46
Jan- 2016	8.03	5.45
Feb-2016	5.61	4.31
Mar-2016	5.10	4.29

M/s. Aarathi Consultants Private Limited

Share Transfer System

SEBI vide its Circular No. CIR/MIRSD/8/2012, dated July 5, 2012 has reduced the time-line for registering the transfer of shares to 15 days, the Physical share transfers are processed and the share certificates are returned to the shareholders within a maximum period of 15 days from the date of receipt, subject to the documents being valid and complete in all respects. In compliance with the Listing Agreement with the Stock Exchanges, a Practicing Company Secretary carries out audit of the system of transfer and a certificate to that effect is issued.

Distribution of shareholding

Shareholding Pattern as on 31st March, 2016:

SNo	Category	No. of. Shares	% Holding
1	Promoters	9	19.60
2	Corporate Bodies	170	9.04
3	FII's	7	21.31
4	NRI's	76	4.39
5	OCBs	1	0.01
6	Individuals & Foreign Nationals	8355	45.03
7	Clearing Members	41	0.62
	Total	8659	100.00

Distribution of shareholding as on:31.03.2016

Shares	No. of Shareholders	No. of Shares	% of total shares
1-500	5924	1469176	2.49
501- 1000	1035	924059	1.57
1001- 2000	595	982849	1.67
2001-3000	276	726753	1.23
3001-4000	116	424697	0.72
4001-5000	156	753439	1.28
5001-10000	242	1809915	3.06
10001 and above	315	51902400	87.98
Total	8659	58993288	100.00

Dematerialization of Shares & Liquidity

The Company's shares are available for dematerialization with both the Depositories, National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

92.71% of the company's paid up Equity Share Capital is in dematerialized form as on 31st March, 2016 and balance 7.29% is in physical form. The Company's Registrars are M/s Aarathi Consultants Pvt. Ltd., having their registered office at 1-2-285, Domalguda, Hyderabad - 500 029.

Plant Locations:

Unit-I	Samsthan Narayanapur Nalgonda Dist., Telangana
Unit-II	Plot. No. 45/A, APIIC-SEZ Atchutapuram (V & M) Visakhapatnam Dist – 531011 Andhra Pradesh

viii) Address for Correspondence

S No	Shareholders Correspondence for	Address
1.	Transfer/Dematerialization/ Consolidation /Split of shares, Issue of Duplicate Share Certificates, Non-receipt of dividend/ Bonus shares, etc., change of address of Members and Beneficial Owners and any other query relating to the shares of the Company.	M/s. Aarthi Consultants Pvt Ltd 1-2-285, Domalguda, Hyderabad -500029. Tel:(040)27642217/27638111 Fax: (040) 27632184 Email:info@aarthiconsultants.com
2.	Investor Correspondence / Queries on Annual Report, Revaluation of Dividend Warrants, Sub-Division, etc.	Company Secretary Southern Online Bio Technologies Limited H.No.8-3-833/173, Kamalapuri Colony, Phase-II, Hyderabad – 500 073 Website:www.sol.net.in, E-mail:info@sol.net.in

8. OTHER DISCLOSURES

(a) Disclosures on materially significant related party transactions that may have potential conflict with the interests of listed entity at large;

Besides the transactions mentioned elsewhere in the Annual Report, there were no materially significant related party transactions during the year conflicting with the interest of the Company.

(b) Details of non-compliance by the listed entity, penalties, strictures imposed on the listed entity by stock exchange(s) or the board or any statutory authority, on any matter related to capital markets, during the last three years ;

None.

(c) Details of establishment of vigil mechanism, whistle blower policy, and affirmation that no personnel has been denied access to the audit committee;

Pursuant to Section 177(9) and (10) of the Companies Act, 2013 and Regulation 22 of the SEBI Listing regulations, 2015, the Company has formulated Whistle Blower Policy for vigil mechanism for Directors and employees to report to the management about the unethical behavior, fraud or violation of Company's code of conduct. The mechanism provides for adequate safeguards against victimization of employees and Directors who use such mechanism and makes provision for direct access to the Chairperson of the Audit Committee in exceptional cases. None of the personnel of the Company has been denied access to the Audit Committee. The policy is available on the Company website, www.sol.net.in. During the financial year under review, none of the Complaint has received.

(d) Details of compliance with mandatory requirements and adoption of the non-mandatory requirements;

The Company has complied with all the mandatory requirements of Corporate Governance as per Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. Adoption of non-mandatory requirements pursuant to SEBI (LODR), 2015 is being reviewed by the Board from time to time.

(e) Web link where policy for determining 'material' subsidiaries is disclosed;

The policy for determining 'material' subsidiaries is available on the website of the Company <http://www.sol.net.in>

(f) Web link where policy on dealing with related party transactions;

The policy on dealing with related party transactions is available on the website of the Company: <http://www.sol.net.in>

(g) Disclosure of commodity price risks and commodity hedging activities:

Not applicable

9. The Company Complied with the requirements of the Schedule V Corporate Governance report sub- paras(2) to (10) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

10. Details of compliance with mandatory requirements and adoption of Discretionary Requirements

The Company has complied with all the mandatory requirements of Corporate Governance as per Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. Adoption of non-mandatory requirements pursuant to SEBI (LODR), 2015 is being reviewed by the Board from time to time.

11. The Disclosures of the compliance with Corporate Governance requirements specified in regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 are as follows:

Regulation	Particulars of Regulation	Compliance Status (Yes/No)
17	Board of Directors	Yes
18	Audit Committee	Yes
19	Nomination and Remuneration Committee	Yes
20	Stake Holders Relationship Committee	Yes
21	Risk Management Committee	Yes
22	Vigil Mechanism	Yes
23	Related Party Transactions	Yes
24	Corporate Governance requirement with respect of Subsidiary of Listed entity	Yes
25	Obligation with respect to Independent Director	Yes
26	Obligation with respect to Directors and Senior Management	Yes
27	Other Corporate Governance Requirement	Yes
46(2)(b) to (i)	Website	Yes

12. Code of Conduct

The Company has in place a comprehensive Code of Conduct applicable to all the employees and Non-executive Directors including Independent Directors. The Code is applicable to Non-executive Directors including Independent Directors to such extent as may be applicable to them depending on their roles and responsibilities. The Code gives guidance and support needed for ethical conduct of business and compliance of law. A copy of the Code has been posted on the Company's website.

13. CEO and CFO Certification

In line with the requirements of Schedule-V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr N Satish Kumar, Managing Director, Mr K Radha Krishna, Chief Financial Officer (CFO) have submitted a certificate to the Board, certifying inter-alia, that the Financial Statements and the Cash Flow Statement for the year ended March 31, 2016 were reviewed to the best of their knowledge and belief, that they do not contain any material untrue statement, do not omit any material facts, are not misleading statements, together present a true and fair view and are in compliance with the applicable laws and regulations. The certificate further confirms that the transactions entered into by the Company for establishing internal control, financial reporting, evaluation of the internal control systems and making of necessary disclosures to the Auditors and the Audit Committee have been complied with.

14. Disclosure with respect to Demat suspense account/ unclaimed suspense account:

Pursuant to the SEBI Circular and Regulation 39 of the SEBI Listing Regulations, 2015, during the year under review, there are 8239 Equity Shares of Rs 10/- each in the Demat suspense account of the Company.

15. Proceeds from public issues, rights issues, preferential issues, etc.

During the year ended March 31, 2016, there were no proceeds from public issues, rights issues, preferential issues, etc.,

16. The Company has adopted the policy on dissemination of information on the material events to stock exchanges in accordance with the Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The said policy is available on the website of the Company <http://www.sol.net.in>

17. The Company has adopted the policy on preservation of documents in accordance with the Regulation 9 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Documents Preservation Policy is available on the website of the Company: <http://www.sol.net.in>

18. Company's Policy on prevention of insider trading:

Pursuant to the requirements of SEBI (Prohibition of Insider Trading) Regulations, 2015, and in continuation with your Company's efforts to enhance the standards of corporate governance in the Company, and to strictly monitor and prevent insider trading within the company, your company has in place a Code of Conduct which is approved by the Board.

The Managing Director is acting as Compliance Officer for the said purpose. The code is applicable to all such employees, officers, Directors and Promoters of the Company who are expected to have access to the unpublished price sensitive information relating to the Company and the same is being implemented as a self-regulatory mechanism. The code has been circulated to all the members of the Board and Senior Management and others concerned the compliance of the same has been affirmed by them.

19. Risk Management Committee:

The Board of the Company has formed a Risk Management Committee to frame, implement and monitor the risk management policy/plan for the Company and ensuring its effectiveness. The Risk Management Committee oversees the Risk Management process including risk identification, impact assessment, effective implementation of the mitigation plans and risk reporting. The Audit Committee has additional oversight in the area of financial risks and controls. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis.

For and on behalf of the Board of Directors

Sd/-

N Satish Kumar
Managing Director
(DIN:00552358)

Sd/-

K Radha Krishna
Director & CFO
(DIN:01585940)

Place : Hyderabad
Date : 13.08.2016

DECLARATION OF COMPLIANCE OF CODE OF CONDUCT

As provided under Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors and the Senior Management Personnel have confirmed compliance with the Code of Conduct and Ethics for the financial year ended March 31, 2016.

For Southern Online Bio Technologies Limited

Sd/-
N Satish Kumar
Managing Director

Place: Hyderabad

Date: 13.08.2016

CEO AND CFO CERTIFICATION

We hereby certify that:

- a. we have reviewed financial statements and the cash flow statement for the Financial Year ended 31st March, 2016 and that these statements ;
 - (i) do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and
 - (ii) together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are no transactions entered into by the Company during the year which are fraudulent, illegal or violate the Company's code of Business conduct and Ethics.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to address these deficiencies.
- d. We have disclosed, wherever applicable to the Auditors and the Audit Committee:
 - (i) that there were no deficiencies in the design or operations of Internal Controls that could adversely affect the company's ability to record, process, summarize and report financial data including any corrective actions;
 - (ii) that there are no material weaknesses in the internal controls over financial reporting;
 - (iii) that there are no significant changes in internal control over financial reporting during the year;
 - (iv) all significant changes in the accounting policies during the year, if any, and that the same have been disclosed in the notes of the financial statements; and
 - (v) that there are no instances of significant fraud of which we have become aware of and involvement therein of the management or an employee having a significant role in the company's internal control system over financial reporting.

For Southern Online Bio Technologies Limited

Place : Hyderabad

Date : 13.08.2016

Sd/-
N Satish Kumar
Managing Director
DIN: 00552358

Sd/-
K Radha Krishna
Director & CFO
DIN: 01585940

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of
Southern Online Bio Technologies Limited

We have examined the compliance of conditions of corporate governance by Southern Online Bio Technologies Limited ("the company") for the year ended 31st March, 2016, as stipulated in Clause 49 of the Listing Agreement (upto 30th November, 2015) and schedule V of Listing Regulations (with effect from 1st December, 2015)

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 the 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, we certify that the Company has complied with the conditions of corporate governance as stipulated in the above mentioned Regulations.

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

For M/s. P Murali & Co.,
Chartered Accountants
(FRN- 007257S)

Sd/-
A Krishna Rao
Partner
M.No.211704

Place: Hyderabad
Date: 13.08.2016

INDEPENDENT AUDITOR'S REPORT

To the Members of Southern Online Bio Technologies Limited Report on the consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Southern Online Bio Technologies Limited ("the Holding Company"), and its subsidiary," (collectively referred to as the "company or "the Group") comprising the Consolidated Balance Sheet as at March 31, 2016, the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as ("the consolidated financial statements"))

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 ('the Act') that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with rule 7 of Companies (Accounts) Rules, 2014. The Board of Directors of the Company is responsible for 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 frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; design, implementation and maintenance of adequate internal financial controls, that are operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which has been used for the purpose of preparation of the consolidated financial statements by the Directors of Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act and the rules made there under including the accounting standards and matters which are required to be included in audit report.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments; the auditor considers internal financial control relevant to the Company's preparation of the consolidated financial statements that give a true and fair view. In order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements:

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of the Company, as at 31st March 2016, and their consolidated Loss and their consolidated cash flows for the year ended on that date.

Other Matter

We did not audit the financial statements and financial information of One Subsidiary company namely Marvel Bio oil, FZE, Sharjah, which is included in the consolidated financials, and whose financial statements reflect total assets Rs.11,66,863/- as at 31st March, 2016 and total revenue of Rs. Nil for the year ended 31st March, 2016. The above Subsidiary company financial statement and other financial information is unaudited and have been furnished to us by the management and our opinion on these consolidated financial results and the year to date results is based solely on such unaudited financial statements and other financial information.

Report on Other Legal and Regulatory Requirements

1. As required by section 143(3) of the Act, we further report that:
 - a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements.
 - b) in our opinion proper books of account as required by law relating to the preparation of aforesaid consolidated financial statements have been kept by the Company so far as appears from our examination of those books;
 - c) the consolidated Balance Sheet, consolidated Statement of Profit and Loss, and the consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
 - d) in our opinion, the aforesaid standalone financial statements comply with the applicable Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules 2014 .
 - e) On the basis of written representations received from the directors of the holding company as on March 31st 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the group and the operating effectiveness of such controls, refer to our separate report in ' Annexure A'; and
 - g) With respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The consolidated financial statements disclose the impact, if any, of pending litigations as at 31st march, 2016 on the consolidated financial positions of the group, its associated and jointly controlled entities.
 - ii. The group company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no amounts that are required to be transferred, to the Investor Education and Protection Fund by the holding and subsidiary company during the year ended 31st March 2016.

For P. Murali & CO.,
Chartered Accountants
Firm Registration No : 007257S

A Krishna Rao
Partner
Membership No. 020085

Place: Hyderabad
Date: 30th May 2016.

Annexure A to the Independent Auditor's Report

Report on the Internal Financial Controls under clause (i) of the Sub-section 3 of the Section 143 of the Companies Act, 2013 ('The Act')

In conjunction with our audit of the consolidated financial statements of the company as of and for the year ended 31st March 2016, We have audited the internal financial controls over financial reporting of Southern Online Bio Technologies Limited ('the holding company') and its subsidiary which are incorporated in India as of 31st march 2016

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the company's internal financial controls over financial reporting based on our Audit. We conducted our audit in accordance with the Guidance note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the standards on Auditing deed to be prescribed under section 143(10) of the Act to the extent applicable to an Audit of Internal Financial Controls, both applicable to an audit of Internal Financial Controls and both issued by the ICAI. These standards and guidance note require that we comply with ethical requirements and plan and performed the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our Audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the Auditor's Judgment, including the assessment of the risk of martial misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion and the company's internal financial control system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes these policies and procedures that (1) pertain to the maintenance of records that, in reasonable detailed, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted principles, and that receipts and expenditures of the company are being made only in accordance with authorization of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitation of Internal Financial Controls over Financial Reporting

Because of the inherent limitation of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be deducted. Also, Projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the holding company and its subsidiary company, which are companies incorporated in India, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31st, 2016, based on the internal controls over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute Of Chartered Accountants of India.

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

A Krishna Rao
Partner
Membership No. 020085

Place: Hyderabad

Date: 30th May 2016.

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2016

PARTICULARS	Note No	As at 31.03.2016 (Rupees)	As at 31.03.2015 (Rupees)
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	1	58,99,32,880	58,99,32,880
(b) Reserves and Surplus	2	(56,46,52,450)	(51,45,33,345)
(c) Minority Interest		1,030	1,030
(2) Share application money pending for allotment	3	30	30
(3) Non-Current Liabilities			
(a) Long-term borrowings	4	1,76,51,53,264	1,47,99,07,966
(b) Other Long term liabilities	5	7,07,25,630	5,80,00,000
(4) Current Liabilities			
(a) Short-term borrowings	6	66,94,28,079	36,18,42,594
(b) Trade payables	7	67,30,08,734	64,12,55,355
(c) Short-term provisions	8	2,07,00,874	1,36,55,175
Total		<u>3,22,42,98,071</u>	<u>2,63,00,61,684</u>
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	9	1,37,50,85,834	1,11,50,95,264
(ii) Capital work-in-progress	9	56,66,165	3,03,23,454
(b) Defferred tax assets (net)	10	19,26,68,957	16,85,97,988
(c) Long term loans and advances	11	2,00,44,365	1,44,64,068
(d) Other non-current assets	12	7,84,23,673	5,91,16,020
(2) Current assets			
(a) Inventories	13	51,06,78,930	31,49,60,085
(b) Trade receivables	14	66,80,76,079	43,68,06,734
(c) Cash and cash equivalents	15	1,60,73,538	1,62,19,520
(d) Short-term loans and advances	16	35,75,80,529	47,44,78,552
Total		<u>3,22,42,98,071</u>	<u>2,63,00,61,684</u>

Summary of Significant Accounting Policies

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The accompanying Notes are an Integral Part of the Financial Statements

AS PER OUR REPORT OF EVEN DATE

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

A Krishna Rao
Partner
M No.020085

Place : Hyderabad
Date : 30.05.2016

For Southern Online Bio Technologies Ltd

Sd/-

N Satish Kumar
Managing Director

Sd/-

K Radha Krishna
Director & CFO

Sd/-
G Anupama
Company Secretary

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2016

PARTICULARS	Note No	For the year ended	For the year ended
		31.03.2016	31.03.2015
		(Rupees)	(Rupees)
I. Revenue from operations	17	2,21,14,96,134	2,46,95,02,160
II. Other Income	18	49,54,353	41,62,945
III. Total Revenue (I +II)		2,21,64,50,487	2,47,36,65,105
IV. Expenses:			
Cost of materials consumed	19	65,33,02,666	2,19,89,21,400
Purchase of Stock-in-Trade	19	1,50,33,52,507	-
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	20	(14,26,69,858)	(2,10,99,586)
Employee benefit expense	21	2,22,08,273	2,62,80,411
Other operating expenses	22	13,16,01,811	19,56,91,348
Administrative Expenses	23	3,15,70,294	3,61,81,633
Financial costs	24	6,23,16,299	19,71,43,890
Depreciation and amortization expense	9	1,77,09,562	11,96,00,048
Other expenses	25	1,12,49,006	4,24,67,301
Total Expenses		2,29,06,40,560	2,79,51,86,446
V. Profit before exceptional and extraordinary items and tax (III-IV)		(7,41,90,074)	(32,15,21,341)
VI. Exceptional Items		-	-
VII. Profit before extraordinary items and tax (V - VI)		(7,41,90,074)	(32,15,21,341)
VIII. Extraordinary Items			
(1) Losses due to Cyclone Hud Hud		-	19,14,29,244
(2) Insurance claims for Cyclone loss		-	(19,14,29,244)
IX. Profit before tax (VII - VIII)		(7,41,90,074)	(32,15,21,341)
X. Tax expense:			
(1) Current tax		-	-
(2) Deferred tax		(2,40,70,969)	(20,45,57,542)
XI. Profit(Loss) from the period from continuing operations (IX-X)		(5,01,19,104)	(11,69,63,799)
XII. Profit/(Loss) from discontinuing operations		-	-
XIII. Tax expense of discounting operations		-	-
XIV. Profit/(Loss) from Discontinuing operations (XII - XIII)		-	-
XV. Profit/(Loss) for the period (XI + XIV)		(5,01,19,104)	(11,69,63,799)
XVI. Earning per equity share:			
(1) Basic		(0.85)	(1.98)
(2) Diluted			

Summary of Significant Accounting Policies

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The accompanying Notes are an Integral Part of the Financial Statements

AS PER OUR REPORT OF EVEN DATE

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

A Krishna Rao
Partner

M No.020085

Place : Hyderabad

Date : 30.05.2016

For Southern Online Bio Technologies Ltd

Sd/-

N Satish Kumar
Managing Director

Sd/-

K Radha Krishna
Director & CFO

Sd/-

G Anupama
Company Secretary

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2016

(Rs. in Lakhs)

PARTICULARS	Year Ended 31.03.2016	Year Ended 31.03.2015
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Loss before tax & extraordinary items	(741.90)	(3,215.21)
Adjustments for:		
Depreciation	177.10	920.54
Written off Expense	-	275.46
Interest	623.16	1,971.44
Operating Profit before working capital charges	58.36	(47.77)
Increase in Loans and Advances	912.75	(2,657.43)
Trade and other receivables	(2,312.69)	(2,231.43)
Inventories	(1,957.19)	336.02
Trade payables	387.99	2,056.64
Cash generated from operations	(2,910.78)	(2,543.97)
Interest paid	(623.16)	(1,971.44)
Cash flow before extraordinary items - (A)	(3,533.94)	(4,515.41)
NET CASH FLOW FROM OPERATING ACTIVITIES		
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Capital Work in Progress.	246.57	(253.41)
Interest and exp capitalization	(1,819.81)	-
Purchase of Fixed Assets	(957.20)	(219.08)
Net cash used in investing activities - (B)	(2,530.44)	34.33
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Creditors for capital goods		
Increase / decrease in Secured Loans	5,687.06	4,072.14
Increase / decrease in Long Term liabilities	375.86	-
Net Cash used in Financing activities - (C)	6,062.92	4,072.14
Net increase in cash and cash equivalents - (A-B+C)	(1.46)	(477.60)
Cash and Cash equivalents as at (Opening Balance)	162.20	639.80
Cash and Cash equivalents as at (Closing Balance)	160.74	162.20

AS PER OUR REPORT OF EVEN DATE

For P Murali & Co.,
Chartered Accountants
Firm Regn. No: 007257S
A Krishna Rao
Partner
M No.020085

Place : Hyderabad
Date : 30.05.2016

FOR AND ON BEHALF OF THE BOARD

For Southern Online Bio Technologies Ltd
Sd/-
N Satish Kumar
Managing Director

Sd/-
K Radha Krishna
Director & CFO

Sd/-
G Anupama
Company Secretary

NOTE NO. 1 : SHARE CAPITAL

S.No.	PARTICULARS	As at 31.03.2016		As at 31.03.2015	
		No. of Shares	Amount in Rs.	No. of Shares	Amount in Rs.
a	Share Capital (For each class of capital)				
	(a) Authorised	7,50,00,000	75,00,00,000	7,50,00,000	75,00,00,000
	(b) Issued	5,89,93,288	58,99,32,880	5,89,93,288	58,99,32,880
	(c) Subscribed & Fully Paid Up	5,89,93,288	58,99,32,880	5,89,93,288	58,99,32,880
	(d) Subscribed & not fully paid up	-	-	-	-
	(e) Par value per share Rs. 10				
	Total Equity Share capital		58,99,32,880		58,99,32,880
b	Forfeited Shares (amount originally paid up)		-		-
c	A Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period:	Number of Shares		Number of Shares	
	Equity Shares of Rs.10 Each, Fully paid up :				
	At the Beginning		5,89,93,288		5,12,77,874
	Issued during the year - Pref Issue		-		77,15,414
	Forfeited / Bought Back during the year		-		-
	At the end		5,89,93,288		5,89,93,288
d	Details of Shareholder holding more than 5% shares of the company:	% of Share Holding			
	Equity Shares of Rs. 10 each Held By				
	(a) Share Holder - N. Satish Kumar No. Of Shares (C.Y) 60,27,652, No. Of Shares (P.Y)52,71,292.		10.22		10.22
	(b) Share Holder - Advait BV No. Of Shares (C.Y) 43,23,267 , No. Of Shares (P.Y) NIL.		7.33		7.33
	(c) Share Holder -AI sried Company for Trade Limited - No. Of Shares (C.Y) 34,06,769 ,No. Of Shares (P.Y) 34,06,769.		5.77		5.77

NOTE NO. 2 : RESERVES AND SURPLUS

S.No.	Particulars	As at 31.03.2016 (Rupees)	As at 31.03.2015 (Rupees)
I	RESERVES AND SURPLUS		
	a) Securities Premium Reserve		
	As at the commencement of the year	25,31,87,500	25,31,87,500
	Add: Additions during the year	-	-
	Less: Utilised during the year	-	-
		25,31,87,500	25,31,87,500
	b) Surplus :		
	i) Opening Balance - Profit and Loss Account	(80,43,81,622)	(68,68,50,282)
	Add: Transfer from Profit & Loss Account	(5,01,19,104)	(11,69,63,799)
	Less: Transfer To General Reserve	-	-
	Less: Adjustment to fixed assets pursuant to enactment of Schedule II of the Companies Act, 2013.	-	(5,67,541)
	Less: Bonus shares	-	-
	Less: Transfer to/from reserves.	-	-
		(85,45,00,727)	(80,43,81,622)
	c) Share warrants forfeited premium :		
	As at the commencement of the year	3,31,63,000	3,31,63,000
	Add: Additions during the year	-	-
	Less: Utilised during the year	-	-
		3,31,63,000	3,31,63,000
II	A Reserve specifically represented by earmarked investments	-	-
III	Negative balance of reserves and surplus account	-	-
	Add: VAT Subsidy Received	34,97,777	34,97,777
	Total Reserves and Surplus	(56,46,52,450)	(51,45,33,345)

NOTE NO. 3 : SHARE APPLICATION MONEY PENDING ALLOTMENT

S.No.	Particulars	As at 31.03.2016 (Rupees)	As at 31.03.2015 (Rupees)
I	Share Application Money	30	7,71,54,170
	Add : Received	-	-
	TOTAL SHARE APPLICATION MONEY	30	7,71,54,170
	Less : Share application money equity shares allotted	-	7,71,54,140
		30	30

NOTE NO. 4 : LONG TERM BORROWINGS

S.No.	Particulars	As at 31.03.2016 (Rupees)	As at 31.03.2015 (Rupees)
I	Long Term borrowings		
	a) Term loans:		
	From banks:		
	Secured		
	Bank of India, Banjara Hills, - Loan for Flats	25,82,833	19,74,371
	IIFL- TATA ACE Vehicle Loan.	3,72,480	-
	ICICI Bank - Vehicle Loan.	5,53,498	11,54,080
	TERM LOANS - (BOI,SBH,UCO & PNB)	171,61,29,343	145,61,24,532
	(* Hypothication of Plant & Machinery and Immovable Properties, refer Note No.43 for securities provided)		
	b) Unsecured Loans from Directors / Others:		
	Unsecured Loan	4,55,15,110	2,06,54,983
	Total long term borrowings	176,51,53,264	147,99,07,966

NOTE NO. 5 : OTHER LONG TERM LIABILITIES

S.No.	Particulars	As at 31.03.2016 (Rupees)	As at 31.03.2015 (Rupees)
	a) Other long term liabilities		
	- Other Liabilities	5,80,00,000	5,80,00,000
	- Capex payable	1,27,25,630	-
	Total other long term liabilities	7,07,25,630	5,80,00,000

NOTE NO. 6 : SHORT TERM BORROWINGS

S.No.	Particulars	As at 31.03.2016 (Rupees)	As at 31.03.2015 (Rupees)
I	Short term borrowings		
	a) Loans repayable on demand - WC		
	Bank of India	14,16,26,583	16,89,41,288
	State Bank of Hyderabad	4,15,78,855	15,51,10,722
	UCO Bank	104	2,18,40,386
	Punjab National Bank	53,29,624	1,59,50,198
	(* Hypothication of stocks and Book debts, refer Note No.43 for securities provided)		
	b) On a/c of letter of credit :		
	Bank of India	38,36,56,953	-
	State Bank of Hyderabad	9,72,35,960	-
	Total short term borrowings	66,94,28,079	36,18,42,594

NOTE NO. 7 : TRADE PAYABLES

S.No.	Particulars	As at 31.03.2016 (Rupees)	As at 31.03.2015 (Rupees)
I	a) Trade Payables	67,30,08,734	64,12,55,355
	Total Trade Payables	67,30,08,734	64,12,55,355

NOTE NO. 8 : SHORT TERM PROVISIONS

S.No.	Particulars	As at 31.03.2016 (Rupees)	As at 31.03.2015 (Rupees)
I	a) Provisions for employee benefits		
	PF Payable	3,61,564	3,89,287
	Salaries Payable	41,38,340	39,98,220
	b) Others		
	Statutory Liabilities	94,25,417	31,04,849
	Provision for Expenses	67,75,553	61,62,819
	Total short term provisions	2,07,00,874	1,36,55,175

NOTE NO: 09 FIXED ASSETS AS ON 31st March,2016 (Consolidated)

S. No.	Particulars	Gross Block				Rate of Depreciation	Depreciation/Amortization			Net Block as on 31.03.2016	Net Block as on 31.03.2015	
		Gross Block As on 01.04.2015	Additions during the year	Capitalization during the Year	Sale / Deletions during the year		Gross Block As on 31.03.2016	Dep. As on 01.04.2015	Dep. For the year 2015-2016			Impairment Loss / Reversal of Impairment Loss for the Year
1	LAND	5,46,49,032	-	-	-	5,46,49,032	0.00%	-	-	-	5,46,49,032	5,46,49,032
2	BUILDING @60 Years	58,47,273	-	-	-	58,47,273	1.58%	8,67,161	30,615	8,97,776	49,49,497	49,80,112
3	BUILDING @30 Years	14,85,21,645	31,81,609	-	-	15,17,03,254	3.17%	2,16,74,625	8,68,799	2,25,43,424	12,91,59,830	12,68,47,020
4	PLANT & MACHINERY	1,19,35,51,700	9,07,05,358	18,19,80,507	-	1,46,62,37,565	6.33%	28,39,64,225	1,45,95,344	29,85,59,569	1,16,76,77,998	90,95,87,475
5	OFFICE EQUIPMENT	47,27,691	41,800	-	-	47,69,491	19.00%	25,73,775	5,40,449	31,14,225	16,55,267	21,53,916
6	COMPUTERS	8,77,85,562	11,48,318	-	-	8,89,33,880	31.67%	8,45,08,534	7,98,232	8,53,06,766	36,27,115	32,77,029
7	FURNITURE	75,19,480	2,04,320	-	-	77,23,800	9.50%	33,95,755	4,43,584	38,39,339	38,84,462	41,23,726
8	VEHICLES	1,50,44,635	5,20,625	-	3,12,806	1,52,52,454	11.89%	55,67,680	4,32,539	57,69,818	9,4,82,636	94,76,955
		1,51,76,47,019	9,58,02,030	18,19,80,507	-	1,79,51,16,750		40,25,51,755	1,77,09,562	42,00,30,916	1,37,50,85,834	1,11,50,95,284
9	Capital Work-in-Progress	3,03,23,454	6,83,983	2,53,41,272	-	56,66,165					56,66,165	3,03,23,454
		1,54,79,70,473	9,64,86,013	20,73,21,779	-	1,80,07,82,915		-40,25,51,755	1,77,09,562	-	1,38,07,51,999	1,14,54,18,718

Note: Depreciation was not charged on Vizag Unit due to Hud Hud Cyclone restoration work during the year

NOTE NO. 10 : DEFERRED TAX ASSET / (LIABILITY)

S.No.	Particulars	As at 31.03.2016 (Rupees)	As at 31.03.2015 (Rupees)
I	Opening Deferred tax Liability	16,85,97,988	(3,59,59,554)
	Add:	-	
	Deferred Tax Liability for the year (Due to SLM and WDV Difference)		
	Deferred Tax Liability for the year (Due to Others)	2,40,70,969	20,45,57,542
	Gross Deferred tax Liability	19,26,68,957	16,85,97,988
	Opening Deferred tax Asset	-	-
	Provision for Gratuity and Compensated Absences and doubtful debts	-	-
	Gross Deferred tax Asset	-	-
	Deferred Tax Asset / (Liability)	19,26,68,957	16,85,97,988

NOTE NO. 11 : LONG TERM LOANS AND ADVANCES

S.No.	Particulars	As at 31.03.2016 (Rupees)	As at 31.03.2015 (Rupees)
I	Long - term loans and advances:		
	a) Security Deposit		
	Secured	2,00,44,365	1,44,64,068
	Total Long Term Loans & Advances	2,00,44,365	1,44,64,068

NOTE NO.12 : OTHER NON - CURRENT ASSETS

S.No.	Particulars	As at 31.03.2016 (Rupees)	As at 31.03.2015 (Rupees)
I	Long term Trade receivable (Including trade receivables on deferred credit basis)		
	Unsecured considered good	7,84,23,673	5,91,16,020
	Total Non - Current Assets	7,84,23,673	5,91,16,020

NOTE NO. 13 : INVENTORIES

S.No.	Particulars	As at 31.03.2016 (Rupees)	As at 31.03.2015 (Rupees)
I	Inventories :		
	a) Raw materials		
	Palm Stearin	12,64,171	98,70,042
	Mutton Tallow	-	39,57,395
	Rice Bran Oil	1,82,72,163	7,63,74,103
	Used Cooking Oil	62,36,812	2,50,93,810
	Seeds	1,57,363	1,57,363
	Fatty Acid Oil	8,99,808	46,34,611
	RBD Palm Oil	13,68,08,172	-
	Refined Palm Oil	1,48,10,025	-
	Chemicals & Consumables	1,31,31,749	2,03,60,046
	Sub Total	19,15,80,263	14,04,47,370
	b) Finished goods		
	Bio Diesel.	22,48,55,030	10,08,73,679
	Glycerine.	5,58,09,780	5,29,92,850
	Rice Bran Oil	1,67,82,975	57,14,856
	Sludge and Fatty Acid.	68,99,928	20,96,469
	Sub Total	30,43,47,713	16,16,77,854
	d) Stores and spares	1,47,50,954	1,28,34,861
	Total Inventories	51,06,78,930	31,49,60,085

NOTE NO. 14 : TRADE RECEIVABLES

S.No.	Particulars	As at 31.03.2016 (Rupees)	As at 31.03.2015 (Rupees)
1	Unsecured, Considered Good for more than Six Months	30,73,36,544	-
	Other debts	36,07,39,535	43,68,06,734
	Total Trade Receivables	66,80,76,079	43,68,06,734

NOTE NO. 15 : CASH AND BANK BALANCES

S.No.	Particulars	As at 31.03.2016 (Rupees)	As at 31.03.2015 (Rupees)
I	Cash and cash equivalents :		
	a) Balances with banks :		
	- On Current Accounts	1,48,00,010	1,37,10,616
	b) Cash on hand	12,73,528	25,08,904
	Total Cash and Cash Equivalents	1,60,73,538	1,62,19,520

NOTE NO. 16 : SHORT TERM LOANS AND ADVANCES

S.No.	Particulars	As at 31.03.2016 (Rupees)	As at 31.03.2015 (Rupees)
I	Short - Term Loans and Advances:		
	a) Security Deposit LC Margin & Other Deposit	5,27,88,101	3,43,88,654
	b) Other loans And advances Secured - Raw Material etc..	8,92,59,224	23,23,87,300
	Secured - Other Advances	2,99,10,311	2,20,64,612
	Insurance claim	18,56,22,893	18,56,37,986
	Total Short Term Loans & Advances	35,75,80,529	47,44,78,552

NOTE NO. 17 : REVENUE FROM OPERATIONS

S.No.	Particulars	As at 31.03.2016 (Rupees)	As at 31.03.2015 (Rupees)
(i)	Revenue from operations		
	(a) Sale of Products	182,46,90,019	160,11,85,045
	(b) Sale of Products (Exports)	8,22,56,898	27,82,14,018
	(b) Sale of Products (Exports Out to Out India)	21,58,70,829	48,10,71,480
	(c) Sale of Services	6,01,05,871	5,19,97,143
	(d) Other Operating Revenues (IROAF Chennai)	3,57,40,000	5,96,78,125
	Less: Excise Duties & Customs	71,67,483	26,43,651
	Total Revenue from Operations	221,14,96,134	246,95,02,160

NOTE NO. 18 : OTHER INCOME

S.No.	Particulars	As at 31.03.2016 (Rupees)	As at 31.03.2015 (Rupees)
I	(a) Other non-operating income (net of expenses directly attributed to such income)	54,64,751	27,66,102
	(b) Net gain/loss on foreign currency translation and transaction (other than considered as finance cost)	(5,10,398)	13,96,843
	Total Other Income	49,54,353	41,62,945

NOTE NO. 19 : COST OF MATERIALS CONSUMED & PURCHASE OF STOCK IN TRADE

S.No.	Particulars	As at 31.03.2016 (Rupees)	As at 31.03.2015 (Rupees)
I	Material		
	Palm Stearin	15,38,17,011	7,29,64,620
	Mutton Tallow	1,68,94,090	21,83,67,306
	Rice Bran Oil	21,96,57,586	112,51,09,265
	Used Cooking Oil	5,15,59,461	66,19,70,427
	Fatty Acid Oil	46,24,540	2,33,74,123
	RBD Palm Oil	3,55,48,945	-
	Refined Palm Oil	10,80,30,892	-
	Cost of Material Consumed	59,01,32,525	210,17,85,741
	b) Purchases - Stock in Trade	150,33,52,507	-
		150,33,52,507	-
	c) Chemicals & Consumables	3,81,41,613	5,80,18,361
		3,81,41,613	5,80,18,361
	IROAF Contract Expenses	2,50,28,528	3,91,17,298
		2,50,28,528	3,91,17,298
	Total Cost Of Material Consumed	215,66,55,172	219,89,21,400

NOTE NO. 20 : CHANGE IN INVENTORIES & WIP.

S.No.	Particulars	As at 31.03.2016 (Rupees)	As at 31.03.2015 (Rupees)
I	Finished Goods		-
	Finished goods at the beginning of the year	16,16,77,855	20,28,86,318
	Less : Finished goods at the end of the year	30,43,47,713	16,16,77,854
	Sub Total (A)	(14,26,69,858)	4,12,08,464
	Work in Progress		
	Work in progress at the beginning of the year	-	6,45,645
	Less: Work in progress at the ending of the year	-	-
	Less : Loss due to Cyclone Hud Hud	-	6,29,53,695
	Sub Total (B)	-	(6,23,08,050)
	(Increase) / Decrease in Inventories (A+B)	(14,26,69,858)	(2,10,99,586)

NOTE NO. 21 : EMPLOYEE BENEFIT EXPENSES

S.No.	Particulars	As at 31.03.2016 (Rupees)	As at 31.03.2015 (Rupees)
I	(a) Salaries & Wages	1,55,28,032	1,84,49,452
	(b) Contribution to Provident & Other Funds	30,57,691	30,00,238
	(c) Staff Welfare Expenses	36,22,550	48,30,721
	Total Employee Benefit Expenses	2,22,08,273	2,62,80,411

NOTE NO. 22 : OTHER OPERATING EXPENSES

S.No.	Particulars	As at 31.03.2016 (Rupees)	As at 31.03.2015 (Rupees)
I	(a) Consumption of Stores & Spares	33,51,553	1,75,33,573
	(b) Power & Fuel	3,88,81,851	6,50,37,864
	(c) Rent	-	61,540
	(d) Repairs to Machinery	16,67,036	1,18,14,990
	(e) Insurance	5,43,727	11,61,607
	(f) Rates & Taxes (Excluding Income Tax)	89,79,380	73,36,825
	(g) Bandwidth	3,81,48,091	3,30,95,000
	(h) Other Mfg Expenses	80,15,997	93,81,458
	(i) Factory Wages	1,24,73,663	2,82,86,550
	(j) Shipping Charges	1,93,90,513	2,18,31,941
	(g) Payment to Auditors:		
	(i) As Auditor	75,000	75,000
	(ii) For Taxation Matters	50,000	50,000
	(iii) For Company Law Matters	25,000	25,000
	Total Other Expenses	13,16,01,811	19,56,91,348

NOTE NO. 23 : ADMINSTRATIVE EXPENSES

S.No.	Particulars	As at 31.03.2016 (Rupees)	As at 31.03.2015 (Rupees)
I	(a) Telephone, Postage and Others	17,57,966	20,53,814
	(b) Business Promotion Expenses	-	-
	(c) Travelling & Conveyance	1,27,77,628	1,66,13,094
	(d) Office Maintenance	30,28,646	30,58,313
	(e) Printing & Stationery Expenses	5,46,796	4,28,638
	(f) Security Charges	8,76,191	9,06,378
	(g) Rent ,Rates & Taxes (excluding Income Tax)	30,74,958	28,77,290
	(h) Managerial Remuneration	55,20,000	55,20,000
	(i) Consultancy Charges	18,13,654	25,20,775
	(j) Gen Expenses	7,58,172	3,86,498
	(k) Director Sitting Fee / Board Meeting Expenses	14,16,283	18,16,833
	Total Administrative Expenses	3,15,70,294	3,61,81,633

NOTE NO. 24 : FINANCE COST

S.No.	Particulars	As at 31.03.2016 (Rupees)	As at 31.03.2015 (Rupees)
I	(a) Interest Expenses :		
	- Interest on Cash Credit	2,58,59,131	3,73,41,816
	- Interest on Car Loan / Term Loan	-	13,81,50,955
	- Interest on LC & BG Discounts	-	-
	- LC & BG Opening Charges, Bank Charges & others	3,64,57,168	2,16,51,119
	(b) Other Borrowing costs	-	-
	(c) Applicable net gain/loss on foreign currency	-	-
	Total Finance Cost	6,23,16,299	19,71,43,890

NOTE NO. 25 : OTHER EXPENSES

S.No.	Particulars	As at 31.03.2016 (Rupees)	As at 31.03.2015 (Rupees)
I	Other expenses		
	General Expenses	-	-
	Loss on Vehicle Sale	-	21,87,587
	Advertisements	29,688	4,000
	Collection Expenses	1,91,841	85,000
	Commission & Discounts	30,04,788	28,53,598
	Freight Charges - Outward & Insurance	69,32,094	3,37,59,703
	Business Promotion Expenses	10,90,595	35,77,413
	Total Other expenses	1,12,49,006	4,24,67,301

A. SIGNIFICANT ACCOUNTING POLICIES :

1. Basis of preparation of Financial Statements

The Financial statements of Subsidiaries used in the consolidation are drawn up to the same reporting date as that of the parent company i.e., year ended 31st March 2016

These financial statements have been prepared in accordance with the generally accepted accounting principles in India and under the historical cost convention on accrual basis, exception for certain tangible assets which are being carried at revalue amounts. Pursuant to Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, till the standards of accounting or any addendum thereto are prescribed by Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the Companies Act 1956, Shall Continue to apply. Consequently these financial statements have been prepared to comply in all material aspects with the accounting standards notified under section 211 (3C) of Companies Act, 1956 [Companies (Accounting Standards) Rules, 2006, as amended] and other relevant provisions of the Companies Act, 2013.

All the assets and liabilities have been classified as current and non-current as per the company's normal operating cycle and other criteria set out in schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle to be 12 months for the purpose of current-non-current classification of assets and liabilities.

2. Principles of Consolidation

The financial statement of parent company and its subsidiaries have been consolidated on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra group balances, intra group transactions and the unrealized profits.

The financial statements of the parent company and its subsidiaries have been consolidated using uniform accounting policies. The financial statements are prepared in accordance with the principles and procedures of required for preparation and presentation of Consolidated Financial Statements as laid down under the Accounting standard-21 'Consolidated Financial statements.'

The Company has two subsidiaries namely

- a) Southern Biofe Biofuels Private Limited
- b) Marvel Bio Oil FZE, Sharjah

● Use of Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) in India requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of financial statements and reported amounts of income and expenses during the period.

3. Cash and Cash Equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalent are short term balances (with an original maturity of three months or less from the date of acquisition). Highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

Cash Flow Statement

Cash Flows are reported using the indirect method, whereby Profit tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated.

4. Tangible and Intangible Assets

i) Tangible fixed assets

Tangible fixed assets are carried at the cost of acquisition or construction, less accumulated depreciation and impairment, if any. The cost of fixed assets includes taxes (other than those subsequently recoverable from tax authorities), duties, freight and other directly attributable costs related to the acquisition or construction of the respective assets. Direct costs are capitalized until fixed assets are ready for use.

ii) Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment loss, if any. Profit or Loss on disposal of intangible assets is recognized in the Statement of Profit and Loss.

Product development expenditure is written off over a period of 10 years. Products which are considered as redundant due to Technological advancement would be written off immediately.

iii) Capital Work-in-Progress

Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

5. Depreciation and Amortization

i) Effective 01st April 2014, Company depreciates the Fixed assets over the useful life in the manner prescribed in Schedule II of the Companies Act 2013 as against the earlier practice of depreciating at the rates prescribed in Schedule XIV of the Companies Act 1956.

ii) Depreciation for additions to fixed assets of the Company is provided as per Schedule II of the Companies Act, 2013 on pro rata basis.

6. Revenue Recognition

i) Income from Software development is accounted for on the basis of software developed and billed to clients on acceptance and/or the basis of man days/ man hours as per the terms of contract.

ii) Revenue from professional services consists of primarily of revenue earned from services performed on a time and material basis. The related revenue is recognized as and when the services are performed.

iii) Revenue from Software development services includes revenue from time and materials and fixed price contracts recognized as related services are performed.

iv) Revenue on fixed price contracts is recognized in accordance with percentage of completion and method of account.

v) 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.

7. Foreign Exchange Transactions

Transactions denominated in foreign currencies are recorded at the rates prevailing on the date of transaction.

- a) Monetary items denominated in foreign currencies at the year end and are restated at year end rates.
- b) Non-monetary foreign currency items are carried at cost.
- c) In respect of foreign operations, which are non-integral operations, all assets and liabilities, other monetary and non-monetary, are translated at closing rate, which all income and expenses are translated at average rate for the year. The resulting exchange differences are included in the profit and loss account.

8. Investments

Investments are classified into current and long-term investments. Investments that are readily realizable and intended to be held for not more than a year from the date of acquisition are classified as current investments. All other investments are classified as long term investment.

Long term investments are stated at cost and provision for diminution is made if the decline in value is other than temporary in nature. Current investments are stated at lower of cost and fair value determined on the basis of each category of investments.

Cost of overseas investment comprises the Indian Rupee value of the consideration paid for the investment translated at the exchange rate prevalent at the date of investment.

9. Related party Disclosures

The Company furnishes the details of Related Party Disclosures as given in Para 23 and 26 as required by AS-18.

10. Earnings per Share

The basic and Diluted Earnings per share (EPS) is computed by dividing the net profit after tax for the year by weighted average number of equity shares outstanding during the year.

11. Taxes on Income

To provide Current tax as the amount of tax payable in respect of taxable income for the period. Measured using the applicable tax rates and tax laws.

To provide deferred tax on timing differences between taxable income and accounting income subject to consideration of prudence, measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Not to recognize Deferred tax assets on unabsorbed depreciation and carry forward of losses unless there is virtual certainty that there will be sufficient future taxable income available to realize such assets.

12. Provisions, Contingent Liabilities and Contingent Assets

The Company creates the provisions where there is a present obligation as a result of past event that probably requires an outflow of resources and a reliable estimated can be made for the amount of the obligation. A disclosure for contingent liability will be made when there is a possible obligation or present obligation that may, but probably, will not required the outflow of resources. Where there is a possible obligation or present obligation in respect of which the likelihood of outflow of resources is remote, no provisions or disclosures will be made.

NOTES TO FINANCIAL STATEMENTS

26. Share Capital

The Equity Share Capital of the company as on 31st March, 2016 is 58,99,32,88 Equity Shares of Rs. 10/- each fully paid up.

During the year:

During the year 15-16 the Company has not allotted Equity shares.

27. Secured Loans

The Company's ISP Division has Over Draft facility to the tune of Rs. 35.00 Lacs with Bank of India, which is secured against book debts of the ISP Division.

The Company's Bio Diesel Divisions has working Capital facility to the tune of Rs. 5517 Lacs which is secured against stocks and book debts.

During the financial year following credit facilities have been sanctioned/ enhanced by consortium banks under CDR EG (Bank of India, State Bank Of Hyderabad, UCO Bank and Punjab National Bank) which is secured charge on the fixed assets and current assets (Book debts & Receivables) of the company and personal guaranty of the Directors.

- 1) Additional sanction of WCTL -III Rs. 20.00 Cr against Hud-Hud cyclone Insurance claim on stock loss.
- 2) Additional sanction of Term loan –V Rs.7.00 Cr against Hud-Hud cyclone Insurance claim on Fixed Assets damage.
- 3) WCFB enhanced from Rs.45.56 Cr (after WCTL-III Carved) to 55.17 Cr.
- 4) WCNFB enhanced from Rs.80.83 Cr to 118.12 Cr.

28. Investments

No other investments were made by the company.

29. Segment Reporting

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

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

The Bio Diesel division manufactures the Bio Diesel.

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

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

- a) The income and expenditure relating to 30 TPD capacity bio diesel unit at Tondiarpet, Chennai.
- b) The income and expenditure relating to Cross country trading of Used Cooking Oil.
- c) The income and expenditure relating to local Stock in Trade of Rice Bran Oil & RBD Palm Oil.

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

Business Segments:

(Rs. In Lakhs)

Statement of Profit and loss for the year ended 31.03.2016.	ISP		BIO DIESEL		OTHERS		TOTAL	
	2016	2015	2016	2015	2016	2015	2016	2015
Revenues	601.06	519.97	6,033.23	9,134.83	15,480.67	15,040.22	22,114.96	24,695.02
Identifiable Operating Expenses	420.11	390.03	5,747.39	6,846.23	15,283.81	14,351.81	21,451.31	23,735.14
Allocated Expenses	139.99	121.16	550.65	4,095.84	141.30	175.37	831.94	2,245.29
Segmental Operating Income	40.96	8.78	(264.81)	(1,807.23)	55.56	513.04	(168.29)	(1,285.41)
Unallocated Expenses	-	-	-	-	-	-	-	-
Profit for the year before Interest	40.96	8.79	(264.81)	(1,807.23)	55.56	513.04	(168.29)	(1,285.40)
Interest Expenses	6.64	4.60	274.35	1,965.61	342.17	1.23	623.16	1,971.44
Other income	-	-	53.46	27.66	(3.92)	13.97	49.54	41.63
Net profit before taxes and prior period items	34.32	4.18	(485.70)	(3,745.18)	(290.53)	525.78	(741.91)	(3,215.21)
Provision for taxation	-	-	(240.71)	(2,045.58)	-	-	(240.71)	(2,045.58)
Prior Period Items	-	-	-	-	-	-	-	-
Net profit after taxes and before exceptional items	34.32	4.18	(244.99)	(1,699.61)	(290.53)	525.78	(501.20)	(1,169.64)
Exceptional items	-	-	-	-	-	-	-	-
Profit after tax and exceptional items	34.32	4.18	(244.99)	(1,699.61)	(290.53)	525.78	(501.91)	(1,169.64)

Geographical segments

(Rs. In Lakhs)

Revenues	As at 31.03.2016	As at 31.03.2015
India	19,133.68	17,102.17
Outside India	2,981.28	7,592.85
Total	22,114.96	24,695.02

30. 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.

During the current year, the company recognized the deferred tax asset for an amount of Rs. 240.71 lakhs on business loss of the current financial year 2015-16. Such DTA is recognized only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such DTA can be realized.

The certainty for earning future taxable income is evidence with that the company is going to utilize the full capacity of plant for generation of Bio Diesel situated at Vizag.

(Rupees)

Particulars	As at 31.03.2016	As at 31.03.2015
Deferred Tax Liability /Asset		
a) Opening Balance as on 01.04.2015.	16,85,97,988	(3,59,59,554)
Add: Deferred Tax Asset for current year	2,40,70,969	20,45,57,542
Total (C)	19,26,68,957	16,85,97,988

31. FOREIGN EXCHANGE EARNINGS:

(Rupees)

Particulars	As at 31.03.2016	As at 31.03.2015
Export of Goods	29,81,27,727	83,01,23,691

32. FOREIGN EXCHANGE OUTFLOW:

(Rupees)

Particulars	As at 31.03.2016	As at 31.03.2015
For Purchases	33,37,67,239	83,01,23,691

33. DIRECTOR'S REMUNERATION:

The Managerial remuneration paid or provided in accordance with Schedule V of the Companies Act, 2013 to the Directors is as follows:

(Rupees)

Particulars	As at 31.03.2016	As at 31.03.2015
Salary & Allowances (Whole Time Director)	55,20,000	55,20,000

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

34. REMUNERATION TO AUDITORS:

(Rupees)

Particulars	As at 31.03.2016	As at 31.03.2015
Audit Fees	1,50,000	1,50,000

35. DETAILS OF QUANTITATIVE INFORMATION:

The activity of the Company can be broadly classified into Internet Service Provider (ISP), Manufacturing of Bio diesel, Used Cooking Oil Trading & Contract and Bio Diesel plant Construction for IROAF at Tondiarpet, Chennai. The ISP services and IROAF Construction are not capable of being expressed in any generic unit and hence it is not possible to give the quantitative details required under 3 and 4C of part II of the schedule VI of the Companies Act, 1956. In respect of Bio Diesel Division and UCO Merchant trading the quantitative information is as follows:

Sl. No.	Quantitative Information	2015-16		2014-15	
		Qty (Kg's / Ltr's)	Value (Rs)	Qty (Kg's / Ltr's)	Value (Rs)
A	Licensed Capacity	NA		NA	
B	Installed Capacity	280 TPD		280 TPD	
C	Finished Goods				
	Bio Diesel in KG's				
	Opening Stock	1,530,552	100,873,679	875,688	53,407,072
	Production during the Year	9,344,933	504,524,904	11,690,850	763,158,595
	Stock Transfer	-	-	-	-
	Sales during the year	6,719,959	318,885,333	10,473,138	624,400,023
	Sludge & Fatty	-	-	123,292	2,959,008
	Hud-Hud Loss	-	-	439,556	31,648,032
	Closing Stock	4,155,525	224,855,030	1,530,552	100,873,679
	Glycerin				
	Opening Stock	1,059,857	52,992,850	1,185,564	65,206,020
	Production during the Year	742,166	23,580,820	1,337,359	49,026,990
	Stock Transfer In & (Out)	-	-	-	-
	Sales during the year	639,950	10,599,818	558,690	9,094,289
	Consumed	17,595	611,275	292,402	5,143,591
	Hud-Hud Loss	-	-	611,974	30,570,049
	Closing Stock of Glycerin	1,144,478	55,809,780	1,059,857	52,992,850
	Rice Bran Oil Processed				
	Opening Stock	102,051	5,714,856	1,446,995	79,584,725
	Production during the Year	4,454,439	240,548,050	1,629,797	91,076,285
	Stock Transfer In & (Out)	-	-	-	-
	Sales during the year	4,251,345	227,269,894	2,905,932	159,979,689
	Hud-Hud Loss	-	-	18,611	728,873
	Sludge & Fatty	-	-	50,198	1,204,752
	Closing Stock	305,145	16,782,975	102,051	5,714,856
	Sludge & Fatty Acid Oil				
	Opening Stock	93,134	2,096,469	245,111	5,334,146
	Production during the Year	325,234	6,243,332	724,319	13,999,353
	Stock Transfer In & (Out)	-	-	-	-
	Sales during the year	232,332	2,494,562	876,296	15,199,149
	Closing Stock	186,036	4,214,301	93,134	2,096,469
	Processed UCO				
	Opening Stock	-	-	-	-

	Production during the Year	1,266,154	65,189,468	-	-
	Sales during the year	1,123,568	42,246,066	-	-
	Consumed	119,657	6,350,197	-	-
	Closing Stock	22,929	1,180,527	-	-
	Esterified Oil				
	Opening Stock	-	-	-	-
	Production during the Year	30,102	1,505,100	-	-
	Sales during the year	-	-	-	-
	Closing Stock	30,102	1,505,100	-	-
D	RAW MATERIAL CONSUMED				
	Seeds				
	Opening Stock	14,791	157,363	14,791	157,363
	Purchased during the Year	-	-	-	-
	Consumed during the year	-	-	-	-
	Closing Stock	14,791	157,363	14,791	157,363
	Tallow				
	Opening Stock	103,856	3,957,395	323,388	12,135,914
	Purchased during the Year	374,660	12,936,695	5,511,195	210,188,787
	Consumed during the year	478,516	16,894,090	5,730,727	218,367,306
	Closing Stock of Tallow	-	-	103,856	3,957,395
	Palm Stearin				
	Opening Stock	235,001	9,870,042	459,326	22,814,425
	Purchased during the Year	8,074,350	247,678,455	1,428,625	60,020,237
	Consumed during the year	7,786,238	245,955,443	1,652,950	72,964,620
	Closing Stock of Palm Stearin	523,113	16,074,196	235,001	9,870,042
	Fatty Acid Oil				
	Opening Stock	94,684	4,634,611	640,980	32,609,934
	Purchased during the Year	18,392	899,737	611,885	28,686,070
	Consumed during the year	94,684	4,624,540	477,803	23,374,123
	Hud-Hud Loss	-	-	680,378	33,287,270
	Closing Stock of Fatty Acid Oil	18,392	899,808	94,684	4,634,611
	Rice Bran Oil				
	Opening Stock	1,331,315	76,374,104	54,958	2,363,540
	Purchased during the Year	10,504,849	539,777,060	22,290,425	1,199,130,565
	Stock Transfer In & (Out)	-	-	-	-
	Consumed during the year	4,125,380	219,657,586	1,168,034	58,510,590
	Sale during the year	7,348,305	378,264,949	19,846,034	1,064,142,121
	Closing Stock of Rice Bran Oil	362,479	18,272,162	1,331,315	76,374,104
	RBD Palm Oil				
	Opening Stock	-	-	-	-
	Purchased during the Year	21,664,165	1,006,943,815	-	-
	Stock Transfer In & (Out)	-	-	-	-

Consumed during the year	705,623	35,548,945	-	-
Sale during the year	18,172,191	833,692,945	-	-
Closing Stock of Rice Bran Oil	2,786,351	136,808,172	-	-
RB Crude Oil				
Opening Stock	-	-	-	-
Purchased during the Year	404,595	15,892,460	-	-
Stock Transfer In & (Out)	-	-	-	-
Consumed during the year	404,595	15,892,460	-	-
Sale during the year	-	-	-	-
Closing Stock of Rice Bran Oil	-	-	-	-
Used Cooking Oil				
Opening Stock	579,943	25,093,810	678,800	30,444,526
Purchased during the Year	7,133,788	237,480,243	16,640,370	704,961,538
Stock Transfer In & (Out)	-	-	-	-
Consumed during the year	1,410,570	51,559,461	4,686,981	233,398,185
Sale during the year	6,068,510	215,870,830	11,073,970	481,071,481
Hud-Hud Loss	-	-	978,276	48,341,840
Closing Stock of UCO	234,651	6,236,812	579,943	25,093,810
Crude degummed Soybean Oil				
Opening Stock	-	-	-	-
Purchased during the Year	1,750,000	84,870,000	-	-
Consumed during the year	-	-	-	-
Sale during the year	1,750,000	85,610,000	-	-
Closing Stock of CDS Oil	-	-	-	-

36. DETAILS OF RELATED PARTY TRANSACTION

The company has entered into the following related party transactions as on 31st March, 2016 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	99.97 % Subsidiary
Marvel Bio Fuels	100.00 % Subsidiary
Mr. N. Satish Kumar	Promoter & Managing Director
Mr. K. Radha Krishna	Promoter, Director & CFO
Mr. B. Sreedhara Reddy	Promoter & Director Administration
Mr. B. Hare Ram Balaji	Promoter & Executive Director
Mrs. G. Anupama	Company Secretary

(b) The following are the related party transactions:

(Rupees)

Name of the Party	Relationship	Nature of Transaction	Amount 31.03.16	Amount 31.03.15
Mr. N. Satish Kumar	Promoter & Managing Director	Remuneration	19,20,000	19,20,000
		Vehicle lease	10,20,000	10,20,000
Mr. K. Radha Krishna	Promoter, Director & CFO	Remuneration	12,00,000	12,00,000
		Vehicle lease	10,20,000	10,20,000
Mr. B. Sreedhara Reddy	Promoter & Director Administration	Remuneration	12,00,000	12,00,000
		Vehicle lease	10,08,000	10,08,000
Mr. B.H.R. Balaji	Promoter & Executive Director	Remuneration	12,00,000	12,00,000
Marvel Bio Oil, FZE, Sharjah	Subsidiary company	Investment	4,31,550	-
Marvel Bio Oil, FZE, Sharjah	Subsidiary company	Maintenance	7,35,313	-

37. Prior Period Items: Nil

38. 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 earnings per share is the weighted average number of shares outstanding during the year.

(Rupees)

Particulars	As on 31.03.2016	As on 31.03.2015
Profit available for the equity share holders (Rs)	(5,01,19,104)	(11,69,63,799)
No. of shares outstanding for EPS-Basis	5.89.93,288	5.89.93,288
No. of shares outstanding of EPS-Diluted	5.89.93,288	5.89.93,288
Basic	(0.85)	(1.98)
Diluted	(0.85)	(1.98)

39. Confirmations is not obtained from debtors/ creditors as to the balances receivable/ payable to them as at year ended 31st March, 2016.

40. Bank Guarantees

The Company has outstanding Bank guarantees and counter guarantees of Rs 10,27,20,065/- as on 31.03.2016 (previous year ended 31.3.2015 is Rs.1,78,98,799/-) to bank, in respect of the guarantees given by the bank in favor of The President of India, Government of India, acting through the Telegraph Authority, NSIC, SICOM and Ministry of Railways., Indian Railways Organization for Alternative Fuels (IROAF).

41. Letter of Credits

The Company has outstanding Letter of Credit to the extent of Rs. 68,31,92,694/- as on 31.03.2016 (Previous year Rs. 65,77,22,406/-as on 31.03.2015).

42. (i) The Board of Director's of the company in its meeting held on 14th November, 2014 had accorded its approval for restructure of the debts of the company under corporate debt restructuring (CDR) mechanism of the Reserve Bank of India. The proposal is only for the company and not for any of its subsidiaries and associates. CDR Empowered group (CDR EG) in its meeting held on 25th August, 2015. As on 31st March, 2016 CDR related documents have been executed. On restructuring, effect of CDR scheme in the books of accounts has been given as follows:-

- a) Additional Term Loan V of Rs. 7 cores for restoration / repair works in Vizag plant damaged due to cyclone stands approved. The TL to be repaid from insurance claim within 18 months from date of disbursement of loan @ 10.25% p.a. linked to base rate of respective banks with “reset” option every year.
- b) Irregular portion of WC carved out as WCTL III of Rs. 20 Crore due to stock loss / spillages / leakages stands approved. WCTL III to be paid partly out of insurance claims and balance from promoter’s contribution of Rs. 9.34 Crore to be infused in FY.2015-16 @ 10.25% p.a. linked to base rate of respective banks with ‘reset’ option every year.
- c) The working capital Fund based requirement for FY. 2015-16 has been assessed at Rs. 55 Crore with of interest @ 10.25% p.a. linked to base rate of respective banks with reset option every year stands approved.
- d) The separate working capital Fund limit of Rs. 12 Crore for FY 2015-6 for trading business with in overall Fund based limit of Rs. 55 crore with rate of interest @ 10.25% p.a. linked to base rate of respective banks with reset option every year stands approved.
- e) Fresh NFB limit of Rs. 118.02 crore has been assessed for FY 2015-16 approved. This includes LC limit of Rs. 107.50 crore and BG limit of Rs. 10.52 crore @ 50% of applicable charges / commission.
- f) Lenders sacrifice has been taken as nil, as existing TL/WCTL/FITL has been rescheduled with ballooning payment within the present tenor of the package. The existing TL/WCTL/FITL are repayable in 32 structured quarterly installments from June 2015 to March 2023 with rate of interest @ 10.25% p.a. linked to base rate of respective banks with reset option every year.
- g) Promoters shall infuse balance contribution Rs. 11.94 crore (Rs. 9.34 crore of 50% of cash loss in FY 2014-15 and Rs. 2.60 crore as margin for Total cost of damages to manufacturing facility / plant machinery estimated at Rs. 9.60 crore).
- h) Promoter shall inform the lenders about details of Insurance claims lodged to insurance companies.
- i) The other terms and conditions will continue as per the approved restructuring package.
- (ii) During the financial year 2015 – 16, An amount of Rs. 5.05 Crores is dues to bank on account of Interest on Term Loans.

43. Details of Security:

Security	Particulars	Charge Owner
Principal	Working Capital Limits First pari passu charge on current assets by way of hypothecation of stocks and book debts other than current assets of ISP Division which are exclusively charged to BOI. (as per estimates). Second pari passu charge on entire fixed assets of the company both present and future except assets exclusively charged to lenders	Bank of India Bank of India State Bank of Hyderabad UCO Bank Punjab National Bank
	Term Loans/WCTLs/FITLs First pari passu charge on the net block by way of equitable mortgage of land and building (on 33 years lease from APIIC Ltd, Government of Andhra Pradesh) at Vizag and hypothecation of plant and machinery, excluding flats and vehicles exclusively financed by Bank of India at Vizag and Equitable Mortgage of Land and Building, Hypothecation of Plant & Machinery pertaining to existing plant at Nalgonda Second pari passu charge on entire current assets of the company both present and future	Bank of India State Bank of Hyderabad UCO Bank Punjab National Bank

Security	Particulars	Charge Owner
	<p>Home Loans</p> <p>Equitable Mortgage of 2 Flats Nos. A 5 and B 5, 5th floor, Samrat Complex, Saifabad, Hyderabad owned by the company now proposed to be transferred to SOSL @@</p>	Bank of India
	<p>Mortgage Loan</p> <p>Equitable Mortgage of Flat No. A-3, Municipal No.5-9-12/A/3/1 admeasuring 1961.27 sq.fts. along with undivided share of land 30.30 sq. yards on 3rd floor in Municipal No. 5-9-12 and 5-9-12/1 in Samrat Complex situate at Saifabad, Hyderabad, owned by the company and proposed to be transferred to SOSL@@</p> <p>Autofin Loans</p> <p>Hypothecation of vehicles – 2 Mahindra Cars.</p>	Bank of India
1.	Collateral	Bank of India
2.	Extension of equitable mortgage of three flats originally mortgaged as principal security in two Home Loan Accounts and Mortgage Loan Account as detailed above with exclusively charged to BOI.	Bank of India
3	EQM of open land admeasuring 4477 Sq Yds (non agricultural) in S.No. 213/B (aa) & 213/D (ee) at Chitukul Village, Patancheru Mandal, Medak District owned by Mr N Satish Kumar Doc No 4756/2008	Bank of India State Bank of Hyderabad UCO Bank Punjab National Bank
4	EQM of open land admeasuring 1815 Sq Yards (non agricultural) in S.No. 213/B(aa) & 213/D(ee) at Chitukul Village, Patancheru Mandal, Medak District owned by Mr B Sreedhar Reddy Doc No 4755/2008	Bank of India State Bank of Hyderabad UCO Bank Punjab National Bank
5	EQM of open land admeasuring 1815 Sq Yards (non agricultural) in S.No. 213/B(a) & 213/D(e) at Chitukul Village, Patancheru Mandal, Medak District owned by Mr K Radha Krishna Doc No 4751/2008	Bank of India State Bank of Hyderabad UCO Bank Punjab National Bank
6	EQM of open land admeasuring 3388 Sq Yards (non agricultural) in S.No. 213/B(aa) & 213/D(ee) at Chitukul Village, Patancheru Mandal, Medak District owned by Mr Kodali Tejas Kumar. Doc No 4753/2008	Bank of India State Bank of Hyderabad UCO Bank Punjab National Bank
7	EQM of residential building situated at HNO: 4-22-29/2, S.NO: 191/G, 193/C Chaitnyapuri, Main Road, Guntur City, Guntur district owned by Mr Kadiyala Venkateswara Rao Land : 241.54 Sq Yards G Floor : 1441 SFT Doc no3797/2008	Bank of India State Bank of Hyderabad UCO Bank Punjab National Bank
8	EQM of open land admeasuring 266 sq yards (non agricultural) in S.No. 250/C/2, Plot No. 1032, Ghanapavaram Village, Patancheru Mandal, Medak District owned by Mr Kadiyala Venkateswara Rao Doc no. 1960/2007	Bank of India State Bank of Hyderabad UCO Bank Punjab National Bank
	EQM of open land admeasuring 346 sq yards (non agricultural) in Plot No. 1044, S.No. 187/2, Ghanapavaram village, Patancheru Mandal, Medak district owned by Mr Kadiyala Venkateswara Rao Doc no. 3487/2007	Bank of India State Bank of Hyderabad UCO Bank Punjab National Bank

Security	Particulars	Charge Owner
9	EQM of open land admeasuring 266 sq yards (non agricultural) in Plot No. 1043, S.No. 187/2, Ghanapavaram village, Patancheru Mandal, Medak district owned by Mr Kadiyala Venkateswara Rao. Doc no.1961/2007	Bank of India State Bank of Hyderabad UCO Bank Punjab National Bank
10	EQM of Office Premises No. B4, Municipal No. 5-9-12/B/4, 4th Floor, Samrat Complex, Saifabad, Hyderabad owned by Mr Kadiyala Venkateswara Rao and Mr Kodali Tejas Kumar Doc No.4540/05	Bank of India State Bank of Hyderabad UCO Bank Punjab National Bank
11	EQM of land in the name of Mr. N Satish Kumar at Chitukul, Patancheru, Medak district – 502307 S.No. 214/AA - Doc No 3213/2009 Extent : 2420 Sq Yd S.No.214/AA Doc No.3212/2009 Extent 2420 Sq Yards	Bank of India State Bank of Hyderabad UCO Bank Punjab National Bank
12	EQM of property belonging to the company at S.No. 396/8, Dupitur Village, Atchutapuram Ramballi Mandal (next to SEZ), Vishakhapatnam, Extent 34 cents (1645 sq. Yards) of Non Agricultural Land. Doc no:2213/2010	Bank of India State Bank of Hyderabad UCO Bank Punjab National Bank
13	Pledge of promoters shares in demat form. (6049479 shares as on 31.03.2014 constituting 17.48% of the paid up capital @ Rs.4.28 per share : low market value at March, 2014) \$\$	Bank of India State Bank of Hyderabad UCO Bank Punjab National Bank

44. The Visakhapatnam unit of the company was effected by the natural calamity i.e., **Cyclone Hudhud on 12th October 2014**. Due to the cyclone, the unit has incurred the loss of Rs. 1914.29 lakhs. The damages are properly covered with the insurance and the petition for the claim of such losses has been already filed to the insurance company. The claim of the company is under process with the National Insurance company Limited as on balance sheet date 31st March 2016.
45. Due to Hudhud cyclone effect the Compsany's Biodiesel unit at Visakhapatnam has not been working from 1st April, 2015 to 31st January, 2016. The Company has capitalized Interest on term loan to the extent of Rs. 1493.18 Lakhs for the year and also reversed the depreciation entry during the said period to the extent of Rs. 511.36 Lakhs.
46. Previous year figures have been regrouped wherever necessary.
47. The figures have been rounded off to the nearest rupee.

AS PER OUR REPORT OF EVEN DATE

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

A Krishna Rao
Partner
M No.020085

Place : Hyderabad
Date : 30.05.2016

For and on behalf of the Board of Directors
For Southern Online Bio Technologies Ltd
Sd/-

N Satish Kumar
Managing Director

Sd/-
K Radha Krishna
Director & CFO

Sd/-
G Anupama
Company Secretary

BLANK

STANDALONE FINANCIAL SECTION

BLANK

INDEPENDENT AUDITOR'S REPORT

To the Members of **Southern Online Bio Technologies Limited**

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **Southern Online Bio Technologies Limited** ("the Company"), which comprises the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the act') with respect to the preparation and presentation of these standalone financial statement that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with rule 7 of Companies (Accounts) Rules, 2014. This responsibility includes 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 frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; design, implementation and maintenance of adequate internal financial controls, that are operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the standalone financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31st March 2016, its Loss and its cash flows for the year ended on that date.

Emphasis of Matter Paragraph:

We draw the attention to note no. 45 that, due to Hudhud cyclone effect the Company's Biodiesel unit at Visakhapatnam has not been working from 1st April, 2015 to 31st January, 2016. The Company has capitalized Interest on term loan to the extent of Rs. 1493.18 Lakhs for the year and also not charged the depreciation for the said period to the extent of Rs. 511.36 Lakhs.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters Specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, we further report that:
 - a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) 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;
 - c) the Balance Sheet, Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d) in our opinion, the aforesaid standalone financial statements comply with the applicable Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules 2014 .
 - e) On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate report in 'Annexure B' and
 - g) With respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations as at 31st March 2016 on its financial position in its standalone financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There is no amount which is required to be transferred, to the Investor Education and Protection Fund by the company during the year ended 31st March 2016.

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

A Krishna Rao
Partner
Membership No. 020085

Place: Hyderabad
Date: 30th May 2016.

Annexure A to the Auditors Report

Annexure referred to in Independent Auditors Report to the Members of Southern Online Bio Technologies Limited on the standalone financial statements for the year ended 31st March 2016, we report that:

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
(b) As explained to us, fixed assets have been physically verified by the management at regular intervals; as informed to us no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable.
(c) According to the information and explanations given to us and on the basis of our examination of records of the Company, the title deeds of immovable properties are held in the name of the Company.
- ii. The physical verification of inventory has been conducted at reasonable interval by the management during the year. There was no discrepancy noticed on physical verification of inventory as compared to book records and have been appropriately dealt with in the books of accounts.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said order are not applicable to the company.
- iv. In our opinion and according to the information and explanations given to us, the company has complied with the provisions of sections 185 and 186 of the Companies Act 2013 in respect of loan and investment made and guarantees and securities provided by it.
- v. The Company has not accepted any deposits from the public covered under Section 73 to 76 of the Companies Act, 2013 and rules framed there under to the extent notified.
- vi. We have broadly reviewed the books of accounts maintained by company in respect of products where, pursuant to rules made by central government of India, the maintenance of cost records has been specified under sub section (1) of 148 of the Act, and are of opinion that prima facie, the prescribed account and records made and maintained. We have not, however made a detailed examination of records with a view to determine whether they are accurate and complete.
- vii. (a) According to the information and explanations given to us and based on the records of the company examined by us, the company is generally regular in depositing the undisputed statutory dues including Provident fund, Employees state insurance, income tax, service tax, Excise duty, custom duty and other material statutory dues, as applicable, with the appropriate authorities in India ;
(b) There were no undisputed amounts payable in respect of Provident fund, Employees state insurance, income tax, service tax, Excise duty, custom duty and other material statutory dues in arrears as at 31st March 2016 for a period of more than 6 months from the date they became payable.
(c) According to the information and explanations given to us and based on the records of the company examined by us, there are no dues of Provident fund, Employees state insurance, income tax, service tax, Excise duty, custom duty and other material statutory dues, which have not been deposited on account of any disputes.
- viii. a) As per books and records of the company, information and explanation given to us, the company has defaulted in repayment of certain dues to banks. Further as stated in Note No. 43 of the financial statements, the lender banks, consequent to approval of CDR scheme from Corporate Debt Restructuring Cell (CDR Cell), have restructured the repayment of principal. The company is regular in repayment of principal but having dues on account of Interest of an amount of Rs.5.05 Crores.

- b) An amount of Rs.48.09 Crores is due to banks as on 31st March, 2016 on account of payments against letter of credits.
- ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of this clause are not applicable to the Company.
- x. According to the information and explanations given to us, no material fraud by the company or on the company by its officers or employees has been noticed or reported during the course of our Audit.
- xi. The Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandate by the provisions of section 197 read with schedule V to the Act.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the Provisions of clause 3(xii) of the order are not applicable to the company.
- xiii. The company has entered into transactions with related parties in compliance with the provisions of sections 177 and 188 of the Act. The details of such related parties transactions have been disclosed in the financial statements as required under Accounting Standard – 18 and related parties disclosure specified under section 133 of the Act, read with Rule 7 of the companies (accounts) Rules, 2014.
- xiv. The Company has not made any preferential allotment of private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3(xiv) of the Order are not applicable to the Company.
- xv. The Company has not entered into any non cash transactions with its directors or persons connected with him. Accordingly, the provisions of clause 3(xv) of the Order are not applicable to the Company.
- xvi. The Company is not required to be registered under section 45-IA of The Reserve Bank of India Act 1934. Accordingly, the provisions of clause 3(xvi) of the order are not applicable to the Company.

For P. Murali & Co.,
Chartered Accountants
Firm Registration No 007257S

A Krishna Rao
Partner
Membership No. 020085

Place: Hyderabad
Date: 30th May 2016.

Annexure B to the Independent Auditor's Report

Report on the Internal Financial Controls under clause (i) of the Sub-section 3 of the Section 143 of the Companies Act, 2013 ('The Act')

We have audited the internal financial controls over financial reporting of Southern Online Bio Technologies Limited('the company') as on 31st march 2016 in conjunction with our audit of standalone financial statements of the company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the company's internal financial controls over financial reporting based on our Audit. We conducted our audit in accordance with the Guidance note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the standards on Auditing deed to be prescribed under section 143(10) of the Act to the extent applicable to an Audit of Internal Financial Controls, both applicable to an audit of Internal Financial Controls and both issued by the ICAI. These standards and guidance note require that we comply with ethical requirements and plan and performed the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our Audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the Auditor's Judgment, including the assessment of the risk of martial misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion and the company's internal financial control system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes these policies and procedures that (1) pertain to the maintenance of records that, in reasonable detailed, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted principles, and that receipts and expenditures of the company are being made only in accordance with authorization of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitation of Internal Financial Controls over Financial Reporting

Because of the inherent limitation of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, Projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31st, 2016, based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For P. Murali & Co.,
Chartered Accountants
Firm Registration No 007257S

A Krishna Rao
Partner
Membership No. 020085

Place: Hyderabad
Date: 30th May 2016.

STANDALONE BALANCE SHEET AS AT 31ST MARCH, 2016

Particulars	Note No	As at 31.03.2016 (Rupees)	As at 31.03.2015 (Rupees)
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	1	58,99,32,880	58,99,32,880
(b) Reserves and Surplus	2	(56,46,52,449)	(51,45,33,345)
(c) Minority Interest			-
(2) Share application money pending for allotment	3	30	30
(3) Non-Current Liabilities			
(a) Long-term borrowings	4	176,51,53,265	1,47,99,07,966
(b) Other Long term liabilities	5	7,07,25,630	5,80,00,000
(4) Current Liabilities			
(a) Short-term borrowings	6	66,94,28,079	36,18,42,594
(b) Trade payables	7	67,30,08,734	64,12,55,355
(c) Short-term provisions	8	2,05,87,467	1,35,41,768
Total		3,22,41,83,635	2,62,99,47,248
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	9	1,37,50,85,833	1,11,50,95,264
(ii) Capital work-in-progress	9	-	2,53,41,273
(b) Non-Current Investments	10	38,62,520	34,30,970
(c) Deferred tax assets (net)	11	19,26,68,957	16,85,97,988
(d) Long term loans and advances	12	2,00,44,365	-
(e) Other non-current assets	13	7,84,23,673	5,91,16,020
(2) Current assets			
(a) Inventories	14	51,06,78,930	31,49,60,085
(b) Trade receivables	15	66,80,76,079	58,23,06,734
(c) Cash and cash equivalents	16	1,55,90,659	1,62,19,519
(d) Short-term loans and advances	17	35,97,52,619	34,48,79,395
Total		3,22,41,83,635	2,62,99,47,248

Summary of Significant Accounting Policies

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The accompanying Notes are an Integral Part of the Financial Statements

AS PER OUR REPORT OF EVEN DATE

For P Murali & Co.,
Chartered Accountants
Firm Regn. No: 007257S
A Krishna Rao
Partner
M No.020085
Place : Hyderabad
Date : 30.05.2016

For Southern Online Bio Technologies Ltd

Sd/-
N Satish Kumar
Managing Director

Sd/-
K Radha Krishna
Director & CFO

Sd/-
G Anupama
Company Secretary

STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2016

Particulars	Note No	For the year ended 31.03.2016	For the year ended 31.03.2015
		(Rupees)	(Rupees)
I. Revenue from operations	18	2,21,14,96,134	2,46,95,02,160
II. Other Income	19	49,54,353	41,62,945
III. Total Revenue (I +II)		2,21,64,50,487	2,47,36,65,105
IV. Expenses:			
Cost of materials consumed	20	65,33,02,666	80,28,57,825
Purchase of Stock-in-Trade	20	1,50,33,52,507	1,39,60,63,575
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	21	(14,26,69,858)	(2,10,99,586)
Employee benefit expense	22	2,22,08,273	2,62,80,411
Other operating expenses	23	13,16,01,811	19,56,91,348
Administrative Expenses	24	3,15,70,294	3,61,81,633
Financial costs	25	6,23,16,299	19,71,43,890
Depreciation and amortization expense	9	1,77,09,562	11,96,00,048
Other expenses	26	1,12,49,006	4,24,67,301
Total Expenses		2,29,06,40,560	2,79,51,86,446
V. Profit before exceptional and extraordinary items and tax (III-IV)		(7,41,90,074)	(32,15,21,341)
VI. Exceptional Items			-
VII. Profit before extraordinary items and tax (V - VI)		(7,41,90,074)	(32,15,21,341)
VIII. Extraordinary Items			
(1) Losses due to Cyclone Hud-Hud		-	19,14,29,244
(2) Insurance claims for Cyclone loss		-	(19,14,29,244)
IX. Profit before tax (VII - VIII)		(7,41,90,074)	(32,15,21,341)
X. Tax expense:			
(1) Current tax			-
(2) Deferred tax		(2,40,70,969)	(20,45,57,542)
XI. Profit(Loss) from the period from continuing operations (IX - X)		(5,01,19,104)	(11,69,63,799)
XII. Profit(Loss) from discontinuing operations			-
XIII. Tax expense of discounting operations			-
XIV. Profit(Loss) from Discontinuing operations (XII-XIII)		-	-
XV. Profit(Loss) for the period (XI + XIV)		(5,01,19,104)	(11,69,63,799)
XVI. Earning per equity share:			
(1) Basic		(0.85)	(1.98)
(2) Diluted			

Summary of Significant Accounting Policies 27
The accompanying Notes are an Integral Part of the Financial Statements

AS PER OUR REPORT OF EVEN DATE

For P Murali & Co.,
Chartered Accountants
Firm Regn. No: 0072575
A Krishna Rao
Partner
M No.020085
Place : Hyderabad
Date : 30.05.2016

For Southern Online Bio Technologies Ltd

Sd/-	Sd/-
N Satish Kumar Managing Director	K Radha Krishna Director & CFO
	Sd/- G Anupama Company Secretary

SATANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2016

(Rs. in Lakhs)

Particulars	Year Ended 31.03.2016	Year Ended 31.03.2015
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Loss before tax & extraordinary items	(741.90)	(3,215.21)
Adjustments for:		
Depreciation	177.10	920.54
Written off Expense	-	275.46
Interest	623.16	1,971.44
Operating Profit before working capital charges	58.36	(47.77)
Increase in Loans and Advances	912.75	(2,657.43)
Trade and other receivables	(2,312.69)	(2,231.43)
Inventories	(1,957.19)	336.02
Trade payables	387.99	2,056.64
Cash generated from operations	(2,910.79)	(2,543.97)
Interest paid	623.16	1,971.44
Cash flow before extraordinary items - (A)	(3,533.95)	(4,515.41)
NET CASH FLOW FROM OPERATING ACTIVITIES		
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Capital Work in Progress.	253.41	253.41
Interest and expenditure capitalization	(1,819.81)	-
Purchase of Fixed Assets	(957.20)	(219.08)
Investments made in subsidiaries	(4.32)	-
Net cash used in investing activities - (B)	(2,527.90)	34.33
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Creditors for capital goods		
Increase / decrease in Secured Loans	5,679.71	4,072.14
Increase / decrease in Long Term Liabilities	375.86	-
Net Cash used in Financing activities - (C)	6,055.56	4,072.14
Net increase in cash and cash equivalents - (A-B+C)	(6.29)	(477.60)
Cash and Cash equivalents as at (Opening Balance)	162.20	639.80
Cash and Cash equivalents as at (Closing Balance)	155.91	162.20

AS PER OUR REPORT OF EVEN DATE

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

A Krishna Rao
Partner
M No.020085

Place : Hyderabad
Date : 30.05.2016

FOR AND ON BEHALF OF THE BOARD

For Southern Online Bio Technologies Ltd
Sd/-

N Satish Kumar
Managing Director

Sd/-
K Radha Krishna
Director & CFO

Sd/-
G Anupama
Company Secretary

NOTE NO. 1 : SHARE CAPITAL

S.No.	Particulars	As at 31.03.2016		As at 31.03.2015	
		No. of Shares	Amount in (Rupees)	No. of Shares	Amount in (Rupees)
a	Share Capital (For each class of capital)				
	(a) Authorised	7,50,00,000	75,00,00,000	75,00,00,000	75,00,00,000
	(b) Issued	5,89,93,288	58,99,32,880	5,89,93,288	58,99,32,880
	(c) Subscribed & Fully Paid Up	5,89,93,288	58,99,32,880	5,89,93,288	58,99,32,880
	(d) Subscribed & not fully paid up	-	-	-	-
	(e) Par value per share Rs. 10				
	Total Equity Share capital		58,99,32,880		58,99,32,880
b	Forfeited Shares (amount originally paid up)		-		-
c	A Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period:	Number of Shares		Number of Shares	
	Equity Shares of Rs.10 Each, Fully paid up :				
	At the Beginning		5,89,93,288		5,12,77,874
	Issued during the year - Cash Issue		-		-
	Issued during the year - Pref Issue		-		77,15,414
	Forfeited / Bought Back during the year		-		-
	At the end		5,89,93,288		5,89,93,288
d	Details of Shareholder holding more than 5% shares of the company:	% of Share Holding			
	Equity Shares of Rs. 10 each Held By				
	(a) Share Holder - N. Satish Kumar No. of Shares (C.Y) 60,27,652, No. Of Shares (P.Y)52,71,292.		10.22		10.22
	(b) Share Holder - Advait BV No. of Shares (C.Y) 43,23,267 , No. Of Shares (P.Y) NIL.		7.33		7.33
	(c) Share Holder -AI sried Company for Trade Limited - No. Of Shares (C.Y) 34,06,769,No.of Shares (P.Y) 34,06,769.		5.77		5.77

NOTE NO. 2 : RESERVES AND SURPLUS

S.No.	Particulars	As at 31.03.2016 (Rupees)	As at 31.03.2015 (Rupees)
I	RESERVES AND SURPLUS		
	a) Securities Premium Reserve		
	As at the commencement of the year	25,31,87,500	25,31,87,500
	Add: Additions during the year	-	-
	Less: Utilised during the year	-	-
		25,31,87,500	25,31,87,500
	b) Surplus :		
	i) Opening Balance - Profit and Loss Account	(80,43,81,622)	(68,68,50,282)
	Add: Transfer from Profit & Loss Account	(5,01,19,104)	(11,69,63,799)
	Less: Transfer To General Reserve	-	-
	Less: Adjustment to fixed assets pursuant to enactment of Schedule II of the Companies Act, 2013	-	(5,67,541)
	Less: Bonus shares	-	-
	Less: Transfer to/from reserves	-	-
		(85,45,00,726)	(80,43,81,622)
	c) Share warrants forfeited premium :		
	As at the commencement of the year	3,31,63,000	3,31,63,000
	Add: Additions during the year	-	-
	Less: Utilised during the year	-	-
		3,31,63,000	3,31,63,000
II	A Reserve specifically represented by earmarked investments	-	-
III	Negative balance of reserves and surplus account	-	-
	Add: VAT Subsidy Received	34,97,777	34,97,777
	Total Reserves and Surplus	(56,46,52,449)	(51,45,33,345)

NOTE NO. 3 : SHARE APPLICATION MONEY PENDING ALLOTMENT

S.No.	Particulars	As at 31.03.2016 (Rupees)	As at 31.03.2015 (Rupees)
I	Share Application Money	30	7,71,54,170
	Add : Received	-	-
	TOTAL SHARE APPLICATION MONEY	30	7,71,54,170
	Less : Share application money equity shares allotted	-	7,71,54,140
		30	30

NOTE NO. 4 : LONG TERM BORROWINGS

S.No.	Particulars	As at 31.03.2016 (Rupees)	As at 31.03.2015 (Rupees)
I	Long Term borrowings		
	a) Secured Term Loans from Banks:		
	From banks:		
	Secured		
	Bank of India, Banjara Hills, - Loan for Flats	25,82,833	19,74,371
	IIFL- TATA ACE Vehicle Loan.	3,72,480	-
	ICICI Bank - Vehicle Loan.	5,53,498	11,54,080
	TERM LOANS - (BOI,SBH,UCO & PNB)	171,61,29,344	145,61,24,532
	(* Hypothication of Plant & Machinery and Immovable Properties, refer Note No.44 for securities provided)		
	b) Unsecured Loans from Directors / Others:		
	Unsecured Loan	4,55,15,110	2,06,54,983
	Total long term borrowings	176,51,53,265	147,99,07,966

NOTE NO. 5 : OTHER LONG TERM LIABILITIES

S.No.	Particulars	As at 31.03.2016 (Rupees)	As at 31.03.2015 (Rupees)
I	a) Other long term liabilities		
	- Other Liabilities	5,80,00,000	5,80,00,000
	- Capex payable	1,27,25,630	-
	Total other long term liabilities	7,07,25,630	5,80,00,000

NOTE NO. 6 : SHORT TERM BORROWINGS

S.No.	Particulars	As at 31.03.2016 (Rupees)	As at 31.03.2015 (Rupees)
I	Short term borrowings		
	a) Loans repayable on demand - WC		
	Bank of India	14,16,26,583	16,89,41,288
	State Bank of Hyderabad	4,15,78,855	15,51,10,722
	UCO Bank	104	2,18,40,386
	Punjab National Bank	53,29,624	1,59,50,198
	(* Hypothication of stocks and Book debts, refer Note No.44 for securities provided)		
	b) On a/c of Letter of Credit :		
	Bank of India	38,36,56,953	-
	State Bank of Hyderabad	9,72,35,960	-
	Total short term borrowings	66,94,28,079	36,18,42,594

NOTE NO. 7 : TRADE PAYABLES

S.No.	Particulars	As at 31.03.2016 (Rupees)	As at 31.03.2015 (Rupees)
I	a) Trade Payables	67,30,08,734	64,12,55,355
	Total Trade Payables	67,30,08,734	64,12,55,355

NOTE NO. 8 : SHORT TERM PROVISIONS

S.No.	Particulars	As at 31.03.2016 (Rupees)	As at 31.03.2015 (Rupees)
I	a) Provisions for employee benefits		
	PF Payable	3,61,564	3,89,287
	Salaries Payable	41,38,340	39,98,220
	b) Others		
	Statutory Liabilities	94,25,417	31,04,849
	Provision for Expenses	66,62,146	60,49,412
	Total short term provisions	2,05,87,467	1,35,41,768

NOTE NO: 9 FIXED ASSETS AS ON 31st March, 2016- Standalone

S. No	Particulars	Gross Block				Rate of Depreciation	Depreciation/Amortization					Net Block as on 31.03.2015
		As on 01.04.2015	Additions during the year	Additions Through Restoration	Sale / Deletions during the year		As on 31.03.2016	Dep. As on 01.04.2015	Ret. aimed Earnings	Dep. For the year 2015-2016	Impairment Loss/ Reversal of Impairment Loss for the Year	
1	LAND	5,46,49,032	-	-	-	5,46,49,032	0.00%	-	-	-	-	5,46,49,032
2	BUILDING @60 Years	58,47,273	-	-	-	58,47,273	1.58%	8,67,161	30,615	-	8,97,776	49,49,497
3	BUILDING @30 Years	14,85,21,646	-	31,81,609	-	15,17,03,255	3.17%	2,16,74,625	8,68,799	-	2,25,43,424	12,91,59,831
4	PLANT & MACHINERY	119,35,51,698	2,50,29,288	24,76,56,577	-	146,62,37,563	6.33%	28,39,64,225	1,45,95,344	-	29,85,59,569	116,76,77,994
5	OFFICE EQUIPMENT	47,27,692	-	41,800	-	47,69,492	19.00%	25,73,775	5,40,449	-	31,14,225	16,55,267
6	COMPUTERS	8,77,85,562	10,32,920	1,15,398	-	8,89,33,880	31.67%	8,45,08,534	7,98,232	-	8,53,06,766	36,27,114
7	FURNITURE	75,19,477	-	2,04,320	-	77,23,797	9.50%	33,95,755	4,43,584	-	38,39,339	38,84,458
8	VEHICLES	1,50,44,638	5,20,625	-	3,12,806	1,52,52,457	11.88%	55,67,680	4,32,539	2,30,401	57,69,818	94,76,958
		151,76,47,018	2,65,82,833	25,11,99,704	3,12,806	179,51,16,749		40,25,51,755	1,77,09,562		42,00,30,916	137,50,85,833

NOTE NO. 10 : NON- CURRENT INVESTMENTS

S.No.	Particulars	As at 31.03.2016 (Rupees)	As at 31.03.2015 (Rupees)
I	Non- Current Investments.		
	1) Investment in Subsidiaries		
	Equity Shares		
	a) Southern Biofe Bio Fuels Pvt Ltd - 99.97%	34,30,970	34,30,970
	b) Marvel Bio Oil FZE, Sharjah	4,31,550	-
	Total Non - Current Investments	38,62,520	34,30,970

NOTE NO. 11 : DEFERRED TAX ASSET / (LIABILITY)

S.No.	Particulars	As at 31.03.2016 (Rupees)	As at 31.03.2015 (Rupees)
I	Opening Deferred tax Liability	16,85,97,988	(3,59,59,554)
	Add:		
	Deferred Tax Liability for the year (Due to SLM and WDV Difference)	-	-
	Deferred Tax Liability for the year (Due to Others)	2,40,70,969	20,45,57,542
	Gross Deferred tax Liability	19,26,68,957	16,85,97,988
	Opening Deferred tax Asset	-	-
	Provision for Gratuity and Compensated Absences and doubtful debt	-	-
	Gross Deferred tax Asset	-	-
	Deferred Tax Asset / (Liability)	19,26,68,957	16,85,97,988

NOTE NO. 12 : LONG TERM LOANS AND ADVANCES

S.No.	Particulars	As at 31.03.2016 (Rupees)	As at 31.03.2015 (Rupees)
I	Long - term loans and advances:		
	a) Security Deposit		
	Secured	2,00,44,365	-
	Total Long Term Loans & Advances	2,00,44,365	-

NOTE NO.13 : OTHER NON - CURRENT ASSETS

S.No.	Particulars	As at 31.03.2016 (Rupees)	As at 31.03.2015 (Rupees)
I	Long term Trade receivable (Including trade receivables on deferred credit basis)		
	Unsecured considered good	7,84,23,673	5,91,16,020
	Total Non - Current Assets	7,84,23,673	5,91,16,020

NOTE NO. 14 : INVENTORIES

S.No.	Particulars	As at 31.03.2016 (Rupees)	As at 31.03.2015 (Rupees)
I	Inventories :		
	a) Raw materials		
	Palm Stearin	12,64,171	98,70,042
	Mutton Tallow	-	39,57,395
	Rice Bran Oil	1,82,72,163	7,63,74,103
	Used Cooking Oil	62,36,812	2,50,93,810
	Seeds	1,57,363	1,57,363
	Fatty Acid Oil	8,99,808	46,34,611
	RBD Palm Oil	13,68,08,172	-
	Refined Palm Oil	1,48,10,025	-
	Chemicals & Consumables	1,31,31,749	2,03,60,046
	Sub Total	19,15,80,263	14,04,47,370
	b) Finished goods		
	Bio Diesel.	22,48,55,030	10,08,73,679
	Glycerine.	5,58,09,780	5,29,92,850
	Rice Bran Oil	1,67,82,975	57,14,856
	Sludge and Fatty Acid.	68,99,928	20,96,469
	Sub Total	30,43,47,713	16,16,77,854
	c) Stores and spares	1,47,50,954	1,28,34,861
	Total Inventories	51,06,78,930	31,49,60,085

NOTE NO. 15 : TRADE RECEIVABLES

S.No.	Particulars	As at 31.03.2016 (Rupees)	As at 31.03.2015 (Rupees)
1	Unsecured, Considered Good for more than Six Months)	29,81,99,530	58,23,06,734
	Other debts	36,98,76,549	-
	Total Trade Receivables(net)	66,80,76,079	58,23,06,734

NOTE NO. 16 : CASH AND BANK BALANCES

S.No.	Particulars	As at 31.03.2016 (Rupees)	As at 31.03.2015 (Rupees)
I	Cash and cash equivalents :		
	a) Balances with banks :		
	- On Current Accounts	1,43,17,130	1,37,10,616
	b) Cash on hand	12,73,529	25,08,903
	Total Cash and Cash Equivalents	1,55,90,659	1,62,19,519

NOTE NO. 17 : SHORT TERM LOANS AND ADVANCES

S.No.	Particulars	As at 31.03.2016 (Rupees)	As at 31.03.2015 (Rupees)
I	Short - Term Loans and Advances:		
	a) Security Deposit		
	LC Margin & Other Deposit	5,27,88,102	4,88,52,722
	b) Other loans And advances		
	Secured - Raw Material etc..	8,92,59,224	23,23,87,300
	Secured - Other Advances	3,20,82,400	2,35,01,387
	Insurance claim	18,56,22,893	4,01,37,986
	Total short term loans & advances	35,97,52,619	34,48,79,395

NOTE NO. 18 : REVENUE FROM OPERATIONS

S.No.	Particulars	As at 31.03.2016 (Rupees)	As at 31.03.2015 (Rupees)
(i)	Revenue from operations		
	(a) Sale of Products	1,82,46,90,019	1,60,11,85,045
	(b) Sale of Products (Exports)	8,22,56,898	27,82,14,018
	(b) Sale of Products (Exports Out to Out India)	21,58,70,829	48,10,71,480
	(c) Sale of Services	6,01,05,871	5,19,97,143
	(d) Other Operating Revenues (IROAF Chennai)	3,57,40,000	5,96,78,125
	Less: Excise & Customs Duties	71,67,483	26,43,651
	Total Revenue from Operations	2,21,14,96,134	2,46,95,02,160

NOTE NO. 19 : OTHER INCOME

S.No.	Particulars	As at 31.03.2016 (Rupees)	As at 31.03.2015 (Rupees)
I	(a) Other non-operating income(net of expenses directly attributed to such income)	54,64,751	27,66,102
	(b) Net gain/loss on foreign currency translation and transaction (other than considered as finance cost)	(5,10,398)	13,96,843
	Total Other Income	49,54,353	41,62,945

NOTE NO. 20 : COST OF MATERIALS CONSUMED & PURCHASE OF STOCK IN TRADE

S.No.	Particulars	As at 31.03.2016 (Rupees)	As at 31.03.2015 (Rupees)
I	a) Material		
	Palm Stearin	15,38,17,011	7,29,64,620
	Mutton Tallow	1,68,94,090	21,83,67,306
	Rice Bran Oil	21,96,57,586	112,51,09,265
	Used Cooking Oil	5,15,59,461	66,19,70,427
	Fatty Acid Oil	46,24,540	2,33,74,123
	RBD Palm Oil	3,55,48,945	-
	Refined Palm Oil	10,80,30,892	-
	Cost of Material Consumed	59,01,32,525	210,17,85,741
	b) Purchases - Stock in Trade	150,33,52,507	-
		150,33,52,507	-
	c) Chemicals & Consumables	3,81,41,613	5,80,18,361
		3,81,41,613	5,80,18,361
	IROAF Contract Expenses	2,50,28,528	3,91,17,298
		2,50,28,528	3,91,17,298
	Total Cost Of Material Consumed	215,66,55,172	219,89,21,400

NOTE NO. 21 : CHANGE IN INVENTORIES & WIP

S.No.	Particulars	As at 31.03.2016 (Rupees)	As at 31.03.2015 (Rupees)
I	Finished Goods		
	Finished goods at the beginning of the year	16,16,77,855	20,28,86,318
	Less : Finished goods at the end of the year	30,43,47,713	16,16,77,854
	Sub Total (A)	(14,26,69,858)	4,12,08,464
	Work in Progress		
	Work in progress at the beginning of the year	-	6,45,645
	Less: Work in progress at the ending of the year	-	-
	Less : Loss due to Cyclone Hud Hud	-	6,29,53,695
	Sub Total (B)	-	(6,23,08,050)
	(Increase) / Decrease in Inventories (A+B)	(14,26,69,858)	(2,10,99,586)

NOTE NO. 22 : EMPLOYEE BENEFIT EXPENSES

S.No.	Particulars	As at 31.03.2016 (Rupees)	As at 31.03.2015 (Rupees)
I	(a) Salaries & Wages	1,55,28,032	1,84,49,452
	(b) Contribution to Provident & Other Funds	30,58,118	30,00,238
	(c) Staff Welfare Expenses	36,22,123	48,30,721
	Total Employee Benefit Expenses	2,22,08,273	2,62,80,411

NOTE NO. 23 : OTHER OPERATING EXPENSES

S.No.	Particulars	As at 31.03.2016 (Rupees)	As at 31.03.2015 (Rupees)
I	(a) Consumption of Stores & Spares	33,51,553	1,75,33,573
	(b) Power & Fuel	3,88,81,851	6,50,37,864
	(c) Rent	-	61,540
	(d) Repairs to Machinery	16,67,036	1,18,14,990
	(e) Insurance	5,43,727	11,61,607
	(f) Rates & Taxes (Excluding Income Tax)	89,79,380	73,36,825
	(g) Bandwidth	3,81,48,091	3,30,95,000
	(h) Other Mfg Expenses	80,15,997	93,81,458
	(i) Factory Wages	1,24,73,663	2,82,86,550
	(j) Shipping Charges	1,93,90,513	2,18,31,941
	(g) Payment to Auditors:		
	(i) As Auditor	75,000	75,000
	(ii) For Taxation Matters	50,000	50,000
	(iii) For Company Law Matters	25,000	25,000
	Total Other Expenses	13,16,01,811	19,56,91,348

NOTE NO. 24 : ADMINISTRATIVE EXPENSES

S.No.	Particulars	As at 31.03.2016 (Rupees)	As at 31.03.2015 (Rupees)
I	(a) Telephone, Postage and Others	17,57,966	20,53,814
	(b) Business Promotion Expenses	-	-
	(c) Travelling & Conveyance	1,27,77,628	1,66,13,094
	(d) Office Maintenance	30,28,646	30,58,313
	(e) Printing & Stationery Expenses	5,46,796	4,28,638
	(f) Security Charges	8,76,191	9,06,378
	(g) Rent ,Rates & Taxes (excluding Income Tax)	30,74,958	28,77,290
	(h) Managerial Remuneration	55,20,000	43,20,000
	(i) Consultancy Charges	18,13,654	37,20,775
	(j) Gen Expenses	7,58,172	3,86,498
	(k) Director Sitting Fee / Board Meeting Expenses	14,16,283	18,16,833
	Total Administrative Expenses	3,15,70,294	3,61,81,633

NOTE NO. 25 : FINANCE COST

S.No.	Particulars	As at 31.03.2016 (Rupees)	As at 31.03.2015 (Rupees)
I	(a) Interest Expenses :		
	- Interest on Cash Credit	79,69,216	3,73,41,816
	- Interest on Car Loan / Term Loan	-	13,81,50,955
	- LC & BG Opening Charges, Bank Charges & others	5,43,47,083	2,16,51,119
	Total Finance Cost	6,23,16,299	19,71,43,890

NOTE NO. 26 : OTHER EXPENSES

S.No.	Particulars	As at 31.03.2016 (Rupees)	As at 31.03.2015 (Rupees)
I	Loss on Vehicle Sale	-	21,87,587
	Advertisements	29,688	4,000
	Collection Expenses	1,91,841	85,000
	Commission & Discounts	30,04,788	28,53,598
	Freight Charges - Outward & Insurance	69,32,094	3,37,59,703
	Business Promotion Expenses	10,90,595	35,77,413
	Total Other expenses	1,12,49,006	4,24,67,301

Summary of Significant Accounting Policies and Notes to the accounts for the year ended 31st March 2016.

1. CORPORATE INFORMATION:

Southern Online Bio Technologies Limited was originally incorporated as Southern Online Services Private Limited vide certificate of incorporation no.01-30463 dated November 9, 1998 with Registrar of Companies, Hyderabad and subsequently converted into a Public Limited Company on January 4, 2000. The name of the Company has been Changed to Southern Online Bio Technologies Limited on 31st March 2004 to reflect the new line of business in which the Company has ventured i.e. manufacture of Biodiesel. Currently the Company's shares are listed at BSE.

The Company is one of the first private sector ISPs to commence operations in the state of Andhra Pradesh. However, considering the opportunities in the field of manufacture and supply of alternative fuels to petroleum-based fuels, the promoters have decided to diversify into production and supply of biodiesel. The Company has established 40,000 liters per day capacity Biodiesel production unit from non-edible vegetables oils, fatty acids, animal fats, etc for partial substitution or using as a blend in fossil diesel. This project is located at SamsthanNarayanpur (v), NalgondaDist, Telangana. The Second Bio diesel unit with a capacity of 250 TPD is located at APIIC, SEZ, Visakhapatnam, Andhra Pradesh.

Summary of Significant Policies:

General:

- (i) The financial statements have been prepared in accordance with Indian Generally Accepted Accounting Principles under the historical cost convention on accrual basis, exception for certain tangible assets which are being carried at revalued amounts. Pursuant to Section 133 of the Companies Act 2013 read with Rule7 of the Companies (Accounts) Rules 2014, till the standards of accounting or any addendum thereto are prescribed by Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting standards notified under the Companies Act 1956, shall continue to apply. Consequently these financial statements have been prepared to comply in all material aspects with the accounts)Rules, 2006, as amended] and other relevant provisions of the Companies Act,2013.

All the assets and liabilities have been classified as current and non current as per the Companies normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalent, the company has ascertained its operating cycle to be 12 months for the purpose of current –non current classification of assets and liabilities.

- ii) Accounting policies not specifically referred to otherwise are consistent and in consonance with generally accepted accounting principles.

iii) Use of Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) in India requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent liabilities on the date of financial statements and reported amounts of income and expenses during the period.

Cash and Cash Equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short term balances (with an original maturity of three months or less from the date of acquisition),highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

Cash Flow Statement

Cash Flows are reported using the indirect method, whereby Profit / (loss) before extraordinary items and tax is

adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

Tangible and Intangible Assets

Tangible fixed assets

Tangible fixed assets are carried at the cost of acquisition or construction, less accumulated depreciation. The cost of fixed assets includes taxes (other than those subsequently recoverable from tax authorities), duties, freight and other directly attributable costs related to the acquisition or construction of the respective assets,

Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment loss, if any. Profit or Loss on disposal of intangible assets is recognized in the Statement of Profit and Loss.

Capital Work-in-Progress

Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

Depreciation and Amortization

Effective 1st April, 2014, Company depreciates the Fixed assets over the useful life in the manner prescribed in Schedule II of the Companies Act, 2013 as against the earlier practice of depreciating at the rates prescribed in Schedule XIV of the Companies Act, 1956.

Depreciation for additions to fixed assets of the Company is provided as per Schedule II of the Companies Act, 2013 on pro rata basis.

Investments

Investments are classified into Current and long-term investments. Investments that are readily realizable and intended to be held for not more than a year from the date of acquisition is classified as Current Investments. All other investments are classified as long-term investments.

Long term investments are stated at cost and provision for diminution is made if the decline in value is other than temporary in nature. Current investments are stated at lower of cost and fair value determined on the basis of each category of investments.

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.

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 / service tax. These taxes are recognized consistently as a liability.

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

Commission income is due on rendering of services.

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 the current liabilities expressed in foreign currency, the exchange rate prevalent at the end of the year is taken for the purposes of transaction.

Retirement Benefits

The Company has not taken actuarial valuation reports towards Gratuity & Leave encashment liability. In the books of accounts there was no provision made.

Segment reporting

The Company's operating businesses are organized and managed separately according to the nature of product and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical business is based on the areas in which major operating divisions of the Company operates. The disclosure of segment reporting has furnished as per Accounting Standard – 17.

Related Party Disclosures:

The Company furnishes the details of Related party Disclosures as required by AS-18.

Earnings per Share

The basic and Diluted Earnings per share (EPS) is computed by dividing the net profit after tax for the year by weighted average number of equity shares outstanding during the year.

Taxes on Income

Tax expense for the year comprises of current tax and deferred tax.

Income taxes are computed using the tax effect accounting method, where taxes are accrued in the same period in which the related revenue and expenses arise. A provision is made for income tax annually based on the tax liability computed, after considering tax allowances and exemptions. Provisions are recorded when it is estimated that a liability due to disallowances or other matters is probable. Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives rise to future economic benefits in the form of adjustments of future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal tax after the tax holiday period. Accordingly, it is recognized as an asset in the balance sheet when it is probable that the future economic benefit associated with it will flow to the Company and the asset can be measured reliably.

The differences that result between the profit considered for income taxes and the profit as per the financial statements are identified, and thereafter a deferred tax asset or deferred tax liability is recorded for timing differences, namely the differences that originate in one accounting period and reverse in another, based on the tax effect of the aggregate amount being considered. The tax effect is calculated on the accumulated timing differences at the end of the accounting period based on prevailing enacted or substantially enacted regulations. Deferred tax assets are recognized only if there is virtual certainty that they will be realized and are reviewed for the appropriations of their respective carrying values at each balance.

Provisions, Contingent Liabilities and Contingent Assets

The Company creates the provisions where there is a present obligation as a result of past event that probably requires an outflow of resources and a reliable estimate can be made for the amount of the obligation. A disclosure for contingent liability will be made when there is a possible obligation or present obligation that may but probably, will not required the outflow of resources. Where, there is a possible obligation or present obligation in respect of which the likelihood of outflow of resources is remote, no provisions or disclosures will be made.

NOTES TO FINANCIAL STATEMENTS:

27. Share Capital:

The Equity Share Capital of the company as on 31st March, 2016 is 58,99,32,88 Equity Shares of Rs. 10/- each fully paid up.

During the year:

During the year 2015-16 the Company has not allotted Equity shares.

28. Secured Loans :

The Company's ISP Division has Over Draft facility to the tune of Rs. 35.00 Lacs with Bank of India, which is secured against book debts of the ISP Division.

The Company's Bio Diesel Divisions has working Capital facility to the tune of Rs. 5517 Lacs which is secured against stocks and book debts.

During the financial year following credit facilities have been sanctioned/ enhanced by consortium banks under CDR EG (Bank of India, State Bank Of Hyderabad, UCO Bank and Punjab National Bank) which is secured charge on the fixed assets and current assets (Book debts & Receivables) of the company and personal guaranty of the Directors.

- 1) Additional sanction of WCTL -III Rs. 20.00 Cr against Hud-Hud cyclone Insurance claim on stock loss.
- 2) Additional sanction of Term loan –V Rs.7.00 Cr against Hud-Hud cyclone Insurance claim on Fixed Assets damage.
- 3) WCFB enhanced from Rs.45.56 Cr (after WCTL-III Carved) to 55.17 Cr.
- 4) WCNFB enhanced from Rs.80.83 Cr to 118.12 Cr.

29. Investments :

During the year 2004-05 the Company has invested the 3,43,097 Equity Shares of Rs.10/- each fully paid up to the shareholders of SOUTHERN BIOFE BIOFUELS PRIVATE LIMITED as 99.97% subsidiary company and Rs.4,31,550 invested in MARVEL BIO OIL, FZE Sharjah,same is approved in Board of Directors.

No other investments were made by the company.

30. Segment Reporting :

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

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

The Bio Diesel division manufactures the Bio Diesel.

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

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

- a) The income and expenditure relating to 30 TPD capacity bio diesel unit at Tondiarpet, Chennai.
- b) The income and expenditure relating to Cross country trading of Used Cooking Oil.
- c) The income and expenditure relating to local Stock in Trade of Rice Bran Oil & RBD Palm Oil.

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

Business Segments:

(Rs. In Lakhs)

Statement of Profit and loss for the year ended 31.03.2016.	ISP		BIO DIESEL		OTHERS		TOTAL	
	2016	2015	2016	2015	2016	2015	2016	2015
Revenues	601.06	519.97	6,033.23	9,134.83	15,480.67	15,040.22	22,114.96	24,695.02
Identifiable Operating Expenses	420.11	390.03	5,747.39	6,846.23	15,283.81	14,351.81	21,451.31	21,588.06
Allocated Expenses	139.99	121.16	550.65	4,095.84	141.30	175.37	831.94	4,392.37
Segmental Operating Income	40.96	8.79	(264.81)	(1,807.23)	55.56	513.04	(168.29)	(1,285.40)
Unallocated Expenses	-	-	-	-	-	-	-	-
Profit for the year before Interest	40.96	8.79	(264.81)	(1,807.23)	55.56	513.04	(168.29)	(1,285.40)
Interest Expenses	6.64	4.60	274.35	1,965.61	342.17	1.23	623.16	1,971.44
Other income	-	-	53.46	27.66	(3.92)	13.97	49.54	41.63
Net profit before taxes and prior period items	34.32	4.18	(485.70)	(3,745.18)	(290.53)	525.78	(741.91)	(3,215.21)
Provision for taxation	-	-	(240.71)	(2,045.58)	-	-	(240.71)	(2,045.58)
Prior Period Items	-	-	-	-	-	-	-	-
Net profit after taxes and before exceptional items	34.32	4.18	(244.99)	(1,699.61)	(290.53)	525.78	(501.19)	(1,169.64)
Exceptional items	-	-	-	-	-	-	-	-
Profit after tax and exceptional items	34.32	4.18	(244.99)	(1,699.61)	(290.53)	525.78	(501.19)	(1,169.64)

Geographical segments

(Rs. In Lakhs)

Revenues	As at 31.03.2016	As at 31.03.2015
India	19,133.68	17,102.17
Outside India	2,981.28	7,592.85
Total	22,114.96	24,695.02

31. Deferred Tax Asset/ Liability :

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

During the current year, the company recognized the deferred tax asset for an amount of Rs. 240.71 lakhs on business loss and differential depreciation of the current financial year 2015-16. Such DTA is recognized only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such DTA can be realized.

The certainty for earning future taxable income is evidence with that the company is going to utilize the full capacity of plant for generation of Bio Diesel situated at Vizag.

(Rupees)

Particulars	As at 31.03.2016	As at 31.03.2015
Deferred Tax Liability/Asset		
a) Opening Balance as on 01.04.2015.	16,85,97,988	(3,59,59,554)
Add: Deferred Tax Asset for current year	2,40,70,969	20,45,57,542
Total (C)	19,26,68,957	16,85,97,988

32. Foreign Exchange Earnings :

(Rupees)

Particulars	As at 31.03.2016	As at 31.03.2015
Export of Goods	29,81,27,727	83,01,23,691

33. Foreign Exchange Outflow :

(Rupees)

Particulars	As at 31.03.2016	As at 31.03.2015
For Purchases	33,37,67,239	83,01,23,691
For Investment in Subsidiary	4,31,550	-
For Subsidiary maintenance	7,35,313	-

34. Directors' Remuneration :

The Managerial remuneration paid or provided in accordance with Schedule V of the Companies Act, 2013 to the Directors is as follows:

(Rupees)

Particulars	As at 31.03.2016	As at 31.03.2015
Salary & Allowances (Whole Time Director)	55,20,000	55,20,000

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

35. Remuneration To Auditors:

(Rupees)

Particulars	As at 31.03.2016	As at 31.03.2015
Audit Fees	1,50,000	1,50,000

36. DETAILS OF QUANTITATIVE INFORMATION:

The activity of the Company can be broadly classified into Internet Service Provider (ISP), Manufacturing of Bio diesel, Used Cooking Oil Trading & Contract and Bio Diesel plant Construction for IROAF at Tondiarpet, Chennai. The ISP services and IROAF Construction are not capable of being expressed in any generic unit and hence it is not possible to give the quantitative details required. In respect of Bio Diesel Division and UCO Merchant trading the quantitative information is as follows:

Sl. No.	Quantitative Information	2015-16		2014-15	
		Qty (Kg's / Ltr's)	Value (Rs)	Qty (Kg's / Ltr's)	Value (Rs)
A	Licensed Capacity	NA		NA	
B	Installed Capacity	280 TPD		280 TPD	
C	Finished Goods				
	Bio Diesel in KG's				
	Opening Stock	15,30,552	10,08,73,679	8,75,688	5,34,07,072
	Production during the Year	93,44,933	50,45,24,904	1,16,90,850	76,31,58,595
	Stock Transfer	-	-	-	-
	Sales during the year	67,19,959	31,88,85,333	1,04,73,138	62,44,00,023
	Sludge & Fatty	-	-	1,23,292	29,59,008
	Hud-Hud Loss	-	-	4,39,556	3,16,48,032
	Closing Stock	41,55,525	22,48,55,030	15,30,552	10,08,73,679
	Glycerin				
	Opening Stock	10,59,857	5,29,92,850	11,85,564	6,52,06,020
	Production during the Year	7,42,166	2,35,80,820	1,3,37,359	4,90,26,990
	Stock Transfer In & (Out)	-	-	-	-
	Sales during the year	6,39,950	1,05,99,818	5,58,690	9,0,94,289
	Consumed	17,595	6,11,275	2,92,402	5,1,43,591
	Hud-Hud Loss	-	-	6,11,974	3,05,70,049
	Closing Stock of Glycerin	11,44,478	5,58,09,780	10,59,857	5,29,92,850
	Rice Bran Oil Processed				
	Opening Stock	1,02,051	57,14,856	14,46,995	7,95,84,725
	Production during the Year	44,54,439	24,05,48,050	16,29,797	9,10,76,285
	Stock Transfer In & (Out)	-	-	-	-
	Sales during the year	42,51,345	22,72,69,894	29,05,932	15,99,79,689
	Hud-Hud Loss	-	-	18,611	7,28,873
	Sludge & Fatty	-	-	50,198	1,2,04,752
	Closing Stock	3,05,145	16,7,82,975	1,02,051	5,7,14,856
	Sludge & Fatty Acid Oil				
	Opening Stock	93,134	20,96,469	2,45,111	53,34,146
	Production during the Year	3,25,234	62,43,332	7,24,319	1,39,99,353
	Stock Transfer In & (Out)	-	-	-	-
	Sales during the year	2,32,332	24,94,562	8,76,296	1,51,99,149

	Closing Stock	1,86,036	42,14,301	93,134	20,96,469
	Processed UCO				
	Opening Stock	-	-	-	-
	Production during the Year	12,66,154	6,51,89,468	-	-
	Sales during the year	11,23,568	4,22,46,066	-	-
	Consumed	119,657	63,50,197	-	-
	Closing Stock	22,929	11,80,527	-	-
	Esterified Oil				
	Opening Stock	-	-	-	-
	Production during the Year	30,102	1,505,100	-	-
	Sales during the year	-	-	-	-
	Closing Stock	30,102	1,505,100	-	-
D	RAW MATERIAL CONSUMED				
	Seeds				
	Opening Stock	14,791	1,57,363	14,791	1,57,363
	Purchased during the Year	-	-	-	-
	Consumed during the year	-	-	-	-
	Closing Stock	14,791	1,57,363	14,791	1,57,363
	Tallow				
	Opening Stock	1,03,856	39,57,395	3,23,388	1,21,35,914
	Purchased during the Year	3,74,660	1,29,36,695	55,11,195	21,01,88,787
	Consumed during the year	4,78,516	1,68,94,090	57,30,727	21,83,67,306
	Closing Stock of Tallow	-	-	1,03,856	39,57,395
	Palm Stearin				
	Opening Stock	2,35,001	9,8,70,042	4,59,326	2,28,14,425
	Purchased during the Year	80,74,350	24,76,78,455	14,28,625	6,00,20,237
	Consumed during the year	77,86,238	24,59,55,443	16,52,950	7,29,64,620
	Closing Stock of Palm Stearin	5,23,113	1,60,74,196	2,35,001	98,70,042
	Fatty Acid Oil				
	Opening Stock	94,684	46,34,611	6,40,980	3,26,09,934
	Purchased during the Year	18,392	8,99,737	6,11,885	2,86,86,070
	Consumed during the year	94,684	46,24,540	4,77,803	2,33,74,123
	Hud-Hud Loss	-	-	6,80,378	3,32,87,270
	Closing Stock of Fatty Acid Oil	18,392	8,99,808	94,684	46,34,611
	Rice Bran Oil				
	Opening Stock	13,31,315	7,63,74,104	54,958	23,63,540
	Purchased during the Year	1,05,04,849	53,97,77,060	2,22,90,425	1,19,91,30,565
	Stock Transfer In & (Out)	-	-	-	-
	Consumed during the year	41,25,380	21,96,57,586	11,68,034	5,85,10,590
	Sale during the year	73,48,305	37,82,64,949	1,98,46,034	1,06,41,42,121

Closing Stock of Rice Bran Oil	3,62,479	1,82,72,162	13,31,315	7,63,74,104
RBD Palm Oil				
Opening Stock	-	-	-	-
Purchased during the Year	2,16,64,165	1,00,69,43,815	-	-
Stock Transfer In & (Out)	-	-	-	-
Consumed during the year	7,05,623	3,55,48,945	-	-
Sale during the year	1,81,72,191	83,36,92,945	-	-
Closing Stock of Rice Bran Oil	27,86,351	13,68,08,172	-	-
RB Crude Oil				
Opening Stock	-	-	-	-
Purchased during the Year	4,04,595	1,58,92,460	-	-
Stock Transfer In & (Out)	-	-	-	-
Consumed during the year	4,04,595	1,58,92,460	-	-
Sale during the year	-	-	-	-
Closing Stock of Rice Bran Oil	-	-	-	-
Used Cooking Oil				
Opening Stock	5,79,943	2,50,93,810	6,78,800	3,04,44,526
Purchased during the Year	71,33,788	23,74,80,243	1,66,40,370	70,49,61,538
Stock Transfer In & (Out)	-	-	-	-
Consumed during the year	14,10,570	5,15,59,461	46,86,981	23,33,98,185
Sale during the year	60,68,510	21,58,70,830	1,10,73,970	48,10,71,481
Hud-Hud Loss	-	-	9,78,276	4,83,41,840
Closing Stock of UCO	2,34,651	62,36,812	5,79,943	2,50,93,810
Crude degummed Soybean Oil				
Opening Stock	-	-	-	-
Purchased during the Year	17,50,000	8,48,70,000	-	-
Consumed during the year	-	-	-	-
Sale during the year	17,50,000	8,56,10,000	-	-
Closing Stock of CDS Oil	-	-	-	-

37. Details Of Related Party Transaction

The company has entered into the following related party transactions as on 31st March, 2016 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	99.97 % Subsidiary
Marvel Bio Oil FZE, Sharjah	100.00 % Subsidiary
Mr N Satish Kumar	Promoter & Managing Director
Mr K Radha Krishna	Promoter, Director & CFO
Mr B Sreedhara Reddy	Promoter & Director Administration
Mr B Hare Ram Balaji	Promoter & Executive Director
Ms G. Anupama	Company Secretary

b) The following are the related party transactions: (Rupees)

Name of the Party	Relationship	Nature of Transaction	Amount 31.03.16	Amount 31.03.15
Mr. N. Satish Kumar	Promoter & Managing Director	Remuneration	19,20,000	19,20,000
		Vehicle lease	10,20,000	10,20,000
Mr. K. Radha Krishna	Promoter, Director & CFO	Remuneration	12,00,000	12,00,000
		Vehicle lease	10,20,000	10,20,000
Mr. B. Sreedhara Reddy	Promoter & Director Administration	Remuneration	12,00,000	12,00,000
		Vehicle lease	10,08,000	10,08,000
Mr. B.H.R. Balaji	Promoter & Executive Director	Remuneration	12,00,000	12,00,000
Marvel Bio Oil, FZE, Sharjah	Subsidiary company	Investment	4,31,550	-
Marvel Bio Oil, FZE, Sharjah	Subsidiary company	Maintenance	7,35,313	-

38. Prior Period Items: NIL

39. 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 earnings per share is the weighted average number of shares outstanding during the year.

(Rupees)

Particulars	As on 31.03.2016	As on 31.03.2015
Profit available for the equity share holders (Rs)	(5,01,19,104)	(11,69,63,799)
No. of shares outstanding for EPS-Basis	5,89,93,288	5,89,93,288
No. of shares outstanding of EPS-Diluted	5,89,93,288	5,89,93,288
Basic	(0.85)	(1.98)
Diluted	(0.85)	(1.98)

40. Confirmations were obtained from debtors/ creditors as to the balances receivable/ payable to them as at year ended 31st March, 2016.

41. Bank Guarantees :

The Company has outstanding Bank guarantees and counter guarantees of Rs 10,27,20,065/- as on 31.03.2016 (previous year ended 31.03.2015 is Rs.1,78,98,799/-) to bank, in respect of the guarantees given by the bank in favor of The President of India, Government of India, acting through the Telegraph Authority , NSIC, SICOM and Ministry of Railways ., Indian Railways Organization for Alternative Fuels (IROAF).

42. Letter of Credits

The Company has outstanding Letter of Credit to the extent of Rs. 68,31,92,694/- as on 31.03.2016 (Previous year Rs. 65,77,22,406/-as on 31.03.2015).

43. (i) The Board of Director's of the company in its meeting held on 14th November, 2014 had accorded its approval for restructure of the debts of the company under corporate debt restructuring (CDR) mechanism of the Reserve Bank of India. CDR Empowered group (CDR EG) in its meeting held on 25th August, 2015. As on 31st March, 2016 CDR related documents have been executed. On restructuring, effect of CDR scheme in the books of accounts has been given as follows:-

a) Additional Term Loan V of Rs. 7 cores for restoration / repair works in Vizag plant damaged due to cyclone stands approved. The TL to be repaid from insurance claim within 18 months from date of disbursement of loan @ 10.25% p.a. linked to base rate of respective banks with "reset" option every year.

- b) Irregular portion of WC carved out as WCTL III of Rs. 20 Crore due to stock loss / spillages / leakages stands approved. WCTL III to be paid partly out of insurance claims and balance from promoter's contribution of Rs. 9.34 Crore to be infused in FY.2015-16 @ 10.25% p.a. linked to base rate of respective banks with 'reset' option every year.
- c) The working capital Fund based requirement for FY. 2015-16 has been assessed at Rs. 55 Crore with of interest @ 10.25% p.a. linked to base rate of respective banks with reset option every year stands approved.
- d) The separate working capital Fund limit of Rs. 12 Crore for FY 2015-6 for trading business with in overall Fund based limit of Rs. 55 crore with rate of interest @ 10.25% p.a. linked to base rate of respective banks with reset option every year stands approved.
- e) Fresh NFB limit of Rs. 118.02 crore has been assessed for FY 2015-16 approved. This includes LC limit of Rs. 107.50 crore and BG limit of Rs. 10.52 crore @ 50% of applicable charges / commission.
- f) Lenders sacrifice has been taken as nil, as existing TL/WCTL/FITL has been rescheduled with ballooning payment within the present tenor of the package. The existing TL/WCTL/FITL are repayable in 32 structured quarterly installments from June 2015 to March 2023 with rate of interest @ 10.25% p.a. linked to base rate of respective banks with reset option every year.
- g) Promoters shall infuse balance contribution Rs. 11.94 crore (Rs. 9.34 crore of 50% of cash loss in FY 2014-15 and Rs. 2.60 crore as margin for Total cost of damages to manufacturing facility / plant machinery estimated at Rs. 9.60 crore).
- h) Promoter shall inform the lenders about details of Insurance claims lodged to insurance companies.
i) The other terms and conditions will continue as per the approved restructuring package.
- (ii) During the financial year 2015-16, An amount of Rs. 5.05 Crores is dues to bank on account of Interest on Term Loans.

44. Details of Security:

Security	Particulars	Charge Owner
Principal	<u>Working Capital Limits</u> First pari passu charge on current assets by way of hypothecation of stocks and book debts other than current assets of ISP Division which are exclusively charged to BOI. (as per estimates). Second pari passu charge on entire fixed assets of the company both present and future except assets exclusively charged to lenders	Bank of India Bank of India State Bank of Hyderabad UCO Bank Punjab National Bank
	<u>Term Loans/WCTLs/FITLs</u> First pari passu charge on the net block by way of equitable mortgage of land and building (on 33 years lease from APIIC Ltd, Government of Andhra Pradesh) at Vizag and hypothecation of plant and machinery, excluding flats and vehicles exclusively financed by Bank of India at Vizag and Equitable Mortgage of Land and Building, Hypothecation of Plant & Machinery pertaining to existing plant at Nalgonda Second pari passu charge on entire current assets of the company both present and future <u>Home Loans</u> Equitable Mortgage of 2 Flats Nos. A 5 and B 5, 5th floor, Samrat Complex, Saifabad, Hyderabad owned by the company now proposed to be transferred to SOSL @ @	Bank of India State Bank of Hyderabad UCO Bank Punjab National Bank Bank of India

Security	Particulars	Charge Owner
	<p>Mortgage Loan</p> <p>Equitable Mortgage of Flat No. A-3, Municipal No.5-9-12/A/3/1 admeasuring 1961.27 sq.ft. along with undivided share of land 30.30 sq. yards on 3rd floor in Municipal No. 5-9-12 and 5-9-12/1 in Samrat Complex situate at Saifabad, Hyderabad, owned by the company and proposed to be transferred to SOSL@@</p> <p>Autofin Loans</p> <p>Hypothecation of vehicles – 2 Mahindra Cars.</p>	<p>Bank of India</p> <p>Bank of India</p>
1. Collateral	Extension of equitable mortgage of three flats originally mortgaged as principal security in two Home Loan Accounts and Mortgage Loan Account as detailed above with exclusively charged to BOI.	Bank of India
2.	EQM of open land admeasuring 4477 Sq Yds (non agricultural) in S.No. 213/B (aa) & 213/D (ee) at Chitukul Village, Patancheru Mandal, Medak District owned by Mr N Satish Kumar Doc No 4756/2008	Bank of India State Bank of Hyderabad UCO Bank Punjab National Bank
3	EQM of open land admeasuring 1815 Sq Yards (non agricultural) in S.No. 213/B(aa) & 213/D(ee) at Chitukul Village, Patancheru Mandal, Medak District owned by Mr B Sreedhar Reddy Doc No 4755/2008	Bank of India State Bank of Hyderabad UCO Bank Punjab National Bank
4	EQM of open land admeasuring 1815 Sq Yards (non agricultural) in S.No. 213/B(a) & 213/D(e) at Chitukul Village, Patancheru Mandal, Medak District owned by Mr K Radha Krishna Doc No 4751/2008	Bank of India State Bank of Hyderabad UCO Bank Punjab National Bank
5	EQM of open land admeasuring 3388 Sq Yards (non agricultural) in S.No. 213/B(aa) & 213/D(ee) at Chitukul Village, Patancheru Mandal, Medak District owned by Mr Kodali Tejas Kumar. Doc No 4753/2008	Bank of India State Bank of Hyderabad UCO Bank Punjab National Bank
6	EQM of residential building situated at HNO: 4-22-29/2, S.NO: 191/G, 193/C Chaitnyapuri, Main Road, Guntur City, Guntur district owned by Mr Kadiyala Venkateswara Rao Land : 241.54 Sq Yards G Floor : 1441 SFT Doc no3797/2008	Bank of India State Bank of Hyderabad UCO Bank Punjab National Bank
7	EQM of open land admeasuring 266 sq yards (non agricultural) in S.No. 250/C/2, Plot No. 1032, Ghanapavaram Village, Patancheru Mandal, Medak District owned by Mr Kadiyala Venkateswara Rao Doc no. 1960/2007	Bank of India State Bank of Hyderabad UCO Bank Punjab National Bank
8	EQM of open land admeasuring 346 sq yards (non agricultural) in Plot No. 1044, S.No. 187/2, Ghanapavaram village, Patancheru Mandal, Medak district owned by Mr Kadiyala Venkateswara Rao Doc no. 3487/2007	Bank of India State Bank of Hyderabad UCO Bank Punjab National Bank
9	EQM of open land admeasuring 266 sq yards (non agricultural) in Plot No. 1043, S.No. 187/2, Ghanapavaram village, Patancheru Mandal, Medak district owned by Mr Kadiyala Venkateswara Rao. Doc no.1961/2007	Bank of India State Bank of Hyderabad UCO Bank Punjab National Bank

Security	Particulars	Charge Owner
10	EQM of Office Premises No. B4, Municipal No. 5-9-12/B/4, 4th Floor, Samrat Complex, Saifabad, Hyderabad owned by Mr Kadiyala Venakeswara Rao and Mr Kodali Tejas Kumar Doc No.4540/05	Bank of India State Bank of Hyderabad UCO Bank Punjab National Bank
11	EQM of land in the name of Mr. N Satish Kumar at Chitukul, Patancheru, Medak district – 502307 S.No. 214/AA - Doc No 3213/2009 Extent : 2420 Sq Yd S.No.214/AA Doc No.3212/2009 Extent 2420 Sq Yards	Bank of India State Bank of Hyderabad UCO Bank Punjab National Bank
12	EQM of property belonging to the company at S.No. 396/8, Dupitur Village, Atchutapuram Ramballi Mandal (next to SEZ), Vishakhapatnam, Extent 34 cents (1645 sq. Yards) of Non Agricultural Land. Doc no:2213/2010	Bank of India State Bank of Hyderabad UCO Bank Punjab National Bank
13	Pledge of promoters shares in demat form. (6049479 shares as on 31.03.2014 constituting 17.48% of the paid up capital @ Rs.4.28 per share : low market value at March, 2014) \$\$	Bank of India State Bank of Hyderabad UCO Bank Punjab National Bank

45. The Visakhapatnam unit of the company was effected by the natural calamity i.e., **Cyclone Hudhud on 12th October 2014**. Due to the cyclone, the unit has incurred the loss of Rs. 1914.29 lakhs. The damages are properly covered with the insurance and the petition for the claim of such losses has been already filed to the insurance company. The claim of the company is under process with the National Insurance company Limited as on balance sheet date 31st March 2016.
46. Due to Hudhud cyclone effect the Company's Bio diesel unit at Visakhapatnam has not been working from 1st April, 2015 to 31st January, 2016. The Company has capitalized Interest on term loan to the extent of Rs. 1493.18 Lakhs for the year and also not charged the depreciation for the said period to the extent of Rs. 511.36 Lakhs.
47. Previous year figures have been regrouped wherever necessary.
48. The figures have been rounded off to the nearest rupee.

As Per Our Report Of Even Date

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

A Krishna Rao
Partner
M No.020085

For And On Behalf Of The Board

For Southern Online Bio Technologies Ltd

Sd/-
N Satish Kumar
Managing Director

Sd/-
K Radha Krishna
Director & CFO

Place : Hyderabad
Date : 30.05.2016

Sd/-
G Anupama
Company Secretary

BLANK

SOUTHERN ONLINE BIO TECHNOLOGIES LIMITED

(CIN: L72900TG1998PLC030463)

Registered Office: H No. 8-3-833/173, Kamalapuri Colony, Phase-II, Hyderabad - 500073

Email: info@sol.net.in, website: www.sol.net.in

Form MGT-11 Proxy form

[Pursuant to section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Regd. Folio No. :	*DPID :
No. of Shares held :	*Client ID :

I/We, being the member (s) of shares of the above named company, hereby appoint

1. Name & Address: _____

E-mail ID: _____ Signature
or failing him/her

2. Name & Address: _____

E-mail ID: _____ Signature
or failing him/her

3. Name & Address: _____

E-mail ID: _____ Signature
or failing him/her

or failing him/her and whose signatures are appended below as my / our proxy to attend and vote, in case of a poll, for me / us and on my / our behalf at the Eighteenth Annual General Meeting of the Company, to be held on Friday, the 30th day of September, 2016 at 10.30 A.M. at Dwaraka Conference Hall, Plot No. 73, Reliance Chambers, Bandlaguda Cross Roads, Rajendra Nagar Mandal, Hyderabad - 500 030 and at any adjournment thereof in respect of resolutions are indicated below:

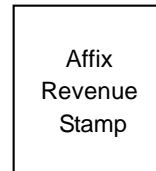
SI No	Resolution(s)	Vote	
		For	Against
1	Adoption of statement of Profit & Loss, Balance Sheet, report of Director's and Auditor's for the financial year 31st March, 2016		
2	To appoint a Director in place of Mr BHR Balaji who retires by rotation and being eligible offer himself for re-appointment.		
3	Re-appointment of M/s P Murali & Co., Chartered Accountants as Statutory Auditors & fixing their remuneration.		
4	Re-appointment of Mr. N Satish Kumar as Managing Director for a period of three years.		
5	Appointment of M/s Lavanya & Associates, Cost Auditors for the year 2016-17		

*Applicable for investors holding shares in Electronic form.

Signed this day of _____ 2016

Signature of shareholder: _____

Signature of Proxy holder(s): _____



Note:

- 1) This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
- 2) The proxy need not be a member of the company

SOUTHERN ONLINE BIO TECHNOLOGIES LIMITED

(CIN: L72900TG1998PLC030463)

Registered Office: H No. 8-3-833/173, Kamalapuri Colony, Phase-II, Hyderabad - 500073

Email: info@sol.net.in, website: www.sol.net.in

ATTENDANCE SLIP

(To be handed over at the entrance of the meeting hall)

Full name of the member attending _____

Member's Folio No/ Client ID: _____ No. of shares held: _____

Name of Proxy _____

(To be filled in, if the Proxy attends instead of the member)

I hereby record my presence at the 18th Annual General Meeting of the Southern Online Bio Technologies Ltd., at Dwaraka Conference Hall, Plot No. 73, Reliance Chambers, Bandlaguda Cross Roads, Rajendra Nagar Mandal, Hyderabad - 500 030 on Friday, the 30th day of September, 2016 at 10.30 A.M.

..... Member's / Proxy's Signature

Note:

- 1) Members are requested to bring their copies of the Annual Report to the meeting, since further copies will not be available.
- 2) The Proxy, to be effective should be deposited at the Registered Office of the Company not less than FORTY EIGHT HOURS before the commencement of the meeting.
- 3) A Proxy need not be a member of the Company.
- 4) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by Proxy, shall be accepted to the exclusion of the vote of the other joint holders. Seniority shall be determined by the order in which the names stand in the Register of Members.
- 5) The submission by a member of this form of proxy will not preclude such member from attending in person and voting at the meeting.

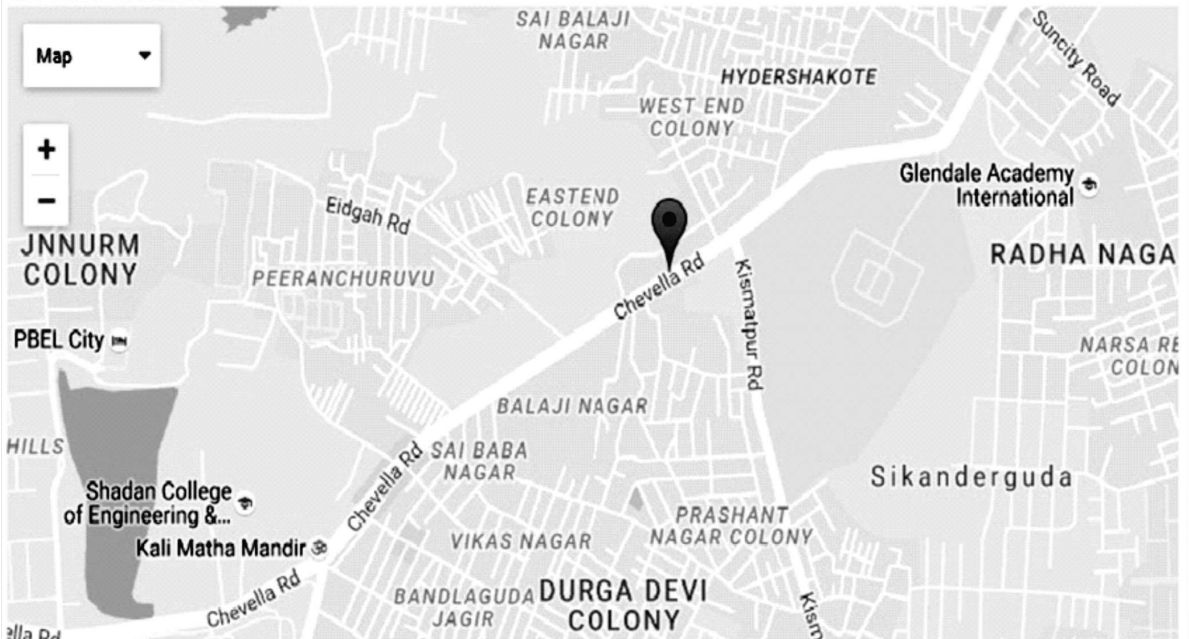
In terms of the Requirements of the Secretarial Standard on General Meetings (SS-2) issued by the Institute of the Company Secretaries of India; route map for the location of the venue of the 18th Annual General Meeting is given below :

ROUTE MAP FOR AGM VENUE

DWARAKA RESTAURANT

Address: Near Hydershakote ,Bandlaguda 'X' Roads,Chilkur Balaji Temple Road, Reliance Chamber Building, Hyderabad, AP 500091, India

Tel: +91 98 85 556608



E-VOTING PAGE

Resolution No. as per Notice	Particulars	No. of Shares Held	Assent	Dissent
1	Adoption of Audited Balance Sheet as at March 31, 2016, the statement of Profit & Loss and Cash Flow Statement along with report of Auditor's and Directors thereon.			
2	To appoint a Director in place of Mr BHR Balaji who retires by rotation and being eligible offer himself for re-appointment.			
3	Re-appointment of M/s. P Murali & Co., Chartered Accountants as Statutory Auditors & fixing their remuneration.			
4	Re-appointment of Mr N Satish Kumar as Managing Director for a period of three years.			
5	Appointment of M/s.Lavanya & Associates, Cost Auditors for the year 2016-17.			

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If undelivered please return to :

SOUTHERN ONLINE BIO TECHNOLOGIES LTD.

H.No. 8-3-833/173, Kamalapuri Colony, Phase-II, Hyderabad - 500 073.

Tel: +91-40-49221999, Fax : +91-40-49221998

Website: www.sol.net.in e-mail : info@sol.net.in