



14th Annual Report 2011-2012

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SOUTHERN ONLINE BIO TECHNOLOGIES LTD

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Smart Solutions and Eco Friendly



ISP Division - Hyderabad



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

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

NOTICE

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

ORDINARY BUSINESS:

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

SPECIAL BUSINESS:

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

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

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

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

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

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

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

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

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

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

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

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

On behalf of the Board

Place : Hyderabad

Date : 30.08.2012

N. Satish Kumar

Managing Director

NOTES:

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

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

A. Mr. Kishor Shah, aged about 56 years is B.Com (H), ACA and ACS. He has also passed all the examinations of The Institute of Cost and Management Accountants., U.K.,

Mr. Shah has over 30 years of Post Qualifications experience in Investment Banking and Wealth Management Operations includes Mergers and Acquisitions, Portfolio Management, Takeovers, Valuation of Shares, Underwriting, Loan Syndication and Advisory Functions etc., Mr. Shah occupied many Senior Level Positions in well established organizations. His vast

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

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

On behalf of the Board

Place : Hyderabad

N. Satish Kumar

Date : 30.08.2012

Managing Director

EXPLANATORY STATEMENT

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

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

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

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

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

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

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

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

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

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

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

1. Object of the Issue through preferential Allotment:

The Company has raised Rs 6.25 crores 5.

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

2. Pricing of the Issue and Relevant Date:

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

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

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

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

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

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

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

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

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

5. Shareholding pattern before and after the preferential issue:

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

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

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

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

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

8. Undertaking to recomputed price:

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

9. Change in control:

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

10. Lock-in Period

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

11. Auditor Certificate

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

12. SEBI Take Over code

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

13. Compliance

The company has complied with the requirement of listing agreement

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

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

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

On behalf of the Board

Place : Hyderabad

Date : 30.08.2012

N. Satish Kumar

Managing Director