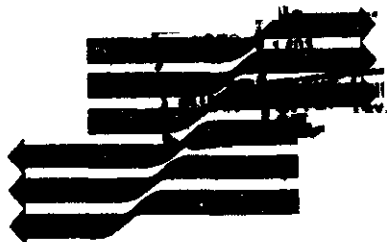


EIGHTH ANNUAL REPORT

1999 – 2000

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Abl BIOTECHNOLOGIES LIMITED

No.1, 2nd Street, Parameswari Nagar,
Adyar, Chennai - 600 020.

ABL BIOTECHNOLOGIES LIMITED

BOARD OF DIRECTORS

Mr.C.Abraham - Chairman
Mr.K.O.Isaac
Mr.Thomas Abraham
Mrs.Rosemary Isaac

Mr.N.Subramanian - Company Secretary

REGISTERED OFFICE

1, II Street, Parameswari Nagar
Adyar, Chennai 600 020.

HATCHERY

Thimmapuram
Kappuluppada Village
Bheemili Mandal
Visakhapatnam District
Andhra Pradesh

BIOCHEMICAL PROJECT SITE

Kallamozhi Village
Udangudi,
Kulasekarapattinam Panchayat
Tiruchendur Taluk
Tuticorin District

AUDITORS

M/s Pratapkaran Paul & Co.,
Chartered Accountants,
Chennai – 600 020.

BANKERS

Indian Bank, Patullos Road Branch, Chennai 600 002.

SHARE TRANSFER AGENTS

Hi-Tech Share Registry Private Limited,
81, Greams Road,
Chennai 600 006.

ABL BIOTECHNOLOGIES LTD**NOTICE TO SHAREHOLDERS**

NOTICE is hereby given that the Eighth Annual General Meeting of the members of the company will be held on September 29, 2000 at 10.30 a.m. at Chrompet Cultural Academy, 3, Indira Gandhi Cross Street, Radha Nagar, Chrompet, Chennai - 600 044, to transact the following business:-

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2000, the Profit and Loss Account for the year ended on that date, the Directors' Report and the Auditors' Report thereon.
2. To appoint a Director in place of Mr.K.O.Isaac, who retires by rotation, and being eligible, offers himself for reappointment.
3. To appoint auditors of the company and to fix their remuneration. M/s Pratapkaran Paul & Co., Chartered Accountants, Chennai, the retiring auditors are eligible for reappointment.

NOTES

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the company. Proxy in order to be valid must be deposited at the company not less than 48 hours before the commencement of the meeting.
2. Members are requested to notify immediately their change of address, if any, quoting their folio numbers to our Registrars and Share Transfer Agents, Hi-Tech Share Registry Private Limited, 81, Greaves Road, Chennai - 600 006.
3. The Register of Members and the Share Transfer Books will remain closed from September 26, 2000 to September 30, 2000 (both days inclusive).

By the order of the Board
For ABL BIOTECHNOLOGIES LTD

Place : Chennai
Date : 17.7.2000

K.O.ISAAC
DIRECTOR

DIRECTORS REPORT

To
All Members

Your Directors take great pleasure in presenting this 8th Annual report together with the audited financial accounts of the company for the year ending March 31st, 2000.

FINANCIAL RESULTS

Your company has performed better in the current year. Though the sales revenues of the company have come down to Rs.183.69 lakhs in the current year as compared to Rs.236.58 lakhs of the previous year, the net profit accrued for the current year is Rs.70.13 lakhs. While your Company has not performed well in its conventional markets, it has nevertheless managed to maximize its profits and wipe out its accumulated losses and post a modest net profit of Rs.2.97 lakhs. In addition, it has successfully negotiated and repaid its long term debts.

Your company's policy of focusing on Biotechnology development based activity pursued during the last few years has been well rewarded. The company could realize a sum of Rs.150 lakhs by sale of Technical Know-how pertaining to the production of Dunaliella salina.

The company proposes to vigorously pursue its policy of developing in-house biochemical products and simultaneously continue with its traditional businesses of Consulting, Trading and Aquatic Biotechnology in the near future.

THE MICROALGAL PROJECT

In the last meeting of the Members in March, 2000, consent was given for sale/transfer of any division of the company and pursuant to this general approval, the Dunaliella project of the company was sold to Shantha Marine Biotechnologies Pvt. Ltd., a 40 : 60 Joint Venture promoted in association with Shantha Biotechnics Pvt. Ltd, Hyderabad, India's first company to successfully develop and commercialise recombinant DNA based Hepatitis- B Vaccine, for a total consideration of Rs.266 lakhs subsequent to the Balance Sheet date. The company also received Rs.150 lakhs as Technology Transfer Fee during the year under review and with this Technology Transfer, ABL has now achieved recognition of its capability to conduct original research into Biochemical technology which is acceptable to the market.

The Aquaculture Development Centre and Hatchery:

The ADC and Hatchery have been going through difficulties principally due to lack of working Capital. This was again due to the fact that since first charge on the Company's assets was held by the IDBI against Term Loans taken, Bankers were reluctant to support this operation due to insufficient collateral. In addition, current production levels with existing resources was unviable at current market prices and costs of production due to the high cost of capital on term loans owed by the Company. As a short term measure, the Company had leased out part of the ADC facility for contract production for a period of one year so as to allow the management to find a solution. In addition most microbial research was shifted to the Corporate Office at Chennai, to reduce costs and co-ordinate matters better.

The Aquashop Division:

The Aquashop Division has not been able to perform during the past year principally due to non-moving stocks and lack of fresh working capital. The Management is now putting together a revival package that will infuse fresh Capital and people into this business activity.

The Technical Consulting Group:

The successful conclusion of sale of Betacarotene Technology to Shantha Marine Biotechnologies Pvt Ltd, along with detailed engineering and process design has rendered this division as the highest earning activity of the Company, during the year.

In addition, your Company is also in the process of reorganizing and reconstituting its Consulting Operations to meet new and developing market requirements. Accordingly the TSG is now poised to enter into the Water and Environmental Engineering markets and hopes to take advantage of growing market requirements, in the days to come.

Plans and Prospects:

Your Board and Management are in the process of creating a long term strategic Plan to help the Company to be a strong and vibrant biotechnology company. The Board shall come back to you to seek approval for these plans in the near future.

DIRECTORS

Mr.V.Venkatesh resigned as the Director of the company with effect from 27.3.2000 and Mr.K.O.Isaac as the Managing Director with effect from 01.05.2000. Mr. Isaac however continues as a Director of the company. The Board placed on record the valuable services rendered by them as Director and Managing Director, respectively.

Mr.K.O.Isaac, Director retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment.

AUDITORS

M/s Pratapkaran Paul & Co, Chartered Accountants, Auditors of the company retire at the ensuing Annual General Meeting and a notice Under Section 224(IB) of the Companies Act, 1956 has been received expressing their eligibility for reappointment.

EMPLOYEES

Your Directors place on record their appreciation of the sincere and dedicated services rendered by all the officers and staff during the year under review. None of the employees of the company were in receipt of remuneration in excess of the limits prescribed under 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended.

ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE

Information in accordance with the provisions of Sections 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of the Board of Directors) rules, 1988 regarding conservation of energy, Technology absorption and Foreign Exchange earnings and outgo is given below :

CONSERVATION OF ENERGY

Not applicable to our industry

TECHNOLOGY ABSORPTION

The technology for breeding of shrimps, broodstock development and micro algal biotechnology is developed indigenously and hence the absorption of foreign technology does not arise.

RESEARCH AND DEVELOPMENT

The company has been continuing its research and development activities during the year on various Microalgae as well as other aquatic organisms.

FOREIGN EXCHANGE EARNINGS : NIL (P.Y. Rs.0.65 lakhs)

FOREIGN EXCHANGE OUTGO :

On account of Import of goods	:	Rs.1.36 lakhs	(P.Y.Rs.13.30 lakhs)
Foreign Travel	:	NIL	(P.Y.Rs.0.63 lakhs)
Foreign Technicians Salary	:	NIL	(P.Y.Rs.0.43 lakhs)

ACKNOWLEDGEMENT

The Board would like to place on record its gratitude to the IDBI, Indian Bank, The Technology Development Board, Government of India, past and present employees and the ever so many people and organizations that have supported the company during the past year.

By the order of the Board

Place : Chennai
Date : 17.7.2000

THOMAS ABRAHAM
DIRECTOR

ANNEXURE

**RESEARCH AND DEVELOPMENT EXPENDITURE ACCOUNT FOR THE YEAR
ENDED 31ST MARCH 2000**

Materials	(Amount in Rs.)
Stores, spares and chemicals consumed	32369
Personnel	
Wages, Salaries, Bonus including PF Contribution	246487
Other Expenditure	
Conveyance, Travelling, Meeting and other	
Administration expenses, etc.	11633
Repairs and Maintenance and power charges	41255

	331744

This information is given pursuant to the recognition granted to the company's Research & Development Laboratory at Vizag by the department of Science and Technology, Government of India vide their letter No. TU/IV-RD/1970/97-98 dated 30.07.97.

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the attached Balance Sheet of M/S.ABL Biotechnologies Limited, Chennai as at 31st March, 2000 and the Profit and Loss Account of the Company for the year ending on that date annexed thereto and report that:

1. As required by the Manufacturing and other Companies (Auditor's Report) Order, 1988, issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraph 4 and 5 of the said Order:
2. We have obtained all the information and explanations, which, to the best of our knowledge and belief, were necessary for the purpose of, audit.
3. In our Opinion, the Profit and Loss Account and Balance Sheet comply with the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956.
4. In our opinion, the Company has kept proper books of accounts as required by law so far, as appears from our examination of those books.
5. The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of accounts.
6. In our opinion, and to the best of our information and according to the explanations given to us, the said accounts, together with notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view:
 - a) In the case of Balance sheet, of the state of affairs of the Company as at 31st March, 2000 and
 - b) In the case of Profit and loss Account, of the profit for the year ending 31st March 2000.

**For and on behalf of
PRATAPKARAN PAUL & CO.,
Chartered Accountants,**

Date : 17.07.2000
Place : Chennai.

**Pratapkaran Paul
Partner.**