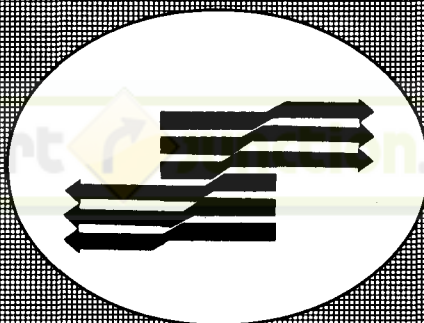


# **ELEVENTH ANNUAL REPORT**

## **2002 - 2003**



# **ABL BIOTECHNOLOGIES LIMITED**

No. 55, Third East Street, Komara Nagar,  
Thiruvannamalai, Chennai - 600 041.

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### BOARD OF DIRECTORS

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

### REGISTERED OFFICE

55, Third East Street, Kamarajar Nagar  
Tiruvanmiyur, Chennai 600 041.

### AQUACULTURE DEVELOPMENT CENTRE

Thimmapuram  
Kappuluppada Village  
Bheemili Mandal  
Visakhapatnam District  
Andhra Pradesh

### AUDITORS

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

### BANKERS

Indian Bank  
Patullos Road Branch  
Chennai – 600 002.

### SHARE TRANSFER AGENTS & DEMAT ELECTRONIC CONNECTIVITY AGENT

CAMEO CORPORATE SERVICES LTD  
"Subramaniam Buildings"  
1, Club House Road,  
Chennai - 600 002. Ph : 28460390

## NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the Eleventh Annual General Meeting of the members of the Company will be held on Monday the 29th day of September, 2003 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 31st March 2003, 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.

By the order of the Board  
For ABL BIOTECHNOLOGIES LTD

Date : 08.08.2003

C. ABRAHAM

Place : Chennai

Chairman

### 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, in any, quoting their folio numbers to our Registrars and Share Transfer Agents, Cameo Corporate Services Limited, Subramanian Building, 1, Club House Road, Chennai - 600 002.
3. The Register of Members and the Share Transfer Books will remain closed from September 26, 2003 to September 29, 2003 (Both days inclusive).
4. Information pursuant to Clause 49 of the Listing Agreement for re-appointment of Director:

Mr. K.O. Isaac is the Director of the Company since inception. He is a B.Sc graduate with an M.B.A. Degree and has vast experience in Marine Bio-Technology. He is a member of the Audit Committee, the Remuneration Committee and Shareholders/Investors Grievance and Share Transfer Committees.

He is also Director in 3 Companies.

- i. Shantha Marine Biotechnologies (P) Ltd
- ii. Sea Horse Trading (P) Ltd
- iii. Taurus and Pytochemicals Ltd

## DIRECTORS' REPORT

To

All Members

Your Directors take great pleasure in presenting this 11th Annual Report together with the audited accounts for the year ended on March 31, 2003.

### FINANCIAL RESULTS

With the changes brought about in our business plans, the Company has improved its turnover to Rs.31,71,109/- as against Rs.27,00,331/- in the previous year. The Company has provided for interest of Rs.17,115/- as against Rs.17,06,030/- and depreciation of Rs.8,99,183/- as against Rs.9,84,752/- in the previous year. The Company's losses for the year have come down for Rs.12,91,890/- from last year's high of Rs.105,32,242/-. The reduction in loss is mainly due to rationalization of costs and focusing on the new business plan of formulations for the pharmaceutical industry.

### PERFORMANCE

As initiated in the previous year, the Company is concentrating its efforts on its research and development and has two projects which are available for commercialization. The first is for the essential fatty acid, DHA found necessary for the development of the brain in children and for controlling Hypercholesteremia. The second project is for fluorescent pigments used in histopathology and pharmacokinetics. The Company is in the process of discussions with organizations for commercialization of these technologies and it is hoped that these fructify during the current year.

ABL Biotechnologies Limited has a range of formulated products for the pharmaceutical sector and offers them in encapsulated to tableted forms. This work is sub-contracted to existing plants in South India. It is hoped that this will help to fund the Company's activities during the year.

The Company has terminated the lease of its hatchery in Visakhapatnam and in the situation where shrimp culture is totally unviable, is working on an alternative plan with regard to this facility.

The Company's Joint Venture with Shantha Marine Biotechnologies Pvt Ltd has shown tremendous improvement in its products and its market profile. However Shantha Marine has suffered a loss of Rs.3.12

crores for the year. Nevertheless, the management of SMBPL is confident of turning the Company around during the current year.

#### TRADING OF SHARES IN THE STOCK EXCHANGES

The shares of the Company are listed in Mumbai and Chennai exchanges. The shares of the Company are dematerialized.

#### CORPORATE GOVERNANCE

The report on Corporate Governance is annexed to the Directors Report.

#### DEPOSITS

Your Company has not accepted deposits from the Public during the year under review.

#### DIRECTORS

Mr. K.O. Issac, 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, Chennai, auditors of the company retire at the ensuing annual general meeting and a notice has been received under Section 224 (1B) of the Companies Act, 1956 from them expressing their eligibility for reappointment.

#### EMPLOYEES

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

#### DIRECTORS RESPONSIBILITY STATEMENT:

The Directors confirm that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed.
- they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair of the state of affairs of the Company as on 31st March, 2003 and of the Profit and Loss of the Company for that period.

- proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- the annual accounts are prepared on a going concern basis

#### ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE

Information in accordance with the provisions of Section 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

Energy conservation is not applicable to biotechnology industry.

##### TECHNOLOGY ABSORPTION

The technology for marine microbial metabolites is developed indigenously and hence absorption of foreign technology does not arise.

##### RESEARCH AND DEVELOPMENT

Your company has been continuing its research and development activities during the year on various Microalgae and other organisms and the future prospects of your company is dependent on the successful commercialization of various R & D efforts.

##### FOREIGN EXCHANGE EARNINGS : NIL

(Previous Year: Nil)

##### FOREIGN EXCHANGE OUTGO:

On account of import of goods - NIL

Foreign Travel - Nil

(Previous Year: Nil)

##### ACKNOWLEDGEMENT

The Board would like to place on record its gratitude to the Banks and the many people and organisations that have supported the company during the past year.

For and on behalf of the Board of Directors

Date:08.08.2003  
Place:Chennai

C.ABRAHAM  
Chairman



**REPORT ON THE CORPORATE GOVERNANCE****A. COMPANY'S PHILOSOPHY**

The Company is committed to the principles of good Corporate Governance. The company is also committed to reporting financial information transparently and adequately. A judicious and continuous process of empowerment and accountability based on trust, faith and transparency shall form the foundation of our growth.

**B. BOARD OF DIRECTORS**

1. The Composition and category of Directors as on March 31st, 2003 is as follows:

Name of the Director	Category	Attendance Particulars		Number of other Directors and Committee Members/Chairmanships		
		Board Meetings	Last AGA	Other Directorships*	Committee Memberships	Committee Chairmanships
			Yes			
C. Abraham	Non - Executive Independent Director	4	Yes	1	Nil	Nil
K.O. Isaac	Non - Executive Director	4	Yes	3	Nil	Nil
Rosemary Isaac	Non - Executive Director	4	Yes	2	Nil	Nil

\* Private Limited Companies

Four Board Meetings were held during the year from April 2002 to March 2003. The dates on which the meetings were held are - 14.5.2002, 30.9.2002, 27.12.2002 and 28.3.2003. The last Annual General Meeting was held on 30.9.2002.

**C. AUDIT COMMITTEE**

The Audit committee was constituted on 30.9.2002. During the year ended 31st March 2003, three meetings were held on 30.9.2002, 27.12.2002 and 28.3.2003. The terms of reference of the Audit Committee are as per the the guidelines set out in the Listing Agreement with the Stock Exchanges.

Name of the Director	Category of Membership	Attendance Particulars	
		meetings held	meetings attended
C. Abraham	Non - Executive Independent Director	4	4
K.O. Isaac	Non - Executive Director	4	4
Rosemary Isaac	Non - Executive Director	4	4

**D. SHARE HOLDERS/INVESTORS GRIEVANCE AND SHARE TRANSFER COMMITTEE**

The Shareholders/Investors Grievance and Share Transfer Committee comprises of the following Directors:

- Mrs. Rosemary Isaac, Chairman
- Mr. K. O. Isaac, Member

The said committee met on 16.10.2002, 2.12.2002, 26.12.2002 and 3.2.2003. Mr. T. R. Venkatraman is the Compliance Officer. No investor complaints were received during the year ended 31st March 2003. There were no share transfers pending registration as at 31st March 2003.

**E. GENERAL BODY MEETINGS**

The particulars of Annual General Meeting held during the last three years are as under:

Year	Date and Time	Venue
1999-2000	September 29, 2000 10.30 a.m	Chrompet Cultural Academy, 3, Indira Gandhi Cross Street, Radha Nagar, Chrompet, Chennai - 600 044.
2000-2001	December 13, 2001 10.30 a.m	Chrompet Cultural Academy, 3, Indira Gandhi Cross Street, Radha Nagar, Chrompet, Chennai - 600 044.
2001-2002	September 30, 2002 10.30 a.m	Chrompet Cultural Academy, 3, Indira Gandhi Cross Street, Radha Nagar, Chrompet, Chennai - 600 044.

No resolutions have been put to postal ballot so far.

**F. DISCLOSURES**

There were no transactions of material nature with the Directors or the management or their subsidiaries or relatives of the Directors during the year.

**G. GENERAL SHAREHOLDERS INFORMATION**

- Date and Time of the Annual General Meeting: The Annual General Meeting is proposed to be held on Monday, September 29th, 2003, at 10.30 a.m. at Chromepet Cultural Academy, No. 3, Indira Gandhi Cross Street, Radha Nagar, Chromepet, Chennai 600 044.
- Financial Year: April to March.
- Date of Book Closure: September 26, 2003 to September 29, 2003 (both days inclusive)
- Listing on Stock Exchanges: The Shares of the Company are listed at Madras Mumbai Stock Exchanges.

## 5. Registrar and Share Transfer Agent

Cameo Corporate Services Limited  
 "Subramanian Building"  
 1, Club House Road,  
 Chennai - 600 002. Ph: 28460390

6. The Share Transfer Agent acknowledges and executes transfer/transmission of securities. It also accepts, deals with and resolves complaints of shareholders. Shareholder complaints are given top priority by the Company and are replied to, promptly by the Secretarial Department and Share Transfer Agents.

## 7. Shareholding pattern as on 31.03.2003:

Category	Total No shares	Percentage of Shares
Resident Indians	4,29,000	34.85
NRIs	3,600	00.10
Domestic Companies	8,17,700	19.94
Financial Institutions/Banks	5,00,000	12.20
Mutual Funds	2,10,700	5.14
Promoters	10,42,000	25.44
TOTAL	41,00,000	100.00

## 8. Plant Location

Thimmapuram, Kappuluppada Village, Bheemili Mandal, Visakhapatnam District, Andhra Pradesh.

## 9. Address for Correspondence

No. 55, Third East Street, Kamaraj Nagar, Thiruvanniyur, Chennai - 600 041.

**AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE**

As required, we have reviewed the company's procedures for compliance with the provisions of Clause 49 of the Listing Agreement.

On the basis of our review and according to the information and explanations given to us and the representations made by us the Directors and the Management, we state that to the best of our knowledge and belief, the Company has complied in all material respects with the conditions of corporate governance stipulated in Clause 49 with the concerned stock exchanges, where the equity shares of the company are listed and traded.

By the Order of the Board

Date:08.08.2003  
 Place:Chennai

C.ABRAHAM  
 Chairman

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT****Business Organisation**

The Company has been promoted by Mr. K. O. Isaac mainly to commercially exploit India's biodiversity through in-house Research & Development and to develop innovative biochemicals which have great demand in the Healthcare, Pharmaceutical and food supplement sectors.

**Business Environment Outlook**

The business environment in Biotechnology sector is very good. However the benefit would accrue only on long-term basis and requires a lot of intellectual capital and resources to develop indigenous products. Your Company is in the process of finalizing two technologies for commercial exploitation. Further your Company in order to have revenue and to sustain the operational expenses has diversified into a new area in the pharmaceutical industry by creating new formulations and encapsulating them in softgel capsules.

**Internal Control**

Your Company management is fully satisfied with the internal control and assessment system which is fully adequate.

**Financial and Operational Performance**

The Company continues to incur loss for the various reasons enumerated earlier. However the trend is downward and the Company would turnaround the corner during the current year.

Date :08.08.2003

Place : Chennai

C.ABRAHAM

Chairman



## AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the attached Balance Sheet of ABL BIOTECHNOLOGIES LTD, as at 31st March 2003 and the Profit and Loss Account of the Company for the year ending on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement preparation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988, issued by the Central Government of India in terms of Sub-Section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that:

- 1) We have obtained all the information and explanations, which, to the best of our knowledge and belief, were necessary for the purposes of, audit.
- 2) 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.

- 3) On the basis of written representations received from the directors, as on 31st March, 2003, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2003 from being appointed as directors in terms of Clause (g) of Sub-section (1) of Section 274 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 in conformity with the accounting principles generally accepted in India:
  - a) In the case of Balance sheet, of the state of affairs of the Company as at 31st March, 2003 and
  - b) In the case of Profit and loss Account, Loss for the year ending 31st March, 2003.

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

Date : 15.07.2003  
Place : Chennai

PRATAPKARAN PAUL  
Partner