

## **TWELFTH ANNUAL REPORT 2003 - 2004**



# **ABL BIOTECHNOLOGIES LIMITED**

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

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### BOARD OF DIRECTORS

Mr.K.O.Isaac - Chairman & Managing Director  
Mrs.Rosemary Isaac - Director  
Dr. G. Subramanian - Director  
Dr. S. Raveendran - Director

### REGISTERED OFFICE

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

### RESEARCH & DEVELOPMENT CENTRE

152 A, Industrial Estate,  
Perungudi,  
Chennai - 600 096.

### 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 THE SHAREHOLDERS**

NOTICE is hereby given that the Twelfth Annual General Meeting of the members of the Company will be held on Friday the 24th day of September, 2004 at 2.30 P.M. at Narada Gana Sabha, Mini Hall, Alwarpet, Chennai 600 018, to transact the following business:-

**ORDINARY BUSINESS**

1. To receive, consider and adopt the audited Balance Sheet as at 31st March 2004, the Profit and Loss Account for the year ended on that date, the Directors' Report and the Auditors' Report thereon.
2. To appoint Mrs. Rosemary Isaac, Director who retires by rotation and being eligible offers herself 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.

**SPECIAL BUSINESS**

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

"RESOLVED that Dr. G. Subramanian who was appointed by the Board of Directors of the Company as Additional Director on 30.10.2003 and who holds office as such upto the conclusion of the annual general meeting and in respect of whom the company has received a notice in writing from a member signifying his intention to propose his candidature for the office of the director as required under Section 257 of the Companies act, 1956, be and is hereby appointed a director of the company, liable to retire by rotation:".

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

"RESOLVED that Dr. S. Raveendran, who was appointed by the Board of Directors of the Company as additional director on 15.4.2004 and who holds office as such upto the conclusion of the annual general meeting and in respect of whom the company has received a notice in writing from a member signifying his intention to propose his candidature for the office of the director as required under Section 257 of the Companies act, 1956 be and is hereby appointed a director of the company, liable to retire by rotation.

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

a) "RESOLVED THAT in accordance with the provisions of Sections 198,269,309,310,314 read with Schedule XIII and other applicable provisions of the Companies Act 1956, the appointment of Mr. K. O. ISAAC, as the Chairman & Managing Director of the company for a period of Five years with effect from 1st April 2004 made at the Board meeting held on 15.4.2004, on a monthly remuneration of Rs.1,00,000/- (Rupees One Lakh only) which is inclusive of all allowances and perquisites and excluding the reimbursement of expenses incurred by the Managing Director for official purpose, as per the recommendation of the Remuneration Committee be and is hereby approved, confirmed and ratified:".

b) "FURTHER RESOLVED THAT the authority be and is hereby granted to the Board of Directors to alter and vary the terms and conditions of the said appointment including authority, from time to time, to determine the amount of salary and commission as also the type and amount of perquisites and other benefits payable to Mr. K. O. ISAAC, Chairman & Managing Director, on such terms and manner as may be agreed to between the Board of Directors and Mr. K. O. Isaac provided, however that the remuneration payable to him shall not exceed the limits specified in the said agreement as also the limits prescribed under Schedule XIII to the Companies Act, 1956, including any amendment, modification, variation or re-enactment thereof".

c) "FURTHER RESOLVED THAT in the event of any loss, absence or inadequacy of profits in any financial year, during the term of office of Mr. K. O. Isaac, the remuneration payable to him, by way of salary, allowances, commission and perquisites shall not, without the approval of the Central Government (if required), exceed the limits prescribed under the Companies Act, 1956 or any amendment, modification, variation or re-enactment thereof".

d) "Further Resolved That the Remuneration Committee be and is authorised to vary or alter the terms and conditions of the appointment of Mr. K. O. Issac, Chairman & Managing Director in accordance with the provisions of the Companies Act, 1956".



- e) "Resolved Further that the Board be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its power herein conferred to any committee of directors to give effect to the aforesaid resolutions".
8. To consider and if thought fit to pass with or without modification the following resolution as Special resolution:  
"Resolved that pursuant to the provision of section 163 of the Companies Act, 1956 consent of the Company be and is hereby accorded to the Board of Directors of the Company for keeping the Register of Members together with indices, copies of certificates and documents at M/s. Cameo Corporate Services Limited, Chennai, Registrat and Share Transfer Agents of the company, instead of being kept at the registered office of the Company".  
"Further Resolved that Mr. K. O. Isaac, Chairman & Managing Director be and is hereby authorized to execute all the necessary papers, documents and to do all such acts, deeds, things to give effect to the above resolution.
9. To consider and if thought fit to pass with or without modification the following resolution as Special resolution:  
"Resolved that pursuant to all applicable laws, rules, regulations and guidelines and subject to such approvals, exemptions and sanctions, as may be necessary and subject to such conditions and modification as may be prescribed or imposed by any authority while granting such approvals, exemptions and sanctions, which may be agreed to by the Board of Directors of the company (hereinafter referred to as "the Board" which term shall be deemed to include any committee thereof for time being exercising the powers conferred on it by a Board resolution), the consent of the company be and is hereby accorded to the board to delist the securities of the company from Madras and Cochin stock exchanges and the Board be and is hereby authorized to do all acts, deeds and things in connection therewith and incidental thereto:".

By order of the Board  
For ABL BIOTECHNOLOGIES LTD

Date : 29.07.2004

Place : Chennai

K.O. ISAAC  
Chairman & Managing Director

## 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. Share holders of the Company are requested to approach a depository participant registered with either NSDL or CDSL for dematerialisation of their shares. The ISIN Number of the Company is INE707D01016.
3. 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.
4. The Register of Members and the Share Transfer Books will remain closed from September 16th, 2004 to September 24th, 2004 (Both days inclusive).
5. Information pursuant to Clause 49 of the Listing Agreement for appointment / re-appointment of Directors:

### Re-appointment of Mrs. Rosemary Isaac:

Mrs. Rosemary Isaac, B.A, M.A (Economics), aged 42 years is a Director of the Company since inception. She has vast experience in Corporate Planning, Public Relations, Corporate Documentation and Business strategy and development. Mrs. Rosemary Isaac is the Proprietrix of Taro Ornaments, which deals in Ornamental organisms, Aesthetics/decor and Business development. She is a director of M/s. Taurus Aromatic and Phytochemicals Ltd and also an editor with Newgen Imaging Systems Private Ltd. She is a member of the Audit Committee, the Remuneration Committee and the Shareholders/Investors Grievance and the Share Transfer Committee of the Company.



**Appointment of Directors:**

- 1 Dr. G. Subramanian, B.Sc, M.Sc, M.Phil, Ph.D aged 61 years was Professor and Head of Department of Microbiology at Bharathidasan University, Tiruchirapalli. He was also a Director of the National Facility for Marine Cyanobacteria and Co-ordinator of the Bio-Informatics Centre, School of Life Sciences and the BARD Business Development Cell. He does not hold directorships in any other company. He is the Chairman of the Remuneration Committee and member of the Audit committee and the Shareholders/Investors Grievance and Share transfer Committees of the Company.

2. Dr. S. Raveendran aged 40 years is an orthopaedic surgeon. Dr. Raveendran has got wide exposure in the area of Medicine and Pharmaceutical sciences.

He does not hold directorships in any other company. He is a Chairman of the Audit Committee and member of Remuneration Committee of the Company.

3. Appointment of Mr. K. O. Isaac as Managing Director:

Mr.K.O.Isaac, B.Sc, M.B.A, aged 43 years is the promoter of ABL Biotechnologies Ltd. He has rich and varied experience in the field of Biotechnology and Microbiology. He spearheaded the establishment of a unique Research and Development effort in aquatic micro-organisms for biochemicals focussed at the Pharmaceutical, Nutrition, Cosmetic and Industrial intermediates markets. This facility is at present the only one in its area in the private sector to receive accreditation to and recognition by the Department of Scientific and Industrial Research, Ministry of Science and Technology, Government of India. He is responsible for establishing for the first time in the country a national franchise and marketing network of rural industrial supermarkets specific to the aquaculture industry called - The Aquashop, spread over the coastline of India.

He is also a Director of Samudra Biopharma Pvt. Ltd, Taurus Aromatic and Phytochemicals Ltd and Sea Horse Trading Pvt Ltd.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956:****Item No. 5:**

Dr.G.Subramanian was appointed as an Additional Director of the Company at the Board Meeting held on 30.10.2003 and he holds office only upto the date of this Annual General Meeting. Notice in writing under Section 257 of the Companies Act, 1956 has been received from a Shareholder of the Company signifying his intention to propose Dr.G.Subramanian as a candidate for the office of Director.

Dr.G.Subramanian, holds a doctorate in Microbiology with around 38 years of experience in research and teaching in the field of microbiology and biotechnology. His rich and varied experience will benefit the company in many ways. Hence the Board recommends the appointment of Dr.G.Subramanian.

Except Dr.G.Subramanian, none of the Directors are concerned or interested in the passing of this resolution.

**Item No.6**

Dr.S.Raveendran was appointed as an Additional Director of the Company at the Board Meeting held on 15.4.2004 and he holds office only upto the date of this Annual General Meeting. Notice in writing under Section 257 of the Companies Act, 1956 has been received from a Shareholder of the Company signifying his intention to propose Dr.S.Raveendran as a candidate for the office of Director.

Dr.S.Raveendran holds an MS in Orthopaedic Surgery with special interest in Arthroplastic Surgeries, Trauma and Paediatric Orthopaedic surgeries. Dr.Raveendran has enormous experience and interest in the area of focussed pharmaceutical development especially in therapeutic nutrition. He also has exposure to management and operations of business as well as international trade, in the area of pharmaceuticals. Dr.Raveendran brings to the Board a diverse but thorough exposure to the area of medicine and pharmaceutical sciences. He is also personally interested and associated with the new chemical entity development programmes at ABL's research facility.



Hence the Board recommends the above appointment of Dr.S.Raveendran.

Except Dr.S.Raveendran, none of the Directors are concerned or interested in the passing of this resolution.

#### Item No.7

Mr.K.O.Isaac was appointed as Chairman & Managing Director with effect from 1.4.2004 by the Board of Directors of the Company at their meeting held on 15.4.2004 for a period of five years. His expertise and experience in the field of microbiology and biotechnology has enabled the company to establish strategic relationships with a number of research institutions for collaborative work on anti-infectives and anti-inflammatory products. Under his guidance, ABL is currently in the process of establishing its front-end research facility in the USA. His appointment as Chairman & Managing Director of the Company will help the Company to achieve greater heights in the field of biotechnology. The Board of Directors have recommended the appointment of Mr.K.O.Issac as Chairman and Managing Director for a period of five years with effect from 1.4.2004 on a monthly remuneration of Rs.1,00,000/- which is inclusive of all allowances and perquisites and excluding the reimbursement of expenses incurred by the Managing Director for official purpose, as recommended by the Remuneration Committee at its meeting held on 16.3.2004.

Hence the above resolution is put forth before the Members for their approval.

This may be treated as an abstract of the terms of the appointment pursuant to Section 302 of the Companies Act, 1956.

Except Mr.K.O.Isaac and Mrs.Rosemary Isaac, none of the Directors are concerned/interested in the passing of this resolution.

#### Item No.8:

The Register of Members, Index of Members, copies of certificates and other documents have to be kept

at the office of the Registrar and Share transfer agent of the Company, viz. M/s. Cameo Corporate Services Ltd, Chennai. As per Section 163 of the Companies Act, 1956 approval of the Members of the Company is required for keeping the Registers and other documents at a place other than the registered office of the company. Hence the above resolution is put forth before the members for their approval.

None of the Directors are interested/concerned in this resolution.

#### Item No.9:

At present the company's securities are listed at the following three stock exchanges in India:

- i. The Stock Exchange, Mumbai
- ii. Cochin Stock Exchange Ltd
- iii. Madras Stock Exchange

With the extensive networking of the stock exchange, Mumbai (BSE), and the extension of BSE terminals to other cities as well, investors have access to online dealings in the company's Securities across the country.

The Bulk of trading in the company's securities takes place on BSE and there is negligible trading on all other stock exchanges, which is not commensurate with the administrative work involved for the company.

In view of the above, your Directors recommend to have the company's securities delisted from the Madras stock exchange and Cochin Stock Exchange Ltd in accordance with SEBI (Delisting of securities) guidelines 2003. This requires the approval of members by way of special resolution. However the securities will remain listed on Mumbai stock exchange.

The board recommends the resolution set out at item No.9 of the notice for your approval.

None of the Directors are interested/concerned in the resolution.





## DIRECTORS' REPORT

To

All Members

Your Directors take great pleasure in presenting this 12th Annual Report together with the audited accounts for the year ended on March 31, 2004.

### Mr. C. Abraham

We regret to announce the demise of Mr.C.Abraham, Chairman of your Company during the year. Mr.Abraham has been on the Board of your Company for over nine years, through all its ups and downs. During this entire period, Mr.Abraham has provided exemplary leadership and guidance to your Company. We take a moment to remember him and acknowledge his immense contribution to the building of your Company. May his soul rest in peace.

### FINANCIAL RESULTS

The company has achieved a turnover of over Rs.2,58,33,000/- compared to Rs.30,71,109/- during the previous year, an improvement of 800%. This has lead to a net profit of Rs.9,72,383/- for the year.

### OPERATIONS

The Company's range of formulated products for the pharmaceutical sector have done well and your Company today supports over 60 brands marketed through various pharmaceutical companies across the country. It is hoped that this activity will significantly contribute to the top and bottomlines of the Company for the years to come.

Both the DHA and the Phycocyanin projects have seen considerable progress and it is hoped that these will be commercialized during the year.

The Company has improved its research efforts through its new research facility established at Perungudi, Chennai where around 25 research personnel work on new product development as well as standardization and improvement of existing technologies..

The Company's Joint Venture with Shantha Biotechnics Pvt Ltd has gone through a tumultuous year. The operations and management of this company have been taken over by your company. In this regard a Memorandum of Compromise has been entered into between your Company and Shantha Biotechnics Pvt Ltd. This signifies the exit of Shantha Biotechnics from this venture. On the basis of this agreement, your Company may have obligations contingent on a few milestone events. Therefore, in the event Shantha Marine Biotechnologies Pvt Ltd is unable to repay the outstanding dues to Shantha Biotechnics Pvt Ltd at the expiry of 24 months from the date of

Memorandum of Compromise, the Company is contingently liable to meet this obligation. Also, in the event the Company is unable to find a suitable alternate guarantor for the loan availed by Shantha Marine Biotechnologies Pvt Ltd from the Technology Development Board and UTI Bank, the Company is contingently liable to meet the guarantee obligation of Shantha Marine Biotechnologies Pvt Ltd aggregating to Rs.486 lakhs.

However the management of your Company is confident of these milestone events being achieved and is reasonably certain that these contingencies may not arise.

Recently, M/s. Shantha Marine Biotechnologies Pvt Ltd has changed the name of the company to Samudra Biopharma Pvt Ltd. It is hoped that with the new turnaround plan in place, Samudra Biopharma Pvt Ltd under its Managing Director Mr.PDatta Roy, deputed from your Company, will bring about profitability in its operations.

### TRADING OF SHARES IN THE STOCK EXCHANGES

The shares of the Company are listed in Mumbai, Cochin and Chennai exchanges. The shares of the Company are traded in the demat form.

### CORPORATE GOVERNANCE

The company continues to follow the code of Corporate Governance during the year under review.

### DEPOSITS

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

### DIRECTORS

Mrs. Rosemary Issac, Director, retires by rotation at the ensuing Annual General Meeting and being eligible, offers herself for reappointment.

Dr. G.Subramanian who was appointed by the Board of Directors of the Company as additional director on 30.10.2003 u/s.260 of the Companies Act, 1956 shall hold office until the ensuing Annual General Meeting. The Company has received a notice in writing from a member, proposing his candidature as a director, liable to retire by rotation in terms of section 257 of the Companies Act, 1956.

Dr.S.Raveendran, who was appointed by the Board of Directors of the Company as additional director on 15.04.2004 u/s.260 of the Companies Act, 1956 shall hold office until the ensuing Annual General Meeting. The Company has received a notice in writing from a member, proposing his candidature as a director, liable to retire by rotation in terms of section 257 of the Companies Act, 1956.

Mr.K.O.Isaac, was appointed as Chairman & Managing Director with effect from 1.4.2004. Considering his vast expertise and experience in the field of biotechnology and microbiology,



the Board of Directors recommends his appointment with effect from 1.4.2004 for a period of five years.

#### 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.

#### REPLY TO AUDITORS' QUALIFICATION:

With regard to the Auditors' observation under clause no.9 of annexure to the Auditors' report, the company was irregular in depositing the statutory dues due to cash flow problem. The same has been rectified and henceforth the directors will ensure that it is complied in time. The company would be contesting the income tax demand of Rs. 6,70,674 as the books of accounts of the company is still having carried over losses. TDS on contractual payment was not paid due to a constraint of funds. However during the current year these dues have since been paid.

With regard to the Auditors' observation under clause no.15 of notes on accounts, the repayment to Indian Bank is under way as per the understanding reached under the One Time Settlement with the bank. No provision has been made towards interest liability as the company is confident that no payment would arise on this score.

#### 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 state of affairs of the Company as on 31st March, 2004 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 the 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. Your company has expended Rs.23,61,540/- towards Research and Development.

#### 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 Indian Bank and the ever so many people and organisations that have supported the company during the past year.

For and on behalf of the Board of Directors

Date:29.07.2004

Place:Chennai

K.O. ISAAC

Chairman

