

THIRTEENTH ANNUAL REPORT 2004 - 2005



ABL BIOTECHNOLOGIES LIMITED

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

Contents

Notice to Shareholders

Directors' Report

Report on Corporate Governance

Auditors Report

Balance Sheet

Profit and Loss Account

Schedules

Cash flow Statement

Balance Sheet Abstract

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

1. Rock Rosh I & II
Seaview Enclave
Neelankarai
Chennai - 600 041.
2. Thimmapuram
Kappuluppada Village
Bheemili Mandal
Visakhapatnam District
Andhra Pradesh

AUDITORS

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

BANKERS

State Bank of India
Adyar Branch
Chennai -- 600 020.

SHARE TRANSFER AGENTS & DEMAT ELECTRONIC CONNECTIVITY AGENT

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



Abl biotechnologies limited

NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the Thirteenth Annual General Meeting of the members of the Company will be held on Friday the 30th day of September, 2005 at 11.30 A.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 2005, the Profit and Loss Account for the year ended on that date, the Directors' Report and the Auditors' Report thereon.
2. To appoint Dr. G. Subramanian, Director, 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.

SPECIAL BUSINESS

4. To consider and if thought fit, to pass the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 372A and any other applicable provisions, if any, of the Companies Act, 1956, the Board of Directors of the Company, be and is hereby authorised to make investments in excess of 60% of the paid up share capital and free reserves of the Company or 100% of the free reserves of the Company, whichever is more, in Equity Shares or any other securities of any other Bodies Corporate, as they may, in their absolute discretion deem beneficial and in the interest of the Company, upto an aggregate amount of Rs. 5,00,00,000."

"RESOLVED FURTHER THAT the Board of Directors of the company be and are hereby authorized to determine the actual sum to be invested up to the above limit and to determine the time and maner of such investment and to do all or any of the matters arising out of and incidental to the said investment".

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

a) "RESOLVED THAT the consent of the company be and is hereby accorded pursuant to the provisions of Section 293 (1) (d) of the Companies Act, 1956 and any other applicable provisions if any, to the Board of Directors of

the company, to borrow money from time to time and at its discretion, either from the Company's bankers or any other bank, financial institutions or any other lending institutions or persons on such terms and conditions as may be considered suitable by the Board of Directors up to a limit not exceeding in the aggregate of Rs. 50 crores notwithstanding that the money to be borrowed together with the monies already borrowed by the Company (apart from temporary loans obtained from Company's bankers in the ordinary course of business), will exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say any reserve not set apart for any specific purpose."

- b) "RESOLVED THAT pursuant to Section 293 (1) (a) and other applicable provisions of the Companies Act, 1956, consent of the Company be and is hereby accorded to the Board of Directors of the Company to pledge, mortgage, hypothecate on such terms and conditions and at such time or times as they may think fit either the whole or substantially the whole or any one or more of the Company's undertakings or all its undertakings or major division forming a part of whole undertaking including the present and future properties/assets thereto to any Bank/Financial Institution/any other Body Corporate, whether the same be its own subsidiary or otherwise upto an extent of Rs.50 crores."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to appoint a director or directors or committee of directors as they think fit to finalize and execute the above sale or lease or mortgage and grant power to execute any documents/deeds/papers and writings and to do all such acts, deeds and things as may be necessary or expedient for implementing the same."

By order of the Board
For ABL BIOTECHNOLOGIES LTD

Date : 29.07.2005
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 Thursday, September 22nd, 2005 to Friday, September 30th, 2005 (Both days inclusive).
5. Information pursuant to Clause 49 of the Listing Agreement for appointment / re-appointment of Directors:

Re-appointment of Dr. G. Subramanian

- 1 Dr. G. Subramanian, B.Sc, M.Sc, M.Phil, Ph.D, aged 61 years, retired 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.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956:

Item No. 4:

Your company has given advances to Samudra Bio Pharma Pvt. Ltd as share application money pending allotment and it is intended to be made as Investment in the Equity Share Capital of Samudra Bio Pharma Pvt. Ltd.

Section 372 A of the Companies Act, 1956 requires the prior consent of the members by a Special Resolution when the aggregate of the loans and investments made, the amounts for which guarantee or securities so far provided to or in all other bodies corporate, along with the investment, loan, guarantee or security proposed to be made or given by the Board, exceeds the permissible limits as allowed under the above referred section.

Further your company may invest its surplus funds in shares/units of mutual funds of other bodies corporate. Since the additional investment in the equity share capital of M/s. Samudra Bio Pharma Pvt. Ltd and also the proposed investment in securities of other Bodies corporate, may exceed the limits specified under Section 372 A of the Companies Act, 1956 your Board of Directors thought it fit to place the resolution for the consent of the members.

Mr. K. O. Isaac, being a Director of M/s. Samudra Bio Pharma Pvt. Ltd and Mrs. Rosemary Isaac, being his wife, are concerned or interested in the resolution.

Item No.5

Your company had approached the Government of India for a Soft Loan to develop phormidium sp. for the production of C-Phycocyanin for use as diagnostic tool, antioxidant and COX-2 inhibitor. The Department of Science and Technology, through the Drug Development Board has sanctioned a Soft loan of Rs.4 crores to support the R & D activities of the Company.

In addition to this, your company will be approaching various Banks/Financial Institutions/Lenders and others, for financing its expansion activities, for which it is necessary for the company to have the borrowing powers pursuant to the provisions of Section 293 (1) (d) and power to mortgage as per Section 293 (1) (a) of the Companies Act, 1956.

Hence the above resolutions are put forth for your approval.



DIRECTORS' REPORT

To

All Members

Your Directors take great pleasure in presenting this 13th Annual Report together with the audited accounts for the year ended on March 31, 2005.

Your Company's performance during the last financial year has shown a tremendous improvement over the previous years with Rs. 5.8 crores of sales and a net profit after tax of Rs. 61.17 lakhs thereby taking earnings per share from 0.24 to 1.49. Your Company has seen a growth in revenue by 56% and profitability by 84%.

OPERATIONS

Pharmaceutical Division

The Company's range of formulated products for the pharmaceutical sector although impacted upon due to the abrupt increase in excise duty as well as retailers response to Value Added Tax, have done considerably well and they have gone up to 60 brands supplied to a number of large, medium and small pharmaceutical companies across India. The Company has also commenced exports to neighbouring countries during year.

With these exports the Company is initiating the launch of its own products in the domestic and international markets for a variety of therapeutic conditions including cardiology, diabetics and gastrointestinal medicine. In addition your Company proposes to launch a separate division for therapeutic nutrition which will include products for pediatrics, diabetes, geriatrics, convalescence and sports segments.

It is hoped that the operations of these new divisions will reach stability in a year's time and will propel the Company's growth geometrically.

Research & Development Division

Your Company's R & D efforts have progressed well with a number of products showing leads as new chemical entities for the treatment of various diseases and infections. The

Department of Science and Technology, through the Drug Development Board has also sanctioned a soft loan of Rs. 4 crores to support the R & D activities of the Company. It is hoped that the development of sales of various technologies will add to the top and bottom lines of the Company in the days to come.

Projects

Your Company has decided to commercialize two new projects during the year for the essential fatty acid, DHA, and the fluorescent pigment, Phycocyanin. Your Board hopes to get back to you during the year with details of the projects seeking permission to commence work on executing them.

Samudra Biopharma Pvt. Ltd

Your Company's management of Samudra Biopharma Pvt. Ltd. (Formerly known as Shantha Marine Biotechnologies Pvt. Ltd.) has resulted in considerable improvement in the operations of the company. Samudra has managed to stabilize its business and commenced paying back the lending institutions as well as sundry creditors of the Company. It is hoped over time Samudra's operations will grow and help it to overcome the losses made earlier.

During the year samudra saw the exit of its Managing Director, Mr. P. Datta Roy, for better prospects. Mr. K. O. Philip who has been responsible for development of the entire process and engineering has been seconded from ABL as Managing Director of Samudra Biopharma Pvt. Ltd. It is hoped that during the year ahead, these initiatives that have been taken will bear fruit.

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 had not accepted any deposits from Public during the year under review.

DIRECTORS

Dr. G.Subramanian, 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.

REPLY TO AUDITORS' QUALIFICATION

As regards observation made in Clause 10 of the report, the delay in payment of statutory dues was due to cash flow problems. Since March 2005 the Company has paid the old arrears of Provident Fund fully and Sales Tax to the extent of Rs. 7,36,950/-. The balance dues shall be paid at the earliest.

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, 2005 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 are 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. 45,22,904/- towards Research and Development Expenditure.

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 State Bank of India 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: 29.07.2005

Place: Chennai

K.O. ISAAC

Chairman



REPORT ON CORPORATE GOVERNANCE

A. COMPANY'S PHILOSOPHY

The Company is committed to the principles of good Corporate Governance. The company is also committed to report 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

The Composition and category of Directors during the financial year ended March 31st, 2005 is as follows:

Name of the Director	Category	Attendance Particulars		Number of other Directors and Committee Members/Chairmanships		
		Board Meetings	Last AGM	Other Directorships*	Committee Memberships	Committee Chairmanships
		5	Yes	3	Nil	Nil
K.O. Isaac	Chairman & Managing Director - Executive Director	5	Yes	3	Nil	Nil
Rosemary Isaac	Non- Executive Director	5	Yes	1	2	1
Dr. G. Subramanian	Non- Executive Independent Director	4	No	Nil	2	1
Dr. S. Raveendran	Non- Executive Independent Director + +	4	Yes	Nil	1	1

Note:

* Private Limited Companies.

+ + Dr. S. Raveendran has been appointed as Additional Director w.e.f 15.4.2004.

Five Board Meetings were held during the period from April 2004 to March 2005. The dates on which the meetings were held are - 15.04.2004, 29.06.2004, 29.07.2004, 28.10.2004 and 29.01.2005. The last Annual General Meeting was held on 24.09.2004.

C. AUDIT COMMITTEE

The Audit committee was reconstituted on 29.6.2004 with the following members:

Dr. S. Raveendran - Chairman

Dr. G. Subramanian - Member

Mrs. Rosemary Isaac - Member

During the year ended 31st March 2005, four meetings were held on 29.06.2004, 29.07.2004, 28.10.2004 and 29.01.2005. The terms of reference of the Audit Committee are as per 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
Dr. S. Raveendran	Non - Executive Independent Director	4	4
Rosemary Isaac	Non - Executive Director	4	4
Dr. G. Subramanian	Non - Executive Independent Director	4	3

D. Remuneration Committee:

The Board of Directors constituted the Remuneration of Committee on 29.06.2005 comprising the following Directors:

1. Dr.G. Subramanian, Chairman
2. Mrs. Rosemary Isaac, Member
3. Dr. S. Raveendran, Member

No meeting of the Remuneration Committee was held during the year

E. SHARE HOLDERS/INVESTORS GRIEVANCE AND SHARE TRANSFER COMMITTEE

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

1. Mrs. Rosemary Isaac, Chairman
2. Dr. G. Subramanian, Member

The said committee met on 16.04.2004, 16.05.2004, 16.06.2004, 21.07.2004, 18.10.2004, 25.11.2004, 22.12.2004, 19.01.2005, 08.02.2005, 07.03.2005 and 29.03.2005. Mr. T. R. Venkatraman, General Manager - Finance is the Compliance Officer. Five investor compliants were received during the year ended 31st March 2005 and were replied/redressed to the satisfaction of the investors. There were no share transfers pending registration as at 31st March 2005.



F. GENERAL BODY MEETINGS

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

Year	Date and Time	Venue
2001-2002	September 30, 2002 10.30 a.m	Chrompet Cultural Academy, 3, Indira Gandhi Cross Street, Radha Nagar, Chrompet, Chennai - 600 044.
2002-2003	September 29, 2003 10.30 a.m	Chrompet Cultural Academy, 3, Indira Gandhi Cross Street, Radha Nagar, Chrompet, Chennai - 600 044.
2003-2004	September 24, 2004 2.30 p.m	Narada Gana Sabha, Mini Hall, Alwarpet, Chennai - 600 018.

No resolutions have been put to postal ballot so far.

G. DISCLOSURES

a. The company has not entered into any transactions of a material nature with the Promoters, the Directors or the Management, their subsidiaries or relatives, etc, that may have potential conflict with the interests of the Company. The necessary disclosures regarding the related party transactions are given in the Notes to the Accounts.

b. Details of non-compliance by the Company, penalties, strictures imposed on the Company by the Stock exchanges or SEBI or any statutory authority on any matter related to Capital Markets during the last three years:

SEBI vide their Settlement by consent Order letter No. CFD/DCR/RC/TO/23040/04 dated November 16, 2004 had proposed a penalty of 1,50,000/- for alleged violation of filing of returns under Regulation 6 & 8 of SEBI (Substantial Acquisition of Shares & Takeover) Regulations, 1997. Company had replied vide its letter dated 10.12.2004 clarifying its position in the matter.

H. GENERAL SHAREHOLDERS INFORMATION

1. Date and Time of the Annual General Meeting: 30th September 2005 at 11.30 A.M
2. Financial Year: April to March.
3. Financial Calendar:

Results for the quarter ending June 30,2005	Last week of July 2005
Results for the quarter ending September 30,2005	Last week of October 2005
Results for the quarter ending December 30,2005	Last week of January 2006
Results for the quarter ending March 31,2006	Audited Results before last week of June 2006
Annual General Meeting	By 3rd/4th week of September 2006

4. Date of Book Closure: September 22, 2005 to September 30, 2005 (both days inclusive)

5. Listing on Stock Exchanges:

The Shares of the Company are listed at Madras, Mumbai and Cochin Stock Exchanges.

6. Stock code: The Stock Exchange, Mumbai- 526955

7. Market Price Data:

Month	Bombay Stock exchange (BSE)	
	High	Low
April 2004	19.30	14.80
May 2004	14.51	8.58
June 2004	9.51	5.50
July 2004	8.25	5.63
August 2004	6.65	5.15
September 2004	8.80	5.50
October 2004	9.80	6.35
November 2004	26.21	7.55
December 2004	52.90	18.70
January 2005	48.30	30.95
February 2005	46.55	35.00
March 2005	41.25	29.75

8. Registrar and Share Transfer Agent

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

9. 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.

10. Distribution of shareholding as on 31.03.2003:

Range	No. of Holders	% to total	No. of Shares	% to total
Upto 100	408	17.12	33599	0.83
Upto 500	1235	51.82	454447	11.08
501-1000	469	19.68	363518	8.87
1001-2000	126	5.29	200137	4.88
2001-3000	55	2.31	141182	3.44

