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**Abl biotechnologies Limited**

# 55, 3rd East Street,  
Kamaraj Nagar,  
Thiruvanmiyur,  
Chennai -600 041.

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**EIGHTEENTH ANNUAL REPORT  
2010**



**Abl BIOTECHNOLOGIES LIMITED**

ABL Biotechnologies Limited  
No. 55, Third East Street, Kamaraj Nagar,  
Thiruvanmiyur, Chennai – 600 041

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Thiruvanniyur, Chennai - 600 041

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New No. 7, Old No.4,

Karpagam Garden,

II Main Road,

Adyar, Chennai - 600 020

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AXIS BANK LIMITED

Chennai Main Branch

Chennai - 600004

## SECTION 1

### CHAIRMAN'S MESSAGE

Dear Shareholders,

The year 2009-10 saw ABL reinventing itself and its business model, in line with the plans that the Company had unfurled, during the previous AGM. It was obvious that the advantages in the contract manufacturing business model that saw the Company grow during the last decade, had seriously turned to a disadvantage because the Company didn't have a single formulation facility of its own and was operating through eleven leased facilities. In addition, its dependence on the formulation manufacturing segment and the attendant issues of large working capital requirements, increasing credit in the market etc had taken the Company away from its core business of biotechnology research and technology development. It was therefore time that your Company re-examine its strengths and opportunities and do away with businesses that were not part of its core competence so that it could focus on targeted areas of growth and opportunity in the global market place.

In addition, it was crucial that the Company examine opportunities in acquisitions and mergers for accessing additional technologies and Patents, form partnerships for its various business verticals so as to focus its strengths and resources and build capabilities to substantially improve the Company's top and bottom lines, as also put its resources to optimal use.

#### OPPORTUNITIES IN BIOTECHNOLOGY:

The industry is expected to grow from present \$2.51 billion (FY 2008-2009) to \$5 billion by 2011. The Indian biotechnology sector is one of the fastest growing, knowledge-based sectors and is expected to play a key role in shaping India's rapidly developing economy.

An assessment of the Biotech sector worldwide clearly shows that opportunities continue to lie in Ag-Biotech, Pharma and Industrial Biotech.

ABL's research focus has therefore been restructured to cater to these three segments.

#### THE DHA PROJECT:

Your Company has finally received confirmation from the European Patent Office about the official clearance and publication of its patent on DHA. Patent Applications in the USA and India are still pending final approvals.

#### THE DAYS AHEAD:

In the time ahead, ABL will continue to reinvent its business model, examine opportunities in acquisitions and mergers for accessing additional technologies and Patents, form partnerships for its various business verticals so as to focus its strengths and resources and build capabilities to substantially improve the Company's top and bottom lines.

Let me take this opportunity to thank the Company's Bankers, employees, business partners, suppliers, contract manufacturers and customers for supporting ABL during the past year. Lets look forward to a period of great opportunity, in the days ahead.

K.O. ISAAC  
Chairman

## DIRECTORS' REPORT

To  
All Members,

Your Directors present the 18th Annual Report, together with the Audited Accounts for the year ended March 31, 2010.

### OPERATIONS

With your Company deciding to suspend its contract manufacturing business due to failing profitability and unviability unless a formulation facility was acquired by the Company, sales during the last financial year was only around Rs 2.5 Crores. The low turnover during the year has resulted in an operational loss of Rs.4.5 Crores.

In view of the Government's decision to set up a Critical Thermal Power plant spread over 900 acres next to the Company's proposed DHA site, a Gas terminal and container port being established on the seashore and the 9000 acre Rare Earth Facility of the Tata Group coming up close to the site, and since all the Fly-ash and Illimnite washings are being disposed alongside the site, the viability of the present site is questionable. While there is considerable intellectual property that has been generated, which may yield commercial value at a future date, the management thought it prudent to withdraw from this site. All movable R & D equipments have been relocated at a new site in Bangalore. The Board has therefore recommended that intangible expenditures relating to development of DHA and various other molecules and other capital assets valued at Rs.8.76 Crores be written off.

In addition, in line with the Management's decision to wind up the operations of the Company's own brand marketing division, INVIA, in Kerala, Tamil Nadu, Andhra and Orissa, due to issues with viability and management bandwidth, all the receivables representing unsold stocks of the Company's own brands, lying with distributors, needed to be destroyed and consequently a sum of Rs5.3 Crores has been recommended to be written off.

Due to the above extraordinary items charged off to operations, the net result for the year has been severely hit leading to a net loss of Rs.20.60 crores

### R&D DIVISION

Your Company's research efforts had seen deterioration due to working capital issues and loss of key people. Your Board has therefore taken a decision to relocate the entire Research Laboratory to an independent facility in Hosakote Industrial Area, Bangalore. This will allow the company to have greater interface with the Indian Institute of Sciences and other such organisations, to partner its research efforts. In addition, due to Bangalore being a renowned centre for Biotechnology research, access to suitable personnel, is improved.

### INTELLECTUAL PROPERTY

Your Board is happy to inform you of the final acceptance by the European Patent Office of eleven claims in the Patent application filed by the Company leading to clearance of the patent application and publishing of the patent.

Efforts with the Company's application to the USPTO and the Indian Patent Office continues. It is hoped that these efforts will prove equally fruitful and the Company will get approvals for its patent applications filed.

The Company has also acquired 22 additional strains for a variety of Fatty Acids, 12 for Biofuels and 11 IPs, apart from technology for a new algal biofuel. With these, the Company underlines its focus to remain on Fatty Acids, Drug Discovery and Biofuels for the next decade.

However, in taking a prudent and cautious stand, the Management instead of foraying ahead on its own, believes that joint ventures and strategic alliances would be the model of choice for commercialising these technologies so as to share the risks intrinsic to new technology development.

#### Trading of Shares in the Stock Exchanges

The shares of the Company are listed in the Mumbai and Luxemburg stock 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

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 confirming 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.

#### 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 judgments and estimates that are

reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31st March, 2008 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.

#### RESEARCH AND DEVELOPMENT

Your Company has, during the year, been continuing its Research and Development activities of extracting bioactive compounds from microbes as well as development of formulations for nutrition and pharmaceuticals.

#### FOREIGN EXCHANGE EARNINGS

There was no foreign exchange earning during the year. (Previous Year: Nil)

#### FOREIGN EXCHANGE OUTGO

On account of import of goods - Nil.

Foreign Travel - Nil.

#### ACKNOWLEDGEMENT

The Board of Directors wishes to place on record its gratitude to Axis Bank Limited and the Department of

Science and Technology, Department of Bio-Technology and the other Institutions / Organizations / Agencies who have supported the company during the year.

For and on behalf of the Board of Directors

Date: 7-9-2010

Place: Chennai

K. O. Isaac

Chairman and Managing Director

## REPORT ON CORPORATE GOVERNANCE

### 1. 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 forms the foundation of its growth.

During the financial year 2009-10 five (5) Board Meetings were held on 30.04.2009, 31.07.2009, 31.10.2009, 27.11.2009 and 30.01.2010. The Annual General Meeting (AGM) was held on 28th December, 2009.

The composition and membership on other Boards, Committees of Directors and attendance of Directors at the Board of Directors meetings held during the financial year 2009-10 and the last AGM held on 28.12.2009 are given in this report.

### 2. BOARD OF DIRECTORS

The Composition and category of Directors as on March 31st, 2010 is as follows:

Name of the Director	Category	Attendance Particulars		Number of other Directorships and Committee Members /Chairmanships		
		Board Meetings	Last AGM	Other Director-Ships	Committee Member-Ships (other than in ABL)	Committee Chairman-Ships (other than in ABL)
K. O. Isaac	Chairman and Managing Director - Executive Director	5	Yes	3	Nil	Nil
G. Subramanian	Non-Executive - Independent Director	5	Yes	Nil	Nil	Nil
Mr. V M Sankaran Nampoothiri	-Non-Executive Independent Director	5	Yes	1	Nil	Nil

Thus the Board comprising of two independent directors out of the present strength of three Directors is in conformity with Clause 49 of the Listing Agreement.

### 3. BOARD COMMITTEES

#### A) AUDIT COMMITTEE:

The Primary Objective of the Audit Committee of the Company is to monitor and provide effective supervision of the Management's financial reporting process, with a view to ensure accurate, timely and proper disclosures and the transparency, integrity and quality of financial reporting.

The Company derived immense benefit from the deliberations of the Audit Committee comprising of the following Directors of the Company.

Mr. V M Sankaran Nampoothiri      Chairman      Dr. G. Subramanian      Member

The major terms of reference of this committee are as under:-

- Reviewing the financial statements with the Management before submission of the same to the Board.
- Overseeing of Company's financial reporting process and disclosures of its financial information.
- Reviewing the adequacy of the internal audit function.
- Recommendation for appointment and removal of Statutory Auditors and fixation of audit fees.
- Reviewing the reports furnished by the internal auditors and statutory auditors and ensuring suitable follow up thereon.

Meetings and attendance of the Audit Committee:

During the financial year two Audit Committee meetings were held on 31.07.2009 and 30.10.2009. The terms of reference of the Audit Committee are as per the guidelines set out in the Listing Agreement with the stock exchanges.

The Attendance of Directors at the Audit Committee Meetings held during the year 2009-10 is given below: Name of the Director	Category of Membership	Attendance Particulars	
		Meetings Held	Meetings Attended
Mr. V M Sankaran Nampoothiri	Chairman	2	2
Dr. G. Subramanian	Member	2	2

#### b) Remuneration Committee:

The Remuneration Committee comprises of two non-executive Directors:

Name of the Director	Category of Membership
Dr. G. Subramanian	Chairman
Mr. V M Sankaran Nampoothiri	Member

No meeting of the Remuneration Committee was held during the year.

#### c) Shareholders / Investors' Grievance and Share Transfer Committee:

The Shareholders / Investors' Grievance and Share Transfer Committee comprises

Name of the Director	Category of Membership
Dr. G. Subramanian	Chairman
Mr. V M Sankaran Nampoothiri	Member

The terms of reference of this committee are as under:

The Shareholders / Investor Grievance Committee specifically looks into redressal of shareholders' and investors' complaints such as transfer of shares, non-receipt of shares, conversion of shares and to ensure expeditious share transfers.

Meeting and Attendance of the Committee:

The Committee oversees the performance of share transfer agents and recommends measures to improve the shareholders'/investors' services. The said Committee met 4 times during the year 2009-2010. The Managing Director is the compliance officer.

Shareholders queries received and replied in 2009-10.

During the Financial Year 2009-10, no complaints were received from shareholders. There are no complaints pending as on the date of this report. There were no share transfers pending registration as on 31st March, 2010.

#### 4. General Body Meetings

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

Year	Date and Time	Venue
2005 - 06	28th September 2006 at 11.00 a.m.	Bharathiya Vidya Bhavan, Mylapore, Chennai - 600 004
2006 - 07	22nd June 2007 at 10.15 a.m.	Narada Gana Sabha, Mini Hall, Alwarpet, Chennai - 600 018
2007 - 08	30th September 2008 at 10 a.m.	Narada Gana Sabha, Mini Hall, Alwarpet, Chennai - 600 018
2008 - 09	28th December, 2009 at 9 a.m.	Hotel Mathus, East Coast Road, Thiruvanniyur, Chennai - 600 041

2008 - 09

Resolution that pursuant to Section 255 and all other applicable provisions, if any of the Companies Act, 1956, Mr. V. M. Sankaran Namboothiri be and is hereby appointed as Director of the Company liable to retire by rotation.

2007 - 08

Resolution for appointment of Mr. K O Isaac as Managing Director of the Company for a period of three years as per the terms approved by the Central Government.

2006 - 07

No special resolution was listed in the agenda.

Resolutions under Sections 293(1)(a) and 293 (1) (d) of the Companies Act, 1956 to borrow money and to pledge, mortgage, hypothecate upto a limit not exceeding Rs. 500 Crores.

2005 - 06

Special Resolution for the purpose of:

- Resolution under Section 16 of the Companies Act, 1956 to increase of Authorized Share Capital of the Company to Rs. 20,00,00,000.
- Resolution under Section 81(1A) of the Companies Act, 1956 to issue of Shares by way of Rights, private placement and ADRs / GDRs / FCCBs.
- Resolution under Section 81(1A) of the Companies Act, 1956 to issue of warrants on Preferential Basis.

#### 5. Disclosures

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 related party transactions are given in the Notes to the Accounts.

#### 6. Means of Communications

The quarterly financial results are published in the English and regional newspapers.

#### 7. General Shareholders Information

##### 7(a) Annual General Meeting and Quarterly Results

Date of Annual General Meeting:	30.09.10
Time:	9.30 A.M.
Venue:	Hotel Mathus, East Coast Road, Thiruvanniyur Chennai
Financial Calendar Year	1st April 2009 to 31st March 2010
Results for the quarter ending June 30, 2009	Last week of July 2009
Results for the quarter ending September 30, 2009	Last week of October 2009

Results for the quarter ending December 31, 2009	Last week of January 2010
Results for the quarter ending March 31, 2010	Last week of April 2010
Listing on the stock exchanges	The equity shares of the Company are listed on the Stock exchanges at Mumbai and the Luxemburg Stock Exchange. The Company has paid its annual listing Fees for the financial year 2009 - 10.
(vi) Stock Code	The Stock Exchange of Mumbai - 526955

#### 7(b) Market Price Data

The Stock Exchange, Mumbai: High and Low quotations of the Company's shares during the period 1st April 2009 to 31st March 2010:

Month	Share Prices (Rs.)	
	High	Low
April 2009	15.90	11.50
May 2009	19.86	11.65
June 2009	24.70	15.05
July 2009	17.65	13.95
August 2009	20.80	15.05
September 2009	28.95	20.20
October 2009	25.80	16.45
November 2009	19.45	16.00
December 2009	23.35	17.30
January 2010	32.95	17.50
February 2010	30.55	19.10
March 2010	25.80	19.50

#### 7(c) Registrars and Share Transfer Agents:

Cameo Corporate Services Ltd.  
"Subramanian Building"  
1, Club House Road, Chennai - 600 002  
Ph: + 91 44 28460390

#### 7(d) Address for Communication

55, 3rd East Street, Kamaraj Nagar,  
Thiruvanniyur, Chennai - 600041

#### 7(e) Share Transfer System:

Presently the share transfer documents which are received by the Company are processed, approved and kept ready for despatch within 15 days from the date of receipt.

#### 7(f) Distribution of shareholding as on 31.3.2010

Range	No. of share holders	% to total	Share/ debenture amount (Rs.)	% to total
Up to 5000	2758	74.2195	5744900	7.0059
5001 -10000	479	12.8902	3925359	4.7870
10001 -20000	201	5.4090	3066920	3.7401
20001 -30000	91	2.4488	2329810	2.8412
30001 -40000	35	0.9418	1242980	1.5158
40001 -50000	37	0.9956	1730650	2.1105
50001 -100000	49	1.3186	3506110	4.2757
100001 & above	66	1.7761	60453280	73.7235
Total	3716	100.0000	82000000	100.0000

#### 7(g) Shareholding pattern as on 31.03.2010

Category	No. of Shares	Held Percentage of Shareholding
A. Promoters' Holding		
1. Promoters		
Indian promoters	49000	0.60
Foreign promoters	NIL	NIL
2. Persons acting in concert	NIL	NIL
Sub-total	49000	0.60
B. Non-promoters holding		

3. Institutional Investors a. Mutual Funds and UTI b. Banks, financial institutions, insurance companies (central / state government institutions / non-government institutions) c. Fills	11500 2830147 867367 3709014	0.1402 34.5 10.5776 45.23
4. Private corporate bodies	1258300	15.3451
5. Indian public	3109461	37.9202
6. NRIs/OCBs	16189	0.1974
7. Any other (please specify) Independent directors Clearing members Trust	NIL 58036	NIL 0.7077
Sub-total	4441986	
Grand Total	8200000	100

#### 7 (i) Dematerialisation of Shares

The equity shares of the Company have been admitted for dematerialization with NSDL and CDSL. The ISIN No. of the Company is INE707D01016. 70.17% of the Company's paid up equity share capital has been dematerialized upto March 31st, 2010.

#### 8. Research & Development Centers

No. 1, 4th East Street, Kamaraj Nagar,  
Thiruvanimiyur, Chennai – 600 041

#### DECLARATION

I, K O Isaac, Chairman and Managing Director of the Company, hereby declare that the Board of Directors has laid down a code of conduct for its Board Members and senior Management of the Company and Board Members and the senior Management have affirmed compliance with the said code of conduct.

Place: Chennai

for ABL Biotechnologies Limited

Date: 7-9-2010

K O Isaac

Chairman and Managing Director

#### 7(h) Top 10 Shareholders Report – NSDL, CDSL, and Physical Mode of Holding as on 31.3.2010

Sl. No.	Name of Shareholder	No. of Shares	Percentage
1.	Deutsche Bank Trust Company Americas	2669000	32.5487
2.	Synergy Securities Ltd	460600	5.6170
3.	Mavi Investment Fund Ltd.	276845	3.3761
4.	Mrituanjay Singh	250451	3.0542
5.	Lotus Global Investments Ltd - ADR / GDR	230925	2.8161
6.	Srivari Investment (P) Ltd	230300	2.8085
7.	Sophia Growth - A Shore Class of Somerset India Fund	226197	2.7585
8.	Elara Capital PLC	127877	1.5594
9.	Repatriates Co Operative Finance & Development Bank Ltd	111147	1.3554
10.	Indovision Stock Broking Services Pvt. Ltr.	94633	1.1540
	Total	4677975	57.0484

#### 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 to us by 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.

For and on Behalf of  
Pratapkar Paul & Co  
Chartered Accountants,  
Pratapkar Paul  
Partner

Date: 7-9-2010

Place: Chennai

#### MANAGEMENT DISCUSSION AND ANALYSIS FINANCIAL PERFORMANCE

##### Share capital and Reserves

The Equity Share capital remained unchanged at Rs. 820 Lakhs as on 31.03.2010.

##### Loans

During the year your Company has made an incremental borrowing of Rs.92.25 Lakhs (including Rs. 62 lakhs from Directors) as unsecured loans to meet the requirements of R&D and operations.

##### Fixed Assets

Your company invested Rs.28.68 Crores in acquiring unique Germplasm, Intellectual Property relating to Fatty Acids and Biofuel technology.

##### Sales Revenues

Your Company achieved total revenue of Rs. 250 Lakhs for the year 2009-10.

Your Company reported a loss Rs.20.64 Crores after tax for the year ended 31st March 2010 in view of extra ordinary charges amounting to Rs.16 Crores

##### Human Resources

Since your Company is in the Biotechnology Industry, the criticality of talented man-power and their retention needs no emphasis. Your company is in the process of working out a comprehensive plan to attract, motivate and retain highly skilled and technically competent man-power.

#### AUDITORS' REPORT TO THE MEMBERS OF ABL BIOTECHNOLOGIES LIMITED

1. We have audited the attached Balance Sheet of ABL BIOTECHNOLOGIES LIMITED as at 31st March 2010 and also the Profit and Loss Account and the Cash Flow Statement for the year ended 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.
2. 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 (a) examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements (b) assessing the accounting principles used in the preparation of financial statements (c) assessing significant estimates made by management in the preparation of financial statements and (d) evaluating the overall financial statement preparation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003 and Companies (Auditor's Report) amendment order, 2004, issued by the Central Government of India in terms of section 227(4A) 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:

- a) We have obtained all the information and explanations, which, to the best of our knowledge and belief, were necessary for the purpose of, audit.
- b) 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.
- c) The Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts.
- d) In our opinion, the Balance Sheet, Profit & Loss Account and the Cash Flow Statement, comply with the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956.
- e) On the basis of written representations received from the directors, as on 31st March, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 from being appointed as directors in terms of Clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956;
- f) We draw attention to the following notes on accounts in schedule 22
  - i) Note No. 4 As informed by the Management, the GDR Proceed is used to acquire Intellectual Property worth of Rs. 28.6 Crores.

ii) Note No. 6 (a) During the year, The Company has written off Capital WIP to the extent of Rs. 7.87 Crores which was financed by The Department of Science, Since the objective of the project is not met, the Department is demanded to repay the same and filled a suit against the company. Note No. 6 (b) The Company has written off considerable amount of debtors and creditors which has affected the company's profitability vastly.

iii) Note No.14 (b) The company has granted Rs. 38.39 Lakhs as Loans to M/s. Samudra Biopharma Private Limited during the year which are not prima facie prejudicial to the interest of the company.

iv) Note No. 17 The company has given corporate guarantee to Axis Bank and M/s. Shantha Biotechnics Private Limited for Rs.1.91 Crore and 2.61 Crore respectively.

g) The company is irregular in paying undisputed statutory dues.

h) Some of the balance of Creditors, Debtors, Loans & Advances are subject to confirmation, including the amount due from M/s. Samudra towards Royalty receivable, Technology Sale Income Receivable, Loan others and Trade Advance.

i) Subject to point f, g and h above, in our opinion, and to the best of our information and according to the explanations given to us, the said accounts 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:

i) In the case of Balance sheet, of the state of affairs of the Company as at 31st March, 2010 and

ii) In the case of Profit and loss Account, of the Loss for the year ended 31st March 2010.

iii) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For and on behalf of  
PRATAP KARAN PAUL & CO.,  
Chartered Accountants,  
Firm Registration No. 0027775

Pratapkaran Paul  
Partner.

Date : 7th September, 2010

Place : Chennai

Annexure referred to in paragraph 3 of Auditors' Report to the Members of M/S.ABL BIOTECHNOLOGIES LIMITED on the accounts for the year ended 31st March 2010.

In terms of the information and explanations given to us and the books and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state as under:

- 1) The company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets. As explained to us, all the assets have been physically verified by the management at a reasonable interval during the year. According to the information and explanation given to us, no material discrepancies were noticed on such verification. The company has written off considerable amount of fixed assets, however as per information and explanation provided by management, which will not affect its status as going concern.
- 2) The stocks of inventory have been physically verified during the year by the Management at reasonable intervals. In our opinion the procedure of physical verification of the Inventory followed by the management are, in our opinion reasonable and adequate in relation to the size of the company and nature of its business. The company is maintaining proper records of Inventory. The discrepancies noticed on physical verification of stocks as compared to book records were not material, however, the same have been properly dealt with in the books of accounts.
- 3) a) In our opinion, the company has granted Rs. 38,39,061/- to M/s. Samudra Biopharma Private Limited covered in the Register maintained under section 301 of the Companies Act, 1956.
- b) In our opinion, loan of Rs.2,30,45,724/- taken by the Company from its Director covered in the register maintained under

section 301 of the Companies Act, 1956, the rate of interest and other terms and conditions of loans taken by the company are not prima facie prejudicial to the interest of the company. The principal amount is still due as on date.

- 4) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business, for purchase of Inventory, Fixed Assets and for the sale of goods. In our opinion, there is no continuing failure to correct major weakness in internal control systems.
- 5) (a) In our opinion, the particulars of contracts and arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section; and
  - (b) In our opinion, each of these transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- 6) The Company has not accepted any deposits within the provisions of Sections 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposit) Rules, 1975.
- 7) The Company does have an internal audit system commensurate with its size and nature of its business.
- 8) As explained to us, the Central Government has not prescribed maintenance of Cost Record for any of the products manufactured by the Company under section 209 (1) (d) of the Companies Act, 1956.
- 9) The company has not been regular in depositing undisputed statutory dues including Provident Fund, TDS, Employees' State Insurance, Income Tax, Sales Tax, Excise Duty and cess with the appropriate authorities.



Details of amount due exceeding 6 months

1. Provident Fund	-	Rs. 23,69,934
2. Tax Deducted at Source	-	Rs. 49,37,153
3. Fringe Benefit Tax	-	Rs. 7,08,264
4. Income Tax	-	Rs. 37,48,830
5. Professional Tax	-	Rs. 2,69,198
6. Employees' State Insurance	-	Rs. 77,055

- 10) The company has reported accumulated losses to be carried forward and it has also incurred cash losses in the financial year under report.
- 11) The company has defaulted in repayment of dues to financial institutions and Banks. Details of them are

Short term loan from Axis Bank - Rs. 1,09,46,880/-

Government Soft Loan - Rs. 6,84,92,785/-

- 12) As explained to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- 13) The company is not a chit fund, nidhi or mutual benefit fund/society.
- 14) The company is not dealing or trading in shares, securities, debentures and other investments.
- 15) The company has given guarantee for loans taken by M/s. Samudra Biopharma Private Limited from Axis bank and M/s. Shantha Biotechnics Private Limited for Rs. 1,91,20,000 and Rs. 2,61,03,200 respectively.
- 16) Term loans are applied for the purpose of which they were obtained.
- 17) The funds raised on short-term basis have not been used for long term investment.
- 18) The company has not made any preferential allotment of shares to parties and companies

covered in the Register maintained under section 301 of the Act.

- 19) The company has not issued debentures during the year.
- 20) The company has not raised any money through a public issue during the year.
- 21) During the checks carried out by us, any fraud on or by the company has not been noticed

For and on behalf of  
PRATAPKARAN PAUL & CO.,  
Chartered Accountants,  
Firm Registration No. 002777S

Pratapkar Paul  
Partner.

Date : 7th September, 2010

Place : Chennai.

BALANCE SHEET AS AT 31.03.2010

SOURCE OF FUNDS	Sch. No	AS AT 31.03.2010 (Amount in Rs.)	AS AT 31.03.2009 (Amount in Rs.)
<b>Shareholder's Funds</b>			
Equity Capital	1	82,000,000	82,000,000
Reserves & Surplus	2	111,349,546	193,349,546
			320,147,149
			402,147,149
<b>Loan Funds</b>			
Secured Loans	3	43,726,109	53,231,837
Unsecured Loans	4	122,920,522	166,646,630
			112,699,834
			165,931,671
			359,996,176
			568,078,820
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
Gross Block	5	359,798,721	89,836,675
Less: Depreciation		8,802,624	15,552,450
<b>Net Block</b>		<b>350,996,097</b>	<b>74,284,225</b>
Capital Work in Progress		-	76,240,582
<b>INVESTMENTS</b>	6	<b>13,000,000</b>	<b>13,000,000</b>
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>			
a. Inventories	7	709,087	29,959,916
b. Sundry Debtors	8	2,732,240	71,613,937
c. Cash and Bank Balances	9	1,387,760	300,276,273
d. Loans and Advances	10	82,919,662	87,748,749
			81,970,751
			483,820,877
<b>LESS: CURRENT LIABILITIES AND PROVISIONS</b>			
a. Current Liabilities	11	88,648,429	83,844,809
b. Provisions		7,359,249	4,962,933
<b>Net Current Assets</b>		<b>-8,258,929</b>	<b>395,013,135</b>
Miscellaneous Expenditure to the extent not written off or adjusted	12	4,259,008	9,540,878
			359,996,176
			568,078,820

This is the Balance Sheet referred to in our Report of even date For Pratapkar Paul & Co. Chartered Accountants

Pratapkar Paul  
Partner

K.O. Isaac  
Chairman and  
Managing Director

For and on behalf of The Board

V.M. Sankaran Nampoothiri  
Director

Chennai

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2010**

Particulars	Sch. No	For the year Ended 31.03.2010 (Amount in Rs.)	For the year Ended 31.03.2009 (Amount in Rs.)
<b>INCOME</b>			
Sales	13	24,987,554	96,595,868
Other Income	14	34,535	135,462
Stock increase/(Decrease)	15	(14,933,950)	1,042,261
<b>Total Income</b>		<b>10,088,139</b>	<b>97,773,591</b>
<b>EXPENDITURE</b>			
Material Cost	16	24,249,051	44,293,850
Direct Expenses	17	7,070,131	26,783,882
Personnel Cost	18	7,848,528	11,918,180
Administrative Expenses	19	165,453,386	9,407,371
Selling Expenses	20	179,714	660,452
Miscellaneous Expenses written off	12	5,281,870	726,543
<b>Total Expenditure</b>		<b>210,082,681</b>	<b>93,790,278</b>
<b>Profit Before Interest and Depreciation</b>		<b>(199,994,542)</b>	<b>3,983,313</b>
Financial Charges	21	5,214,323	11,187,172
<b>Profit Before Depreciation and Taxation</b>		<b>(205,208,865)</b>	<b>(7,203,859)</b>
Depreciation	5	1,192,422	2,307,438
<b>Profit before taxation</b>		<b>(206,401,287)</b>	<b>(9,511,297)</b>
Provision for Taxation			
- Income Tax			
- Fringe Benefit Tax			148,789
<b>Profit/(Loss) after taxation</b>		<b>(206,401,287)</b>	<b>(9,660,086)</b>
Profit of the earlier year brought forward		36,283,222	47,295,532
<b>Profit Carried Forward to Balance Sheet</b>		<b>(170,118,065)</b>	<b>37,635,446</b>
Notes to the Accounts	22		
Significant Accounting Policies	23		
Basic and Diluted Earnings Per Share (in Rupees) Face Value Rs.10 (Note 14)		(25.17)	(1.32)
Number of Equity Shares		8,200,000	7,301,370

This is the Balance Sheet referred to in our Report of even date For Prapatkaran Paul & Co., Chartered Accountants

For and on behalf of The Board

Prapatkaran Paul  
Partner  
K.O. Isaac  
Chairman and  
Managing Director

V.M. Sankaran Nampoothiri  
Director

Chennai

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 **Abl biotechnologies Limited**

**SCHEDULES TO BALANCE SHEET**

	AS AT 31.03.2010	AS AT 31.03.2009
<b>SCHEDULE NO.1</b>		
<b>SHARE CAPITAL</b>		
Authorised:	200,000,000	200,000,000
2,00,00,000 Equity Shares of Rs.10/- each		
Issued, Subscribed & Paid up:		
82,00,000 Equity Shares of Rs.10/- each	82,000,000	82,000,000
	<u>82,000,000</u>	<u>82,000,000</u>
<b>SCHEDULE NO.2</b>		
<b>RESERVES &amp; SURPLUS</b>		
Fixed Assets Revaluation Reserve	37,863,927	37,863,927
Share Premium	246,000,000	246,000,000
Surplus in Profit & Loss Account	(170,118,065)	37,635,446
Less : Previous Year Short Provisions	2,396,317	1,352,224
	<u>111,349,546</u>	<u>320,147,149</u>
<b>SCHEDULE NO.3</b>		
<b>SECURED LOANS</b>		
A. From Banks		
a) Cash Credit	32,201,365	32,200,262
b) Short Term Loan	10,946,880	10,946,880
B. From Others		
Hire purchase Loans	577,864	10,084,695
	<u>43,726,109</u>	<u>53,231,837</u>
<b>SCHEDULE NO.4</b>		
<b>UNSECURED LOANS</b>		
A. From Directors	23,045,724	19,657,012
B. From Institutions ( Soft Loan )	68,492,785	68,492,785
C. From Factoring Agencies	6,577,777	13,996,542
D. From Others	24,804,236	10,553,495
	<u>122,920,522</u>	<u>112,699,834</u>

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 **Abl biotechnologies Limited**

SCHEDULE NO.5

Description	Gross Block			Depreciation			Net Block		
	As at 01.04.2009	Additions	Deletions	As at 31.03.2010	As at 01.04.2009	For the year	Deletions	As at 31.03.2010	As at 31.03.2009
	2,136,073			2,136,073				2,136,073	2,136,073
FREEHOLD LAND	37,863,927			37,863,927				37,863,927	37,863,927
REVALUATION RESERVE ON LAND	16,993,662		548,534	16,445,128	3,349,708	268,056	10,442	12,837,806	13,643,954
BUILDING	9,205,291		9,187,275	18,016	5,321,409	856	5,319,022	3,407,322	3,883,882
PLANT AND MACHINERY	1,016,702		982,769	33,933	466,561		432,628	3,243	550,141
ELECTRICAL INSTRUMENTS	1,206,913		117,858	1,089,055	735,294	48,418	20,652	763,060	471,619
OFFICE EQUIPMENT	3,044,353	144,909	1,408,710	1,800,552	2,315,768	133,108	732,182	1,716,694	748,585
DATA PROCESS EQUIPMENT	1,936,369		591,798	1,344,571	934,698	81,946	420,376	596,270	1,001,671
FURNITURE & FITTINGS	2,158,528		901,800	1,256,728	656,302	119,161	406,215	369,248	1,502,226
VEHICLE	14,254,857	711,952	3,179,536	11,787,273	1,772,710	540,875	600,731	1,712,854	12,482,147
R&D ASSET									
R&D PATENTS		286,023,465		286,023,465				286,023,465	
TOTAL	89,836,673	86,880,326	6,918,280	359,798,721	15,552,450	1,192,422	7,942,248	8,802,624	350,996,097
PREVIOUS YEAR	89,552,227	1,196,248	911,800	89,836,675	13,665,842	2,307,438	420,830	15,552,450	74,284,225
									75,886,385

	AS AT 31.03.2010	AS AT 31.03.2009
<b>SCHEDULE NO.6</b>		
<b>INVESTMENTS</b>		
<b>AT COST</b>		
Unquoted - Fully Paid, 1,300,000 Equity Shares of Rs.10/- each of M/s Samudra Bio-Pharma Private Limited	13,000,000	13,000,000
	<u>13,000,000</u>	<u>13,000,000</u>
<b>SCHEDULE NO.7</b>		
<b>INVENTORIES (as Certified by the Management)</b>		
Raw Material	187,879	11,004,150
Work In Progress	-	11,070,931
Packing Materials	521,208	3,302,805
Finished Goods	-	3,863,019
Finished Goods - (Trading Stock)	-	719,011
	<u>709,087</u>	<u>29,959,916</u>
<b>SCHEDULE NO.8</b>		
<b>Sundry Debtors</b>		
Debts outstanding for a period exceeding 6 months	2,732,240	3,602,134.00
Other book debts	-	68,011,803.00
	<u>2,732,240</u>	<u>71,613,937</u>
<b>SCHEDULE NO.9</b>		
<b>CASH AND BANK BALANCE</b>		
Cash balance on hand	103	59,304
Balance with Scheduled Banks on		
- Current Account	70,187	2,876,034
- Fixed Deposits Account	340,935	10,340,935
- Foreign Bank	976,535	287,000,000
	<u>1,387,760</u>	<u>300,276,273</u>
<b>SCHEDULE NO.10</b>		
<b>LOANS, ADVANCES AND DEPOSITS</b>		
(Unsecured - Considered Good)		
Staff Advance	254,927	952,120
Deposits	2,259,025	2,473,897
Advance Others	80,405,710	78,544,734
	<u>82,919,662</u>	<u>81,970,751</u>

	AS AT 31.03.2010	AS AT 31.03.2009
<b>SCHEDULE NO.11</b>		
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
a. Current Liabilities		
Sundry Creditors	48,439,873	35,803,069
- Trade	40,208,557	48,041,740
- Expenses		
<b>A</b>	<b>88,648,429</b>	<b>83,844,809</b>
b. Provisions		
Provision for Gratuity	505,838	505,838
Provision for Taxation	6,853,411	4,457,095
<b>B</b>	<b>7,359,249</b>	<b>4,962,933</b>
<b>(A+B)</b>	<b>96,007,678</b>	<b>88,807,742</b>
<b>SCHEDULE NO. 12</b>		
<b>MISCELLANEOUS EXPENDITURE</b>		
Preoperative Expenses – Invia Division	1,569,156	1,765,301
Less: Written off During the Period	1,569,156	196,145
Add: During the Period	-	-
<b>A</b>	<b>-</b>	<b>1,569,156</b>
Rights Issue/GDR Issue Expenses	3,198,139	2,727,262
Less: Written off During the Period	319,814	-
	2,878,325	2,727,262
Add: During the period	-	470,877
<b>B</b>	<b>2,878,325</b>	<b>3,198,139</b>
Preoperative Expenses - Spectrum Division	1,553,268	1,725,853
Less Written Off During the Period	172,585	172,585
	1,380,683	1,553,268
Add: During the Period	-	-
<b>C</b>	<b>1,380,683</b>	<b>1,553,268</b>
Preoperative Expenses - Sanctum Division	3,220,314	3,578,127
Less: Written off During the Period	3,220,314	357,813
	-	3,220,314
Add: During the period	-	-
<b>D</b>	<b>-</b>	<b>3,220,314</b>
<b>(A+B+C+D)</b>	<b>4,259,008</b>	<b>9,540,878</b>

<b>SCHEDULES TO PROFIT AND LOSS ACCOUNT</b>			
Particulars	Sch. No	For the year Ended 31.03.2010 (Amount in Rs.)	For the year Ended 31.03.2009 (Amount in Rs.)
<b>SCHEDULE NO.13</b>			
<b>SALES</b>			
Sales		30,539,594	101,918,515
Less : Sales Return		5,552,040	5,322,647
		<u>24,987,554</u>	<u>96,595,868</u>
<b>SCHEDULE NO.14</b>			
<b>OTHER INCOME</b>			
Interest and other receipts		34,535	135,462
		<u>34,535</u>	<u>135,462</u>
<b>SCHEDULE NO.15</b>			
<b>STOCK (INCREASE) / DECREASE</b>			
Opening Stock		11,070,931	10,484,162
Work in Progress		3,863,019	3,407,527
Finished Goods		14,933,950	13,891,689
Total	a	14,933,950	13,891,689
Less: Closing Stock		-	11,070,931
Work in Progress		-	3,863,019
Finished Goods		-	14,933,950
Total	b	-	14,933,950
Increase / (Decrease)	(b-a)	<u>(14,933,950)</u>	<u>1,042,261</u>
<b>SCHEDULE NO.16</b>			
<b>MATERIAL COST</b>			
Opening Stock		11,004,150	10,535,813
Raw Materials		3,302,805	4,537,869
Packing Materials		719,011	719,011
Finished goods (Trade Stock)		-	-
Total	a	15,025,966	15,792,693
Add: Purchases		7,554,240	36,738,396
Raw Materials		2,377,933	6,255,984
Packing Materials		-	532,743
Finished goods (Trade Stock)		-	-
Total	b	9,932,172	43,527,123
Less: Closing Stock		187,879	11,004,150
Raw Materials		521,208	3,302,805
Packing Materials		-	719,011
Finished goods (Trade Stock)		-	-
Total	c	709,087	15,025,966
Raw Materials Consumed	(a+b-c)	<u>24,249,051</u>	<u>44,293,850</u>

Particulars	Sch. No	For the year Ended 31.03.2010 (Amount in Rs.)	For the year Ended 31.03.2009 (Amount in Rs.)
<b>SCHEDULE NO.17</b>			
<b>DIRECT EXPENSES</b>			
Capsulation Charges		3,425,133	9,547,345
C & F Expenses		351,035	1,203,974
Other Manufacturing Costs		552,359	935,230
Excise duty		2,741,604	15,097,333
<b>Total</b>		<b>7,070,131</b>	<b>26,783,882</b>
<b>SCHEDULE NO.18</b>			
<b>PERSONNEL COST</b>			
Salaries & Wages		7,237,539	10,875,948
Gratuity		-	49,759
Staff Welfare Expenses		105,835	163,061
Contribution to Provident Fund /Others		505,154	829,412
<b>Total</b>		<b>7,848,528</b>	<b>11,918,180</b>
<b>SCHEDULE NO.19</b>			
<b>ADMINISTRATIVE EXPENSES</b>			
Auditors Remuneration			
- Statutory Audit		30,000	70,592
- Tax Audit		-	30,884
- Other Services		-	8,824
Sundry debtors written off		53,078,304	-
Sundry creditors written on		20,095,776	-
Fixed Assets written off		87,640,115	-
Books and Periodicals		863	30,298
Communication Expenses		447,765	606,870
Electricity Bills		414,838	426,414
Hire charges		28,320	48,749
Insurance		27,841	144,551
Loss on sale of assets		-	146,259
Miscellaneous Expenses		279,867	285,722
Printing and Stationery		109,964	170,494
Rent, Rates & Taxes		826,642	2,253,013
Repairs & Maintenance		264,578	774,299
Security Charges		272,193	395,972
Service, Legal & Consultancy Charges		865,703	2,088,731
Traveling Expenses		1,070,617	1,925,699
<b>Total</b>		<b>165,453,386</b>	<b>9,407,371</b>
Schedule No.20			
<b>SELLING EXPENSES</b>			
Sales Promotion Expenses		85,995	660,452
Discount on Sales		93,720	-
<b>Total</b>		<b>179,714</b>	<b>660,452</b>
<b>SCHEDULE NO.21</b>			
<b>FINANCE CHARGES</b>			
Interest on Loans		4,538,148	10,503,956
Bank Charges		676,176	683,216
<b>Total</b>		<b>5,214,323</b>	<b>11,187,172</b>

**SCHEDULE NO.22**  
**NOTES TO THE ACCOUNTS**

- 1 **Secured Loans**
  - A) **Cash Credit Limit**

**Primary Security**

    - a) Hypothecation by way of First Charge of all the company's stocks of raw materials, semi finished, finished goods, stores, spares, book debts/movables and the Company's Fixed assets both present and future.

**Collateral Security**

    - b) EM of Immovable properties at Thimmapuram Village, Bheemunipatnam Mandalam, Vishakapatnam District
    - c) Additional security of 91 acres of land at Sirumolai owned by Taurus Aromatics and Phytochemicals
- 2 **Unsecured Loans**

Unsecured Loans includes the Soft Loan of Rs.6.85 Crores from Department of Science and Technology and Department of Biotechnology and Rs.2.30 Crores from Directors.
- 3 **Depreciation**

Depreciation on Fixed Assets is calculated on Straight Line Method in accordance with the rates prescribed under Schedule XIV of the Companies Act, 1956. Sale of Assets had been adjusted and loss is charged to Profit & Loss account.
- 4 **Fixed Assets**

In line with its strategy focused on lipids, drug discovery and biofuels, announced three years ago, the management of the Company has acquired considerable intellectual properties in the areas of Fatty acids and formulations, enhanced its critical germ plasm from global sources and also acquired strains and technologies in algal biofuels which complement and supplement the Company's own research in the area, for a total value of US\$ 6.3 M (Rs.28.6 Crores) out of GDR Issue. The same has been capitalised during the year.
- 5 **Investment**

Shares held by M/S.ABL Biotechnologies Ltd in M/S.Samudra Biopharma Private Limited amounting to Rs. 130 lacs are pledged to TDB of Government of India as collateral security for the loan facility extended to M/S.Samudra Biopharma Private Limited. Investment represents the cost price and no adjustment has been made for change in the value of the share of the M/S.Samudra Biopharma Private limited, being a private limited company and not traded.
- 6 **WRITE-OFFS**

**Capital work in progress**

CWIP represents intangible expenditure relating to development of DHA and various other molecules as well as concrete raceways bioreactors, vertical bioreactors, piping, etc for phototroph research. It must be noted that the site was selected due to its pristine environment, clean seawater, lack of habitation and lack of

industrialisation. Regretably, alongwith the Sethu Samudram Project, the Government has decided to set up a Critical Thermal Power plant next to the Company's site, spread over 900 acres. In addition, a Gas terminal and container port are coming up on the seashore. The 9000 acre Rare Earth Facility of the Tata Group is also coming up close to the site. Since all the Fly-ash and Illimnite washings are being disposed alongside the site, it will not be possible to ensure technical viability of either the Research or the commercialisation of these projects. While there is considerable intellectual property that has been generated, which may yield commercial value at a future date, the management thought it prudent to write off the CWIP amounting to Rs.7.86 Crores and capitalised assets of Rs.90 Lakhs and to withdraw from this site. All movable R & D equipments have been relocated at a new site in Bangalore.

#### Sundry Debtors

INVIA Division : With the Managements decision to wind up the operations of the Company's own brand marketing division in Kerala, Tamil Nadu, Andhra and Orissa, due to issues with viability and management bandwidth, all the recivables representing unsold stocks of the Company's own brands, lying with distributors, needed to be destroyed and consequently a sum of Rs5.3 Crores has been written off.

#### Miscellaneous Expenditure

Consequent to write off of INVIA Division and Sanctun Division unabsorbed Miscellaneous expense of Rs. 48 lakhs have also been written off.

#### 7 Additional information as required in Para II of Schedule VI to the Companies Act, 1956

	Year Ended	Year Ended
	31.03.2010	31.03.2009
	Value	Value
	Rs	Rs
<b>TURNOVER</b>		
a) (i) Softgel capsules	24,987,554	96,59,5868
(ii) Chemicals	Nil	
b) Closing Stock		
Raw Materials (Various Items)	187,879	11,004,150
Packing Material	521,208	3,302,805
Trading Stock of Finished Goods	Nil	719,011
WIP	Nil	11,070,931
Finished Goods (Softgel-Variou Items)	Nil	3,863,019
c) Consumption	24,249,051	44,293,850
d) Raw Materials (Various Items) Purchase	9,932,172	43,527,123
8 Value of Raw Material Imports calculated on C.I.F.basis:	Nil	316,529
9 Expenditure in Foreign Currency during the Financial Year (In Rs)	Nil	
Foreign Travel	Nil	182,868
10 Earnings in Foreign Exchange : (In Rs)	Nil	360,000

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11	Unsecured Loans Include Loans from Directors as per the following break-up.		
	Name	2009-10	2008-09
	K.O.Isaac	23,045,724	16,837,842
	Rosemary Isaac	Nil	2,819,171
	Total	23,045,724	19,657,102
12	Auditors Remuneration (Excluding Service Tax)		
	Statutory Auditors:	In Rs	In Rs
		2009-10	2008-09
	- Audit	25,000	64,000
	- Tax Audit	5,000	28,000
	- Certification Fees	Nil	8,000
13	The Equity Shares of the Company are listed in the Bombay Stock Exchange.		
14	Related Party Disclosures		
	As per Accounting Standard (AS) - 18 issued by The Institute of Chartered Accountants of India, the Company's related parties in terms of AS 18 are disclosed below		
	(a) Other Related parties with whom transactions have taken place during the year.		
	Nature of Relationship The Company holds 32% shares in M/S. Samudra Biopharma private Limited and Managing Director of the Company is also the Chairman of M/S.Samudra Biopharma Private Limited		
		In Rs.	In Rs
	(b) Transactions with Related Parties	2009-10	2008-09
	1) M/S.Samudra Biopharma Private Limited (Formerly Shantha Marine Biotechnologies Pvt Ltd)		
	Trade Advances	Nil	10,410,824
	Loan others	3,839,061	Nil
	Royalty receivable	Nil	Nil
	Technology Sale Income Receivable	Nil	Nil
	Total	3,839,061	10,410,824
15	In calculating Basic and Diluted Earnings per share:		
	Numerator Used		
	Profit / (Loss) Before Extra-ordinary items	(45,587,492)	(9,660,086)
	Profit / (Loss) after Extra-ordinary items	(206,401,287)	(9,660,086)
	Earnings per share:		
	Excluding Extra-ordinary items	(5.56)	(1.32)
	Including Extra-ordinary items	(25.17)	(1.32)
	Denominator Used (No. of Equity shares Outstanding)	8,200,000	7,301,370
16	No Confirmation of balances has been obtained with regard to Sundry Debtors and Sundry Creditors.		
17	Contingent Liabilities	31.03.2010	31.03.2009
		(In Rs)	(In Rs)
(i)	Corporate Guarantee given on behalf of Samudra Biopharma Pvt. Limited in favour of Axis Bank	19,120,000	19,120,000
(ii)	Guarantee to repay loan due to Shantha Biotechnics Pvt. Limited by Samudra Biopharma Pvt. Limited.	26,103,200	26,103,200

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- 18 "Segmental Reporting: ABL has identified three distinctive segments / divisions. (a) Formulation (b) Research & Development (c) The DHA project. The main focus of the company is discovery, collection of microbes, establishment of compound libraries, discovery of drug and nutrition targets and conducting research and converting the strains /compounds in to deliverable active pharmaceutical products, be it ingredients or drugs.. The company is currently conducting research on multiple APIs. These have to further be converted into products which may require to undergo clinical trials. When the product is fully developed it becomes a formulations/API which may or may not have patent protection." "Therefore Segmentation in the company basically follows the drug discovery and exploitation process with differing risks and returns and internal business reporting systems. DHA is one specialized process developed by the company which is currently undergoing the patenting process and is ripe for commercial exploitation. Therefore the segments in the company are (a) R&D (b) DHA (C) Formulation and corporate. The accounting policies adopted for segmental reporting are in line with the accounting policy of the company and generally accepted accounting standards."

	Total	Formulation	R&D	DHA
<b>Sources of Fund</b>				
Capital Employed	193349546	(40,164,820)	252,193,292	(18,678,926)
Secured Loan	43726109	43,726,109		
Un-secured Loan	122920522	54,427,737	47,759,452	20,733,333
Current Liabilities & Provisions	96007678	96,007,678		
<b>Total</b>	<b>456003854</b>	<b>153,996,703</b>	<b>299,952,744</b>	<b>2,054,407</b>
<b>Application of Funds</b>				
FIXED ASSETS	350996097	52,843,806	296,097,884	2,054,407
INVESTMENTS	13000000	13,000,000	0	
Current Assets	87748749	86,772,214	976,535	
MISCELLANEOUS EXPENDITURE	4259008	1,380,683	2,878,325	
<b>Total</b>	<b>456003854</b>	<b>153,996,703</b>	<b>299,952,744</b>	<b>2,054,407</b>

- 19 **Deferred Tax**  
In term of Accounting standard (AS22) on "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, there is a net deferred tax liability.  
In compliance with the provision of the Accounting Standard and based on general prudence, the company has not recognized the said deferred tax liability while preparing the accounts of the period.
- 20 Previous Year Figures have been regrouped and rearranged wherever necessary, to conform to current period's classification.
- 21 The figures have been rounded off to the nearest rupee.

As per our Report of even date attached  
For Pratapkaran Paul & Co.,  
Chartered Accountants,

For and on behalf of Board

Pratapkaran Paul  
Partner

K.O. Isaac  
Chairman and  
Managing Director

V.M. Sankaran Nampoothiri  
Director

Chennai

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 **Abl biotechnologies Limited**

## SCHEDULE NO.23

### SIGNIFICANT ACCOUNTING POLICIES

#### BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with the Accounting Standards Specified by the Institute of Chartered Accountants of India.

#### ACCOUNTING CONVENTION AND REVENUE RECOGNITION

The financial statements are prepared under the historical cost convention, in accordance with the generally accepted accounting principles and the provision of Companies Act, 1956, as adopted and consistently followed by the Company.

#### FIXED ASSETS

Fixed Assets are stated at Cost of acquisition less accumulated depreciation

#### DEPRECIATION

The Company has adopted Depreciation as per the Companies Act, 1956

#### MISCELLANEOUS EXPENDITURE

Preoperative Expenditure pertaining to GDR issue and Spectrum Division is being amortised over a period of 10 years.

#### INVENTORIES

- Raw Materials, Packing Material - Valued at Cost
- Work in Progress - Valued at Cost
- Finished Goods - valued at net realisable value.

#### INVESTMENTS

Long term Investments are stated at cost

#### RETIREMENT BENEFITS

- Gratuity liability under the Payment of Gratuity Act is accrued and provided at the end of each financial year.
- Retirement benefits in the form of provident fund and pension./superannuation schemes whether in pursuance of any law or otherwise is accounted on accrual basis and charged to profit and loss account for the year.

As per our Report of even date attached  
For Pratapkaran Paul & Co.,  
Chartered Accountants,

For and on behalf of Board

Pratapkaran Paul  
Partner

K.O. Isaac  
Chairman and  
Managing Director

V.M. Sankaran Nampoothiri  
Director

7th September, 2010  
Chennai

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 **Abl biotechnologies Limited**

**CASH FLOW STATEMENT**

	As on 31.03.2010 (Amount in Lacs.)	As on 31.03.2009 (Amount in Lacs.)
<b>CASH FROM OPERATING ACTIVITY</b>		
1 Net Profit as per profit and loss	(2,064.01)	(96.60)
Adjustments for:		
2 Depreciation	11.92	23.07
3 Loss on Sale of Assets	-	1.46
4 Miscellaneous Expenditure w/o	52.82	7.27
5 Interest paid	52.14	111.87
6 Provision for Income Tax	-	1.49
7 Excess provision written off	-	(13.52)
8 Income Tax Paid	-	(15.00)
10 Mis. Expenditure Deferred	(52.82)	2.56
Operating Profit before working capital Changes	(1,999.95)	22.60
Adjustments for		
11 Inventories	292.51	(2.76)
12 Trade and Other Receivables	688.82	38.90
13 Loans and Advances	(9.49)	(96.91)
14 Current Liabilities	48.04	115.97
15 Provisions	23.96	0.00
Cash generated from Operation	(956.11)	77.81
Cash Flow before Extraordinary items	(956.11)	77.81
15 Extraordinary items	-	-
Net Cash from Operating Activities	(956.11)	77.81
<b>BCASH FLOW FROM INVESTING ACTIVITIES</b>		
Sale of Asset	-	3.45
Capital WIP	-	(80.95)
Purchase of Assets	(2,868.80)	(11.96)
Fixed Assets Written Off (Including CWIP)	881.02	-
Net cash used in Investing Activities	(1,987.78)	(89.47)
<b>CCASH FLOW FROM FINANCING ACTIVITIES</b>		
Secured Loan	(95.06)	114.77
Issue of Equity Share	-	410.00
Share Premium Received	-	2,460.00
Unsecured Loan	102.21	123.93
Interest Paid	(52.14)	(111.87)
Net cash from Financing Activities	(44.99)	2,996.83
Net Cash Flow During the Period	(2,988.89)	2,985.17
Cash and Cash Equivalent as at 01.04.2009	3,002.76	17.59
Cash and Cash Equivalent as at 31.03.2010	13.87	3,002.76

Place : Chennai  
Date : 31.03.2009.

K.O. Isaac  
Chairman and  
Managing Director

For and on behalf of Board  
Dr. Shankaran Nampoothiri  
Director

**AUDITOR'S REPORT**

We have examined the above Cash Flow Statement of M/S.ABL BIOTECHNOLOGIES LIMITED for the period ended 31.03.2010. The statement has been prepared by the Company in accordance with the requirements of the clause 32 of the listing agreement and is based on and in agreement with the corresponding Profit & Loss account and Balance Sheet of the Company covered by our report of 7th September, 2010 to the members of the Company.

For Pratapkaran Paul & CO.,  
Chartered Accountants,

Chennai

Pratapkaran Paul  
Partner

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

<b>1 Registration Details</b>	
Registration No.	L52599TN1992PLC022340
State Code	18
Balance Sheet Date	31st March 2010
<b>2 Capital raised during the year (Amount in Thousands)</b>	0
<b>3 Position of Mobilisation and Deployment of Funds</b>	(Amount in Rs.Thousands)
Total Liabilities	359,996
Total Assets	359,996
Source of Funds	
Paid up Capital	82,000
Reserves and Surplus	111,350
Secured Loans	43,726
Unsecured Loans	122,921
Application of Funds	
Net Fixed Assets	350,996
Capital WIP	-
Investment	13,000
Net Current Assets	(8,259)
Misc. Expenses	4,259
<b>4 Performance of Company</b>	(Amount in Rs. Thousands)
Turnover (including other income)	10,088
Total Expenditure	216,489
Profit / (Loss) Before Tax	(206,401)
Profit / (Loss) After Tax	(206,401)
Earnings Per share (Amount in Rs.)	(25.17)
Dividend	-
<b>5 Generic Name(s) of Principal Products / Services of Company (as per monetary terms)</b>	
Item Code No. (ITC Code)	
Product Description	Softgel Capsule

For and on behalf of Board

K.O. Isaac  
Chairman and  
Managing Director

V.M. Sankaran Nampoothiri  
Director

7th September, 2010  
Chennai





PROXY AND ATTENDANCE FORM

ABL BIOTECHNOLOGIES LTD.  
No. 55, 3rd East Street, Kamaraj Nagar, Thiruvanmiyur, Chennai - 600 041

PLEASE COMPLETE THIS ATTENDANCE AND HAND IT OVER AT THE ENTRANCE OF THE HALL. ONLY MEMBERS OR THEIR PROXIES ARE ENTITLED TO BE PRESENT AT THE MEETING.

R.F. No.

Sl. No.

Name and Address

No. of shares

I hereby record my presence at the Eighteenth Annual General Meeting being held at 9.30 a.m at Hotel Mathus, Thiruvanmiyur, Chennai on 30th September, 2010 and at any adjournment thereof.

SIGNATURE OF THE SHAREHOLDER / PROXY



ABL BIOTECHNOLOGIES LTD.  
No. 55, 3rd East Street, Kamaraj Nagar, Thiruvanmiyur, Chennai - 600 041

I/We..... of .....  
a Member/Members of Abl Biotechnologies limited under Folio No. .... hereby  
appoint ..... of or failing him ..... as my/our Proxy  
to attend and vote for me/us and on my/our behalf at the Seventeenth Annual General Meeting being  
held at 9.00 a.m. at Hotel Mathus, Thiruvanmiyur, Chennai on 30th September, 2010 and at any  
adjournment thereof.

Dated this ..... day of ..... 2009.

Signed by the said

1 Rs.  
Revenue  
Stamp

NOTE: The Proxy must be deposited at the Registered Office of the Company at No.55, 3rd East Street, Kamaraj Nagar, Thiruvanmiyur, Chennai 600 041 not less than 48 hours before the time for holding the meeting.

 Abl biotechnologies Limited

Tear Here

Please tear and submit

## NOTICE

ABL BIOTECHNOLOGIES LTD.

No. 55, 3<sup>rd</sup> East Street, Kamaraj Nagar, Thiruvanimiyur, Chennai – 600 041

Notice is hereby given that the Eighteenth Annual General Meeting of the Members of the Company will be held on Thursday, 30<sup>th</sup> day of September at 9.30 a.m. at Hotel Mathus, Thiruvanimiyur, Chennai. to transact the following business: -

### Ordinary Business:

1. To receive, consider and adopt the audited Balance Sheet as at 31<sup>st</sup> March 2010, the Profit and Loss Account for the year ended on that date, the Directors' Report and the Auditors' report thereon.
2. To appoint Auditors of the Company and to fix their remuneration. M/s. Pratapkar Paul & Co., Chartered Accountants, Chennai, the retiring Auditors, are eligible for re-appointment.
3. To reappoint Dr.G.Subramanian, who retires by rotation in this AGM

By order of the Board  
for Abl Biotechnologies Limited

K O Isaac  
Managing Director

Date: 7-9-2010  
Place: Chennai

### 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 REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. Shareholders 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, if 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 27<sup>th</sup> to 30<sup>th</sup> September, 2010. (both days inclusive).
5. Information pursuant to Clause 49 of the Listing Agreement for appointment / re-appointment of Directors:

By order of the Board  
for Abl Biotechnologies Limited

K O Isaac  
Managing Director

Date: 7-9-2010  
Place: Chennai

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 Abl biotechnologies Limited

## SHARE HOLDER INFORMATION

ABL Biotechnologies Ltd

No. 55, Third East Street

Kamaraj Nagar

Thiruvanimiyur,

Chennai – 600 041

Tel : +91 44 42020501 / 42020502 Fax : +91 44 42020957

For corporate reports and company news, visit our website at: [www.ablbiotechnologies.com](http://www.ablbiotechnologies.com)

### STATUTORY AUDITORS

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

### REGISTRAR AND SHARE TRANSFER AGENTS

M/s. Cameo Corporate Service Limited.

"Subramanian Buildings"

1, Club House Road,

Chennai-600 002

### Listed on the following exchanges

Bombay Stock Exchange

Luxemburg Stock Exchange

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 Abl biotechnologies Limited

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