

10th ANNUAL REPORT

2004-2005



JAVELIN TECHNOLOGIES LIMITED

BOARD OF DIRECTORS:

Dr. A.RAMAIAH	Chairman
Dr. S. RAMGOPAL	Director
Dr. M.K.JANARDHANA SARMA	Director
Dr. T.MADAN MOHAN	Director
R.RAVIKUMAR	Director
K.VENKATARATNAM	Director
S.NIRANJAN	Director
M.DURGAPRASAD	Director
R.SASHIKUMAR	Managing Director

AUDITORS:

M/s. R. SHIVAKUMAR & ASSOCIATES,
Chartered Accountants,
24, 1st Floor, 6th Cross,
Lakshmi Road, Shanthi Nagar,
Bangalore, Karnataka
PIN: 560 027.

SHARE TRANSFER AGENTS:

SATGURU MANAGEMENT CONSULTANTS PVT.LTD.
Plot No.15, Hindi Nagar,
Panjagutta,
Hyderabad-A.P.
PIN: 500 082. Ph. No. 040-23356507/23350586
Fax: 040-23354042

REGISTERED OFFICE:

98, 21st Main,
Banasankari II Stage,
Bangalore- Karnataka
PIN: 560 070.

CORPORATE OFFICE:

Flat No.403, Megasri Classic,
Dwarakapuri Colony, Panjagutta
Hyderabad A.P.
PIN: 500 082. Ph: 040-23357265: Fax : 040-23321560

NOTICE

Notice is hereby given to all the members of the Company that the Tenth Annual General Meeting of the Company will be held on Monday, the 31st October 2005 at 10.00 a.m. at Enigma Villa, ITPL Road, Bangalore 560 066 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Annual Accounts consisting of Balance Sheet as at 31st March, 2005, Profit & Loss Account for the year ended 31st March, 2005 together with notes and schedules thereto and the reports of the Directors and Auditors thereon.
2. To appoint a director in place of Dr. A. Ramaiah who retires by rotation and being eligible offers himself for re appointment.
3. To appoint M/s. P. S. Nagaraju & Co, Chartered Accountants, Hyderabad as auditors and to fix their remuneration in place of the retiring Auditors M/s. R. Shiva Kumar & Associates, Chartered Accountants, Bangalore, who have not opted for reappointment.

SPECIAL BUSINESS:

4. Appointment of Dr. M. K. Janardana Sarma as a Director :

To Consider and if thought fit to pass the following, with or without modifications as an Ordinary Resolution.

“RESOLVED THAT Dr. K. Janardana Sarma who was appointed as an additional director of the Company on 30th March 2005 u/s. 260 of the Companies Act, 1956 and holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing u/s. 257 of the Companies Act, 1956 from a member signifying his intention to propose him as a candidate for the office of director be and is hereby appointed as a director of the Company liable to retire by rotation.”

5. Appointment of Dr. T. Madan Mohan as a Director :

To Consider and if thought fit to pass the following with or without modifications as an Ordinary Resolution.

“RESOLVED THAT Dr. T. Madan Mohan who was appointed as an additional director of the Company on 30th March 2005 u/s. 260 of the Companies Act, 1956 and holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing u/s. 257 of the Companies Act, 1956 from a member signifying his intention to propose him as a candidate for the office of director be and is hereby appointed as a director of the Company liable to retire by rotation.”

6. Appointment of Mr. S. Niranjana as a Director :

To Consider and if thought fit to pass the following with or without modifications as an Ordinary Resolution.

“RESOLVED THAT Mr. S. Niranjana who was appointed as an additional director of the Company on 30th March 2005 u/s. 260 of the Companies Act, 1956 and holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing u/s. 257 of the Companies Act, 1956 from a member signifying his intention to propose him as a candidate for the

office of director be and is hereby appointed as a director of the Company liable to retire by rotation.”

7. Appointment of Dr. S. Ramagopal as a Director :

To Consider and if thought fit to pass the following, with or without modifications as an Ordinary Resolution.

“RESOLVED THAT Dr. S. Ramagopal who was appointed as an additional director of the Company on 9th July 2005 u/s. 260 of the Companies Act, 1956 and holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing u/s. 257 of the Companies Act, 1956 from a member signifying his intention to propose him as a candidate for the office of director be and is hereby appointed as a director of the Company liable to retire by rotation.”

8. Appointment of Mr. M. Durga Prasad as a Director :

To Consider and if thought fit to pass the following, with or without modifications as an Ordinary Resolution.

“RESOLVED THAT Mr. M. Durga Prasad who was appointed as an additional director of the Company on 9th July 2005 u/s. 260 of the Companies Act, 1956 and holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing u/s. 257 of the Companies Act, 1956 from a member signifying his intention to propose him as a candidate for the office of director be and is hereby appointed as a director of the Company liable to retire by rotation.”

9. Reissue of forfeited shares:

To Consider and if thought fit to pass the following, with or without modifications as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Sec. 81(1A) and other applicable provisions if any of the Companies Act, 1956 and the listing agreement entered into with the stock exchanges, consent be and is hereby given for reissue of 6,38,800 (Six lakhs Thirty Eight Thousand Eight Hundred) equity shares of Rs. 10/- each which were forfeited by the company for non payment of allotment/call money @ Rs. 5/- per share at such price as the Board of Directors may fix in the best interests of the Company whether such price is equal to more or less than the existing market price for the shares.”

10. Issue of Global Depository Receipts:

To consider and if thought fit, to pass the following, with or without modification(s) as a Special Resolution:

“RESOLVED THAT pursuant to Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956, and subject to the approvals, consents, permissions and / or sanctions as may be necessary of the Government of India (GOI), Reserve Bank of India (RBI), Securities and Exchange Board of India (SEBI), the Listing Agreement entered by the Company with the Stock Exchanges and any other appropriate authorities, institutions or bodies and subject to such conditions as may be prescribed by any of them in granting such approval, consent, permission or sanction, the consent of the members of the Company be and is hereby accorded to authorize the Board of Directors of the Company (hereinafter referred to as “the Board”, which term shall be deemed to include any committee of the Board exercising the powers conferred by the Board) to issue / offer and allot Equity Shares / Preference Shares / Convertible notes / Securities with or without detachable warrants / Fully Convertible Debentures (FCDs) / Partly Convertible Debentures (PCDs) or any securities convertible into Equity

Shares whether optionally or otherwise / Euro Convertible Bonds (ECBs) / Foreign Currency Convertible Bonds (FCCBs) / Global Depository Receipts (GDRs) / American Depository Receipts (ADRs) / Secured Premium Notes (SPN), (hereinafter referred to as "Securities") for an aggregate amount not exceeding US \$ 10.00 Million or equivalent in Indian and / or any other Currency(ies) (inclusive of such premium , as may be fixed on such Equity Shares) or upon such limit as may be permitted by the Ministry of Finance or such other Authorities whichever is higher, directly to Indian or Foreign Investors (whether institutions, incorporated bodies, mutual funds and / or individuals or otherwise and whether or not such investors are members, promoters, directors or their associates of the Company) through public issue(s), Right issue(s), Private Placement(s), preferential allotment for cash or stock swap or acquisition of business / companies or a combination thereof at such time or times and in such tranches, at such price or prices, at a discount or premium to market price or prices in such manner and on such terms and conditions including security, rate of interest etc. as may be decided and deemed appropriate by the Board at the time of such issue or allotment considering the prevailing market conditions and other relevant factors wherever necessary in consultation with the Lead Managers and Underwriters or through the subsidiaries, so as to also enable the Company to get Listed at Indian Stock Exchanges and Overseas Stock Exchanges"

"RESOLVED FURTHER THAT the consent of the members of the Company be and is hereby required to authorize the Board to accept any modifications in the proposal as may be required by the authorities involved in such issues but subject to such conditions as the SEBI / GOI / RBI or such other appropriate authorities may impose at the time of their approval and as agreed to by the Board."

"RESOLVED FURTHER THAT without prejudice to the generality of the above, issue of securities in international offering may have all or any term or combination of terms in accordance with International Practice including but not limited to conditions in relation to payment of interest, additional interest, premium on redemption, prepayment and any other debt service payment whatsoever and all such terms as are provided in international offering of this nature including terms for issue of additional Equity Shares or variations of the conversion price of the Securities during the duration of the Securities."

"RESOLVED FURTHER THAT the approval of the members of the Company be and is hereby required to authorize the Board to also enter into and execute all such arrangement / agreement with any Lead Managers / Underwriters / Guarantors / Depositors / Custodians and all such agents as may be involved or concerned in such offering of securities and to remunerate all such agents including by way of payment of commission, brokerage, fees, expenses incurred in relation to the issue of securities and other expenses, if any or the like."

"RESOLVED FURTHER THAT the approval of the members of the Company be and is hereby required to authorize the Board subject to approval of the Reserve Bank of India and the concerned authorities to secure the entire or any part of the issue by creation of the mortgage / charge on the Company's immovable and movable properties, present and future, such charge to rank either pari passu with or second, subsequent, subservient and subordinate to all the mortgages / charges created / to be created by the Company for all existing and future borrowings and facilities whatsoever."

"RESOLVED FURTHER THAT the Company and / or any agency or body authorized by the Company may issue Global Depository Receipts and / or other form of securities mentioned herein above representing the underlying Equity Shares issued by the Company in registered or bearer form with such features and attributes as are prevalent in capital markets for instruments of this nature and to provide for the tradability or free transferability thereof as per the prevailing practices and regulations in the Capital Markets."

“RESOLVED FURTHER THAT the Securities issued in international offering shall be deemed to have been made abroad in the market and / or at the place of issue of the securities in international markets and shall be governed by English or American Law, as the case may be.”

“RESOLVED FURTHER THAT the approval of the members of the Company be and is hereby required to authorize the Board to issue and allot such number of Equity Shares as may be required to be issued and allotted upon conversion of any securities referred to in paragraph(s) above as may be necessary in accordance with the terms of the offering and all such shares to rank pari passu with the existing Equity Shares of the Company in all respects, excepting such right as to dividend and voting as may be provided under the terms of the issue and in the Offer Document.”

“RESOLVED FURTHER THAT for the purpose of giving effect to any issue of allotment of equity shares or securities representing the same, the consent of the members of the Company be and is hereby required to authorize the Board to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable and to settle any questions, difficulty or doubt that may arise in regard to the offering, issue, allotment and utilization of the issue proceeds, as it may in its absolute discretion, deem fit and proper.”

“RESOLVED FURTHER THAT the approval of the members of the Company be and is hereby required to authorize the Board to delegate all or any of the Powers herein conferred to any committee of Directors or Senior Executive(s) / Officer(s) of the Company to give effect to the Resolution.”

“RESOLVED FURTHER THAT in accordance with the FEMA (Transfer or issue of security by a Person Resident Outside India) Regulations, 2000, or any other applicable laws, and subject to the approval of the Central Government and Reserve Bank of India, if required and subject to such conditions as may be prescribed by any of the concerned authorities while granting such approvals, permissions, sanctions which may be agreed to by the Board of Directors of the Company and / or a duly authorized Committee thereof for the time being exercising powers conferred by the board of directors (herein after referred to as board) the consent of the Company be and is hereby accorded for investments by Foreign Institutional Investors including their sub-accounts (hereinafter referred to as the “FILs”), in the shares or debentures convertible into shares of the company, by purchase or acquisition from the market under the Portfolio Investment Scheme or Foreign Direct Investment Scheme under FEMA, subject to the condition that the total holding of all FIL’s put together shall not exceed 100% of the Paid up Equity Share Capital / paid up value of the respective areas of the convertible warrants / coupons or such securities of the Company as may be applicable or such other maximum limit as may be prescribed from time to time.”

“RESOLVED FURTHER THAT the approval of the members of the Company be and is hereby required to authorize the Board to do all such acts, deeds, matters and things and execute all documents or writings as may be necessary, proper or expedient for the purpose of giving effect to this resolution and for the matters connected therewith or incidental thereto.”

Preferential Issue of Shares :

11. To consider and if thought fit, to pass the following, with or without modifications as a Special Resolution.

“Resolved that pursuant to Sec.81 (1A) and other applicable provisions, if any of the Companies Act, 1956 and in accordance with the Memorandum and Articles of Association and listing agreements entered into with the Stock Exchanges, Guidelines issued by RBI under FEMA 1999 and by SEBI on preferential issue of shares and other regulations/guidelines, if any and subject to the consent of all

other concerned authorities, if any to the extent required and subject to such conditions and modifications as may be prescribed or imposed while according such consents, which may be considered appropriate by the Board of Directors of the company and /or duly authorised committee thereof(hereinafter called "The Board" in its absolute discretion, consent of the members be and is hereby accorded to the Board to issue, offer and allot in or one more tranches to Dr. S. Ramgopal and Mrs. N.K. Durga on preferential basis up to 2,50,000 (Two Lakhs Fifty Thousand Only) Equity Shares of the Company of the face value of Rs.10/- each in the share capital of the Company at a price of Rs.75/- (Rupees Seventy Five Only) including premium of Rs.65/- (Rupees Sixty Five Only) which is higher than the price arrived at in terms of clause 13.1.1.1 of SEBI Guide lines.

"RESOLVED FURTHER THAT

- a) The equity shares shall rank pari passu with the existing equity shares of the company in all respects.
- b) The preferential allotment is subject to Dematerialisation of entire pre preferential allotment shareholding of the proposed allottees.
- c) The relevant date for preferential issue, as per SEBI (Disclosure and Investor Protection) Guidelines 2000 as amended, for determination of applicable price for the issue of above mentioned shares is 31st October 2005.
- d) The entire pre preferential shareholding of the proposed allottees, if any, is subject to a lock -in from the date of allotment.

"RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board, be and is hereby authorised to do all such acts, deeds, matters, things as it may, in its absolute discretion, deem necessary, desirable and to settle any questions, difficulty or doubt that may arise in regard to the offering, issue, allotment and utilization of the issue proceeds, as it may in its absolute discretion, deem fit and proper."

"REOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any committee of directors or Senior Executives /officers of the company to give effect to the resolution."

By Order of the Board

Place : Bangalore
Date : 15th Sept., 2005

R. Sashi Kumar
Managing Director

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member of the company.
2. The proxy form is enclosed herewith. Proxy form if intended to be used, it should be returned duly signed to the company not less than 48 hours before the time for holding the annual general meeting.
3. Explanatory Statement as per Sec. 173(2) of the Companies Act, 1956 in respect of special business is annexed hereto.
4. The Register of Members of members and Share Transfer Books of the Company will remain closed from 28th October 2005 to 31st October 2005 (both days inclusive).

EXPLANATORY STATEMENT

(Pursuant to Sec.173 (2) of the Companies Act, 1956)

Item Nos. 4 to 8: Appointment of Additional Directors.

As the members are aware that, your company has taken several steps to enter into biotechnology and pharma sector. Dr. A. Ramaiah a noted scientist has already been inducted into the Board. Further, subject to your approval, the following persons were also inducted into the Board. viz., Dr. M. K. Janardana Sarma, Dr. Madan Mohan and Mr. S. Niranjana on 30th March 2005. Dr. S. Ramagopal on 9th July 2005 and Mr. M. Durgaprasad on 15th September 2005.

- a) Mr. M. K. Janardana Sarma holds doctorate in bio chemistry from the Indian Institute of Science, Bangalore with more than 30 years experience in scientific research. He is an expert in Diagnostics. He was involved in National Institution of Nutrition and Vimta Labs Limited in the conduct of various trial processes in senior positions. His experience will immensely be helpful to the Company in research and trails.
- b) Mr. Madan Mohan is a Master of Surgery (MS) in orthopedics with nearly 35 years of experience and having international professional affiliations from institutions like American Academy of Physical Medicine and Rehabilitation, American Medical Association etc. His contributions in relation to prosthetics at other are wellknown and available at www.durgaprosthetics.com. Dr. Madan Mohan has afforded his US patented and US FDA approved prosthetic foot to the company viz. Javilin Technologies Limited for manufacture and export to USA. The company is in the process of completing the necessary formalities for this purpose.
- c) Mr. S. Niranjana has three decades of experience which includes pharma marketing. He is a Science Graduate and is currently acting as marketing consulting to a couple of reputed pharma companies for South India.
- d) Dr. S. Ramagopal did is medicine in India and masters degree from the erstwhile USSR. He is a urologist with two decades of experience in preserving Humans' Sperms and treating infertility in humans successfully. He has professional affiliations as a surgeon from Canada.
- e) Mr. M. Durgaprasad is a Master of Technology in Bio Technology and worked with well known multinational companies in Germany for four and half years in important positions. Further he has experience of more than two years in Indian pharmaceutical/Biotech companies. His core expertise is in Bio-pharmaceutical validation and process optimization.

Therefore, your directors commend the resolutions for the approval of members as ordinary resolutions

None of the Directors other than the respective director in the respective resolution may be treated as interested or concerned in the proposed resolution.

Item No.9 Forfeiture of Shares.

The members aware that the Company has gone for public issue of 43,84,800 equity shares of Rs.10/- each for cash at par in the month of March 1996. As per the prospectus a sum of Rs.5/- is payable on application and another Rs.5/- on allotment/call. Since then, the company has sent several reminders to the allottees for payment of the allotment/call monies. As of 30th June 2005, shareholders holding 6,38,800 equity shares

have failed to pay the allotment/call money. Therefore, the Board of Directors in their meeting held on 9th July 2005 has have passed resolution to forfeit the above said 6,38,800 partly paid equity shares. The Stock Exchange, Mumbai has been informed about forfeiture of these shares in accordance with the listing agreement.

The average market price of the shares of the company on the date of forfeiture is Rs. 70/- per share of Rs.10/- each fully paid. However, the Company has received enquiries from some persons/entities for purchase of the said shares around Rs.40/- per share. Since the shares of your Company:

- a) are not frequently traded on the stock exchanges till recently,
- b) the present net worth
- c) Capital expenditure requirements for the proposed activities etc.,

your Directors propose to accept the said offer at Rs.40/- per share including the allotment/call money. Since the negotiations are in early stages, your directors have constraints in giving the total disclosure of the probable purchasers of these shares. Even though it is with in the powers of the Board to allot the forfeited shares to such persons at such price as they may deem fit in the best interests of the company, the approval of the members is sought, in accordance with the corporate governance measures introduced by the stock exchanges/listing agreement.

Accordingly your directors commend the resolution for the approval of the resolution as a Special Resolution.

None of the Directors may be treated as interested or concerned in the resolution.

Item No.10: Issue of Further Equity Shares by way of Global Depository Receipts (GDR) etc.,:

The present Authorized Share Capital of the Company is Rs.7,00,00,000/- (Rupees Seven Crores only) divided into 70,00,000 (Seventy lakhs only) Equity Shares of Rs. 10/- (Rupees Ten only) each and the paid up capital is Rs.5,23,32,635/-. With the growing requirement of funds for meeting long term working capital requirements, for part-financing capital expenditure program, it is considered desirable to issue Global Depository Receipts and or such other instruments to rise a sum upto \$ 10 million or its rupee equivalent as set out in the notice.

Accordingly, the directors commend for approval of the members the resolution as a Special Resolution.

None of the Directors of the Company may be treated as interested or concerned in the above resolution.

Item No.11: Preferential Issue of Shares

To fund the capital expenditure plans envisaged, it is proposed to issue, offer and allot not exceeding 2,50,000 (Two lakhs Fifty Thousand Only) equity shares of face value of Rs.10/- each or preferential basis at a price of Rs.75/- (Rupees Seventy Five Only) per share which is determined as per SEBI Guidelines from time to time and on the terms as may be decided by the Board of Directors of the Company.

As per Section 81 (1A) of the Companies Act 1956, approval of the shareholders in the general meeting is required for allotment of equity shares on preferential basis. Hence the resolution is placed before the shareholders. The Board commends the resolution for the approval of the members as a Special Resolution.

The required disclosures as per 13.1A of SEBI)Disclosures and Investor Protection Guidelines 2000 as amended from time to time are furnished as under :

- a) Objects of the issue through preferential offer: The objects of the proposed issue of equity shares is to augment resources for entry into biotechnology/Pharma research related activities and general corporate requirements.
- b) Intention of Promoters/Directors/key management persons to subscribe to the offer: The proposed allotment is being made to a Director and his wife/relative.
- c) Shareholding Pattern before and after the offer:

The pattern of shareholding before and after completion of the preferential would be as under.

Category	Pre Issue No. of Shares	Pre issue % in total capital	Post Issue No. of Shares	Post Issue %3 in total capital
1 Promoter's Holding				
Resident	2704200	43.15%	2704200	41.49%
Non Resident	110010	1.76%	110010	1.68%
Persons Acting in concert	NIL	NIL	NIL	NIL
Sub Total	2814210	44.91%	2814210	43.17%
2 Non-Promoters Holding				
Institutional Investors				
Mutual Funds and Venture Capital Funds	NIL	NIL	NIL	NIL
Banks & Financial Institutions	3000	0.05%	3000	0.05%
FII's	NIL	NIL	NIL	NIL
Sub Total	3000	0.05%	3000	0.05%
3 Others				
Private Corporate Bodies	632083	10.09%	632083	9.6%
Indian Public	2818107	44.95%	3068107	47.07%
Any other (please specify)	NIL	NIL	NIL	NIL
Sub Total	3450190	55.04%	3450190	52.93%
Grand Total	6267400	100%	6517400	100%

- D. Proposed time with in which the allotment shall be completed:

The allotment shall be completed with in a period of 15 (Fifteen) days from the date of passing of the resolution provided that, where the allotment on preferential basis is pending on account of any pendency of any approval of such allotment by any regulatory authority of the Central Government, the allotment shall be completed with in 15 days from the date of such approval.

- E) The identity of the proposed allottees and the % of post preferential issue capital that may be held by them: