



23rd Annual Report
2012 -13

Reaching out to New Horizons



TRANSGENE
BIOTEK LIMITED
INNOVATING. FOR LIFE.



TWENTY THIRD ANNUAL REPORT 2012-2013

BOARD OF DIRECTORS

Dr. K. Koteswara Rao Chairman &
Managing Director

Dr. P. K. Ghosh Director

Sri S S Marthi Director

Sri P. Narayana Murthy** Director
(**) Resigned w.e.f. 12-12-2012.

Registered Office

Plot Nos. 68,69 & 70
Anrich Industrial Area,
IDA Bollaram,
Medak District. A.P.

Factory

Plot Nos. 68,69 & 70
Anrich Industrial Area,
IDA Bollaram,
Medak District. A.p

Auditors

Sarath & Associates
Chartered Accountants
4th Floor, Mass Heights,
H.No. 8-2-577/B, Road No. 8
Banjara Hills,
Hyderabad - 500 034

Bankers

Union Bank of India
Jubilee Hills Branch,
Hyderabad.

Share Transfer Agents

M/s. XL Softech Systems Ltd.
3, Sagar Society, Road No.2
Banjara Hills,
Hyderabad - 500 034



TRANSGENE BIOTEK LIMITED

NOTICE

Notice is hereby given that the Twenty Third Annual General Meeting of the Members of M/S TRANSGESNE BIOTEK LIMITED will be held on Thursday, the 26th September, 2013 at 11.00 A.M. at 68, 69 & 70, Anrich Industrial Area, IDA Bollaram, Medak District, to transact the following business.

ORDINARY BUSINESS:

1. ADOPTION OF AUDITED ACCOUNTS AND REPORTS

To receive, consider and adopt the Balance Sheet as at 31st March, 2013, the Profit and Loss Account for the year ended as on that date, Directors' Report and Auditors' Report thereon.

2. RE-APPOINTMENT OF DIRECTOR

To appoint a Director in place of Dr. P.K. Ghosh who retires by rotation and being eligible offers himself for reappointment.

3. APPOINTMENT OF AUDITORS

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

"RESOLVED THAT M/S Sarath & Associates, Chartered Accountants, be and are hereby re-appointed as Auditors of the Company to hold the office from the conclusion of this Annual General Meeting of the Company until the conclusion of next Annual General Meeting of the Company at a remuneration to be fixed by the Board of Directors in consultation with the Auditors."

SPECIAL BUSINESS

ITEM NO 4

ISSUE OF 1,00,00,000 EQUITY SHARES OF RS.10/- EACH AT PAR ON PREFERENTIAL BASIS TO THE PROMOTERS OF THE COMPANY.

To consider allotment of shares on preferential basis to Dr K Koteswara Rao and associates against the unsecured loans brought in by them into the company

" RESOLVED THAT pursuant to the provisions of Section 81(1A) and other

applicable provisions, if any, of the Companies Act, 1956 and in accordance with the provisions of the Memorandum and Articles of Association of the Company and of the subsisting guidelines / regulations prescribed by the Government of India / Securities and Exchange Board of India (SEBI) or any other relevant authority to the extent applicable and subject to such approvals, consents, permissions and sanctions, as may be stipulated by any of them while granting such approvals, consents, permissions and sanctions, which the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any Committee(s) constituted/to be constituted by the Board to exercise its powers including the powers conferred by this Resolution) be and are hereby authorised on behalf of the Company to issue, offer and allot 1,00,00,000 (One Crore) equity shares of Rs.10/- (Rupees Ten only) each on preferential basis be issued to Dr K Koteswara Rao, Hyderabad, Promoter of the Company, in such form, manner and upon such terms and conditions as the Board may in its absolute discretion deem fit at a price of Rs. 10/- (at par) per share or at the price determined in accordance with Regulation 76 of SEBI (ICDR) Regulations, 2009 whichever is higher.

FURTHER RESOLVED THAT the equity shares allotted pursuant to the aforesaid resolution shall in all respect rank pari passu with the existing equity shares of the Company except that unless otherwise specified by the Board at the time of issue and allotment of equity shares with regard to any dividend in respect of Company's financial

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year in which these shares are allotted, they shall be eligible for pro-rata dividend, if any, on the amount actually paid upon them and proportionate to the period beginning from the date of their allotment.”

FURTHER RESOLVED THAT for the purpose of giving effect to the above, the Board be and is hereby authorised to take all such actions and to give all such directions as may be necessary or desired and to accept any modifications in the above proposal as may be required by the authorities involved in such issued and also to settle any questions or difficulties that may arise in regard to the offer, issue and allotment of equity shares and further to do all such acts and execute such deeds, documents in writing in connection with the issue of equity shares, entering into such other agreements as may be necessary.”

ITEM NO. 5

INCREASE IN AUTHORISED CAPITAL

Resolved that the authorised share capital of the company be increased from Rs 75,00,00,000 to Rs. 76,00,00,000 /- by creation of 10,00,000 further Equity Shares of Rs.10/- each ranking pari passu with the existing equity shares and Clause V of the Memorandum of Association and Article 3A of the Articles of Association be altered accordingly. “

By order of the Board

For **TRANSGENE BIOTEK LIMITED**

Sd/-

Dr. K. Koteswara Rao

Place: Hyderabad **CHAIRMAN &**
Date: 15-08-2013 **MANAGING DIRECTOR**

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more Proxies to attend and vote on a poll instead of himself.
2. The Proxy need not be a member of the Company.
3. Should any member choose to exercise his right of appointing a Proxy, the Proxy Form attached herewith should be duly completed and should be deposited at the Registered Office of the Company not less than 48 Hours before the time of holding of the meeting.
4. Members/Proxies should bring the Attendance Slip duly filled in for attending the meeting.
5. Members are requested to bring their copies of the report and accounts of the Company.
6. The Register of Members and Share Transfer Books of the Company will remain closed from Monday the 23rd September 2013 to Thursday the 26th September, 2013 (both days inclusive).
7. The Ministry of Corporate Affairs has taken a “Green Initiative in the Corporate Governance” by allowing paperless compliances by the companies and has issued circulars stating that service of notice/ documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses. In respect of electronic holdings, with the Depository through their concerned Depository Participants and members who hold shares in physical form are requested to register the same with our RTA, M/S XL Softech Systems Limited 3, Sagar Society, Road No.2, Banjara Hills, Hyderabad – 500 034
8. Information required to be furnished under clause 49 of the listing agreement for directors seeking appointment/reappointment in forthcoming annual general meeting:



TRANSGENE BIOTEK LIMITED

(i) **Details of Director retiring by rotation and seeking re-appointment (in pursuance of Clause 49 of the Listing Agreement)**

Name of Director	Dr P K Ghosh
Date of Birth	07-05-1942
Date of Appointment	01-01-2006
Qualification	Ph.D
Expertise	Novel drug delivery systems, Indian Biotech Regulatory laws and various others
Other directorship	(i) Kee Gad Biogen Pvt Ltd (ii) Helvetica Industries Pvt Ltd
Chairman/Members of the Committee in other Companies	Nil
No of shares held in the Company	Nil

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

ITEM NO.4

As you are aware, Dr K Koteswara Rao and family, Promoter of the Company, have been bringing in monies into the company depending on the need and requirements of the company. As on 31st March 2013, the amount brought in as interest free unsecured loans stands at Rs.10,08,38,972/- . Since the said amount has not been paid, Dr K Koteswara Rao has requested the company to convert the same into equity by allotment of shares. Out of the said amount, it is proposed to convert an amount of Rs.10.00 Crores into equity by allotment of 1,00,00,000 equity shares of Rs.10/- each per share at par or at the price determined in accordance with the SEBI (ICDR) Regulations, 2009, whichever is higher, to Dr K Koteswara Rao, for cash, on preferential basis.

As per SEBI (ICDR) Guidelines, 2009 the required details are furnished hereunder.

Objective of the present Issue

The objective of the present issue of equity shares on preferential basis is :

- To convert the interest free unsecured loans brought in by Dr K Koteswar Rao and family, Promoter of the Company.

Pricing

The issue of equity shares on preferential basis shall be at par @ Rs. 10/- (Rupees Ten only), or at a price determined in accordance with SEBI (ICDR) Regulations, 2009 for preferential issue of equity shares, whichever is higher.

Intention of Promoters / Directors / Key Management persons to subscribe to the offer

The shares are being allotted to Dr K Koteswara Rao, Promoter of the company.

Relevant Date

"Relevant Date" for this purpose is the date 30 days prior to the date of the meeting of the Board of Directors of the Company, i.e., 14th July, 2013.

Shareholding Pattern of the Company before and after the issue

The pattern of shareholding before and the one likely to emerge after the proposed allotment would be as under :

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Category	Before the issue No. of shares	% of holding	After the issue No. of shares	% of holding
Promoter Group	64,27,902	9.77%	1,64,27,902	21.68%
NRIs	16,43,015	2.50 %	16,43,015	2.17%
FII's	2786	0.01%	2786	0.01%
Mutual Funds and UTI	NIL	NIL	NIL	NIL
Bank's / Financial Institutions	4,47,822	0.68	4,47,822	0.59
Insurance Companies	NIL	NIL	NIL	NIL
Bodies Corporate	65,44,720	9.95%	65,44,720	8.64%
Trusts	NIL	NIL	NIL	NIL
General Public	4,44,33,755	67.56%	4,44,33,755	58.64%
GDRs	62,70,000	9.53%	62,70,000	8.27%
Total	6,57,70,000	100.00%	7,57,70,000	100.00%

After the allotment of preferential issue of shares, the promoters and associates holding will be increased to 21.68%.

The identity of the proposed allottees and the percentage of the preferential issue that may be held by them

Name of the Party	Pre-issue holding	% to Equity	Shares to be allotted in the present issue	Post Issue conversion holding	% to Equity
Dr K Koteswara Rao, Hyderabad	64,27,902	9.77%	1,00,00,000	1,64,27,902	21.68%

Auditor's Certificate

A Certificate as required under SEBI Guidelines, certifying that the proposed issue is in accordance with the said Guidelines has been obtained from the Auditors of the Company and will be available for inspection seven days prior to the date of AGM at the Registered Office of the Company between 2.00 P.M. to 4.00 P.M. on any working day.

Lock-in

The equity shares to be allotted on preferential basis shall be subject to lock-in as per applicable SEBI (ICDR) Regulations, 2009 in this behalf.

Change in Management

The issue of equity shares as aforesaid will not result in any change in the management or control of the company.



TRANSGENE BIOTEK LIMITED

The Company is taking necessary steps to obtain the requisite approvals from regulatory agencies, as may be applicable, for the proposed investment.

None of the Directors of the Company except Dr K Koteswara Rao is concerned or interested except to the extent of his shareholding.

ITEM NO. 5

At the Board meeting held on 15th day of August, 2013 the Board of Directors of the Company considered the proposal to increase the Authorised Share Capital of the Company. The Board of Directors discussed the same and are of the opinion that the Authorised capital of the Company needs to be increased from Rs 75,00,00,000 (Rupees Seventy Five crore only) divided into 7,50,00,000/- (Seven crores Fifty Lakhs only) equity shares of Rs 10/-(Rupees Ten each) to Rs. 76,00,00,000 (Rupees Seventy Six crores only) divided into 7,60,00,000 /- (Seven Crores Sixty Lakhs) equity shares of Rs. 10/-(Rupees Ten) each, by further addition thereto of Rs.1,00,00,000 (Rupees One Crore only) divided into 10,00,000 (Ten Lakh) equity shares of Rs. 10/- each.

As a result of increase in the authorised capital the clause V of the Memorandum of Association and Clause 3A of the Articles of Association are also required to be suitably amended.

Your Directors recommend the above as Special resolution.

None of the Directors may be deemed to be concerned or interested in this resolution

BY ORDER OF THE BOARD

Date : 15-08-2013

Sd/-

Place : Hyderabad

DR K KOTESWARA RAO

CHAIRMAN & MANAGING DIRECTOR

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DIRECTORS' REPORT 2012-13

Dear Shareholders,

Your Directors take pleasure in presenting the 23rd Annual Report on the business & operations of the company and Audited Statement of Accounts for the year ended 31st March, 2013 along with the Auditor's Report thereon.

FINANCIAL RESULTS

	(Rs. in Lakhs)	
Particulars	2012- 2013	2011- 2012
Total Income	1503.04	2915.29
Operational, Administration and other expenses	1590.95	2513.56
Gross Operating Profit	(87.91)	401.73
Interest and Financial Charges	19.98	61.87
Forex Gain/Loss	0.00	1417.24
Depreciation	101.51	37.73
Profit before Tax/Loss	(209.40)	1719.36
Provision for Tax	0.00	557.85
Net Profit/(Loss)	(209.40)	1161.51

Review and results of operations

During the year under review the total income was Rs.1503.04 lakhs as against Rs.2915.29 lakhs in the previous year and the Net Profit/(Loss) for the year was Rs. (209.40) lakhs as against Rs.1161.51 lakhs for the previous year. The company has incurred an amount of Rs.302.40 lakhs under ongoing product development expenses and Rs93.07 cr on Fixed Assets during the year as against Rs.260.35 lakhs and Rs.135.57 lakhs respectively in 2011-12. This increased fixed asset value is on account of acquisition of technology platform for developing several drugs against auto-immune diseases after vigorously assessing its utility for more than a year.

The year 2012-13 has also been a year of significant innovation and product development for the Company. The company started the commercial production of DHA and the response has been great. However, the value of innovation

is sadly not recognized in due terms and we believe that this lack of acknowledged value being unfairly reflected in the stock price of your company. We site an example of our oral insulin technology and pipeline of cancer drugs which have immense value, among few others, as to such lack of recognition.

TrabiOral™ - An innovative technology for delivery of protein and peptide drugs through oral route

Transgene Biotek has developed an oral delivery platform technology (TrabiORAL™) with a goal to provide the most preferable method to administer biotherapeutic drugs for controlling diseases such as diabetes. TrabiORAL™ eliminates the need for painful injections and expensive healthcare professionals, improves patient compliance (through greater convenience), offers sustained release of biotherapeutic drugs over a prolonged period, and eliminates the typical 'peaks-and-troughs' in serum profiles.

TrabiORAL™ is a proprietary oral drug delivery platform capable of delivering a range of proteins and peptides from smaller proteins such as Insulin (6 kDa) to much larger molecules such as mAbs (150 kDa) and in doing so, happens to be one of very few technology companies in the world.

TrabiORAL™ is a proprietary platform technology that protects the biotherapeutic drug from proteolysis in the gut and efficiently delivers the required dosage into the systemic circulation, in a sustained release that maintains a flatter serum profile (as highlighted later using insulin). TrabiORAL™ technology combines several novel inventions to produce an orally active transport system for protein and peptide drugs.

- TrabiORAL™ employs patented encapsulation technology and conjugation of biotherapeutics with biologically active ligands to amplify uptake mechanisms



- Our patented encapsulation technology provides resistance against gastric proteolysis in the acidic milieu, and releases the drug under intestinal alkaline pH conditions thereby making the biotherapeutic accessible to its receptors.
- TrabiORAL™ technology provides enhanced bioavailability of the drug for enhanced biological activity.
- Versatility - In preliminary studies, TrabiORAL™ revealed an ability to deliver a variety of Protein and Peptide based drugs, from small molecules such as insulin (6kDa) to much larger molecules including Monoclonal antibodies (150kDa).
- We have successfully concluded the “Proof of Concept” studies mimicking the human intestinal barrier for the oral delivery of biotherapeutics (Insulin).
- The proof of concept studies were followed by in-vivo single-blinded efficacy studies in diabetic rats performed at a third party GLP accredited facility. The data highlighted Transgene’s ability to achieve sustained insulin uptake mechanism paving the way for this technology to be adopted as the therapy of choice for the world’s Type II diabetic population (and sections of the Type I patient population).
- Another study highlighted the versatility of Transgene’s TrabiORAL™ delivery technology, enabling the delivery of smaller proteins such as insulin (6kDa) as well as larger proteins such as monoclonal antibodies (150kDa) across the intestinal barrier into systemic circulation in a biologically functional form, at therapeutic levels.

ONCOLOGY

At Transgene, we are dedicated to the research and development of innovative drugs for cancer patients with high unmet medical needs. Our Oncology drug development programs that started nearly 9 years ago utilize two platforms – monoclonal antibody drugs and siRNA drugs delivered through our patented AAV platform. We currently have several compounds in the development stage, two readying for pre-clinical in-vivo studies during the year 2013-14, followed later by the human clinical studies. In addition, we have other novel targets in various stages of preclinical research.

mAb DRUGS

TBL-0306 – A novel monoclonal antibody drug

TBL-0306 is a monoclonal antibody drug, the antibody being developed against TBL’s own engineered immunogenic peptide. As reported earlier, TB-0306 demonstrated their efficacy against Non-Hodgkin’s lymphoma, Colon cancer and Multiple myeloma, confirmed through several in-vitro assays. TBL-0306 antigen is shown to express on the cell surface of these 3 cancers, but has no expression on normal human tissues. In Colon cancer TBL-0306 exhibited much superior cytotoxic activity compared to Rituxan which was used as control in studies. TBL-0306 is soon to undergo in-vivo efficacy and dose escalation studies on large number of animals, as a prelude to pre-clinical toxicology studies.

RNAi DRUGS

RNAi drugs developed at Transgene employ a proprietary RNAi platform based on a novel ‘gene silencing’ technology to selectively ‘knockout’ specific Liver and Breast Cancer producing gene targets.

These drugs have already demonstrated highly effective tumour regression in animal studies, and

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are set to undergo preclinical trials shortly, after subjecting these to a number of confirmatory assays and studies. Transgene will likely seek to out-license these two drugs upon completion of Phase I human trials.

Transgene's patented siRNA delivery platform has been the focus of few large pharma companies and the management is in active dialogue with two such companies for a strategic collaborative work.

TBL-0404 Liver Cancer Drug

Hepatocellular carcinoma (HCC) is one of the most common cancers worldwide and among the leading causes of cancer-related death. Hepatocellular carcinoma (HCC) is a primary malignancy of the hepatocyte, generally leading to death within 6-20 months. Hepatocellular carcinoma frequently arises in the setting of cirrhosis, appearing 20-30 years following the initial insult to the liver. However, 25% of patients have no history or risk factors for the development of cirrhosis. The extent of hepatic dysfunction limits treatment options, and as many patients die of liver failure as from tumor progression.

Like other cancers, the development of HCC is a multistep process with accumulation of genetic and epigenetic changes. Altered miRNA expressions have been observed in HCCs that originated from different geographic areas.

TBL-0404 is a miRNA identified by Transgene, its expression being down-regulated in liver cancer and it is delivered by TRABI-AAV. TBL-0404 has been shown to negatively regulate the cancer epigenome by directly targeting a metastasis specific gene in liver cancer. TBL-0404 represents the forced expression of the specific miRNA by our proprietary AAV vector.

The studies by TBL have shown that TBL-0404 suppresses HCC cell growth, proliferation and invasion in-vitro and tumor forming ability in-vivo.

TBL-0404 is scheduled to proceed with efficacy studies on large number of animals, the studies including tumor regression, dose escalation studies etc followed by safety and toxicology studies.

TBL-0905 Breast Cancer Drug

As reported earlier, TBL-0905 is targeted against Breast Cancer and delivered by Trabi-AAV™. TBL-0905 targets a gene critical for the progression and metastasis of Breast Cancer. The target gene is abnormally over-expressed in Breast Cancer cells and absent in normal cells. Transgene has cloned the required Adenoviral genes in a plasmid to prevent any adenoviral contaminations in the purified AAV.

Our work has shown that TBL-0905 promotes apoptosis and inhibits motility of breast cancer cells in in-vitro studies. In mouse xenograft studies, the drug confirmed its remarkable tumor regression.

We are optimizing the titration of modified vector transfection, transduction efficiency to produce virus for undertaking toxicology studies.

TBL-1203 AIDS (Therapeutic) Vaccine

With significant interest being generated against our other technologies and molecules during this year, the management felt it prudent to focus on those as a priority till the negotiations conclude for a strategic partnership on at least one of those. Therefore, the work on TBL-1203 and the drug against MS have been paused temporarily, as is the case with the development of drugs against Auto-immune diseases.

DHA

Omega-3 DHA (Docosahexaenoic Acid) is a long-chain fatty acid, which belongs to the Omega-3 fatty acid family. It is found in cold water fatty fish and fish oil supplements, along with eicosapentaenoic acid (EPA). Vegetarian sources of DHA come from seaweed and through fermentation process. DHA is essential for the proper functioning of our brains as adults, and for the development of our nervous system and visual abilities during the first 6 months of life. In addition, omega-3 fatty acids are part of a healthy diet that helps lower risk of heart disease. Our bodies naturally produce small amounts of DHA, but we must get the amounts we need from our diet or supplements.