



March 11, 2016

**General Manager  
Department of Surveillance & Supervision  
BSE Limited, 25th Floor, P. J. Towers  
Dalal Street  
Mumbai – 400 001**

Dear Sir,

**Subject: Declaration under Clause 36 of Listing Agreement with BSE**

1. In compliance to the terms of Clause 36 of listing agreement, we wish to appraise the investors of the state of affairs of the Company through your medium, as follows:
2. Vide its order dated March 9<sup>th</sup> 2016, Shri Rajeev Agarwal, the Learned Whole Time Director SEBI has passed order stating that while the detailed investigation being in progress, the earlier order dated November 20, 2014 shall continue to be in force till further directions.
3. In this regard, we wish to clarify the company's position as under. It is our stated position that the basic tenets of justice are to seek the truth and relevant facts prior to passing a judgement which we strongly believe to have been ignored in total by the Ld. Whole Time Member. Following are the points of response to the order:

- (i) *“true, fair, adequate and timely disclosures by the company form one of the basic tenets of governance in the listed companies and are essential for maintaining the integrity of the securities market. In this case, the promoters/directors have not only actively concealed the actual fact, made false, misleading and distorted disclosures as a device to defraud them as prima facie found in the interim order but also Transgene and its promoters/directors in complicity with the other entities had fraudulently transferred the funds out of the company”*

It is unfortunate that the Ld Whole time Member SEBI has not found it relevant on our intimations and submissions in the above respect:

A) A letter dated 15th July, 2012 addressed by Dr. Koteswara K. Rao to the SEBI about unusual trading pattern in the scripts of the Company requesting the Respondent Board to monitor the pricing and trading pattern of the scripts and take prompt action in respect of the same. Our complaint to SEBI/BSE on the

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irregular trading patterns and the need to identify the errant traders and through which brokers they were executing their trades at that time appeared not to have found a place in the judgment by the Ld. Whole Time Member. This was well within the immediate full control of SEBI & BSE and yet they did not take any steps to check such malpractices.

B) The fact that on 13th March, 2015, the CMD had filed a complaint with the Judicial First Class Magistrate's Court at Narsapur, against Mr. Nirmal Kotecha, thereby demonstrating that neither he nor any of the promoter/directors of the Company were in complicity with the entities involved in the transfer and receipt of GDR funds.

C) Series of actions undertaken by the CMD which are in progress for recovery of funds lost through dubious and fraudulent actions by and with support from Mr. Nirmal Kotecha.

D) We have not sought or pleaded for any leniency if found guilty or found to have acted in complicity with any persons or entities. Our primary plea has only been to seek and establish facts and various revelations extracted by the Enforcement Directorate in connection with the GDR fraud in its entirety committed by Mr. Nirmal Kotecha and his coterie but that plea to establish the truth and facts prior to pronouncing the order has not been heeded by the Ld. Whole Time Member.

- (ii) *"They cannot, expect SEBI to find out their innocence due to a fraud by Nirmal Kotecha which is under investigation by Directorate of Enforcement. Involvement of Nirmal Kotecha, if any, or of any other person can be looked into by concerned authorities at relevant time."*

It is a matter fact that we never expected SEBI to find out about our innocence from the Directorate of Enforcement but the only plea we made was to seek the relevant facts and establish the guilt and culpability of all individuals and entities including the promoters and Directors. It is indeed sad and unfortunate that the Ld Whole Time Member did not feel it right to seek each and every truth in understanding the entire network of fraud and modus operandi of such a fraud committed by various entities headed by Mr. Nirmal Kotecha and his coterie which had been a subject matter of intensive and extensive investigation by the Enforcement Directorate. To brush aside in seeking such truthful matters pivotal to the cause and effect of the GDR fraud as that can be looked into by concerned authorities at relevant time, is a travesty of justice and justice denied with the

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truth finding no place in the order passed by the Ld. Whole Time Member. The reluctance on the part of Ld. Whole Time Member to seek the facts and truthful revelations which have been extracted and established by the Enforcement Directorate is baffling and alarming since any punishment and repercussions therefrom can not be ignored easily especially if it is to adversely impact the very stakeholders that SEBI is trying to protect.

- (iii) *"It was prima facie found that Transgene and its promoters/director had violated provision of Order in the matter of Transgene Biotek Limited Page 3 of 19 regulations 3(a), (c) and (d) read with 4(1) and 4(2)(f) of the SEBI (Fraudulent and Unfair Trade Practices) Regulations, 2003 (hereinafter referred to as "PFUTP Regulations") as well as section 12A (b) and (c) of SEBI Act, 1992"*

Once again it is the stated position of the CMD and rest of the Directors and Promoters, that the Ld. Whole Time Member did not find it relevant to seek the factual position and real perpetrators of such a fraud. The facts established by the Enforcement Directorate in fraudulently converting GDRs into Indian equities and their sale in the market thereby gaining unlawfully and illegally preferred to have been ignored by the Ld. Whole Time Member. Failure to take cognizance of those facts extracted by the Enforcement Directorate is a denial of justice and pointing a finger at the wrong direction. It is indeed sad that finger is pointed at Transgene and its promoters/director who are the victims of the fraud and not the perpetrators and such a fact being already established by the Enforcement Directorate following an extensive investigation covering various individuals and entities. Punishing based on finding a needle that may be relevant to the Promoters/Directors in the haystack of fraud committed by others is indeed a sad denial of proper justice.

Since Transgene and its promoters/director believe that they have been denied of truth and justice, we are reviewing the order and decide on the course of action to follow with the devout objective of bringing out the truth and all relevant facts which we sadly feel being ignored in the order passed by the Ld. Whole Time Member to the detriment of all stakeholders of our company.

Kind regards

**Dr. K. Koteswara Rao**  
**Managing Director**

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