

23<sup>rd</sup> Annual Report  
2012 -13

Reaching out to New Horizons



TRANSGENE  
BIOTEK LIMITED  
INNOVATING. FOR LIFE.

## TWENTY THIRD ANNUAL REPORT 2012-2013

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### **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

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### 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 26<sup>th</sup> 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 31<sup>st</sup> 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 23<sup>rd</sup> September 2013 to Thursday the 26<sup>th</sup> 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 31<sup>st</sup> 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

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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 15<sup>th</sup> 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 23<sup>rd</sup> Annual Report on the business & operations of the company and Audited Statement of Accounts for the year ended 31<sup>st</sup> March, 2013 along with the Auditor's Report thereon.

### FINANCIAL RESULTS

Particulars	(Rs. in Lakhs)	
	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.



DHA, an Omega-3 fatty acid is the third biogeneric product developed by Transgene and started its commercial production offering the product in oil, powder and formulated capsule forms. We believe that Transgene is only a third company in the world to produce this algal product in oil and powder forms.

As informed earlier, we initiated the sales of our oil and powder forms of DHA. Both the forms have been received well by the customers resulting in the repeat orders and also orders from new customers too. However, in spite of such interest from the increasing number of customers and volumes of orders, we are faced with a tricky situation of capacity constraint compounded by the lack of power supply from the government and therefore, having to rely entirely and continuously on the diesel generators especially during later part of the year. This proved to be an unviable operation and so, we paused on the production. The management has modified some of its plans and started the production at our own facilities but with a much reduced output. This output is only to tide over the immediate needs of the customers on a temporary basis. We expect to resolve this crisis during the current financial year to prevent such disruptions to the production in future and to increase the capacities in order to meet the significant demand for this product.

### **Tacrolimus**

Tacrolimus is a powerful immune-suppressant drug, the technology for the manufacture of this is being developed by the scientists of Transgene.

We have completed the Licensing and Technology Transfer agreement with Atral Cipan, Portugal.

With the agreement formalities having been concluded, we expect to start the commercial operations serving the non-regulated markets during the Q4 of 2013-14 in the first phase after the necessary manufacturing infrastructure is in place. Unfortunately, this phase has been delayed

by 4-5 months from the earlier planned schedule due to the late arrival of certain process equipment at our partner's facility in Europe combined with their annual holidays in the month of August. The second phase involves getting regulatory approvals in the developed countries spanning over a period of 18-24 months.

### **Auto-immune diseases**

We received excellent data and support on the auto-immune disease platform technology that was acquired in 2011. We are now in the process of integrating that with our own that will facilitate the development of several drugs against a variety of auto-immune diseases such as RA, SLE etc. The same platform is also employed complementing our own technology to accelerate HIV drug development.

**Intellectual property and patents:** We dedicate significant resources to protecting our intellectual property, which is important to our business. We have filed numerous patent applications to cover U.S. and various other countries seeking protection of inventions originating from our research and development. We have a portfolio of issued patents and filed applications, many of which have foreign counterparts.

Patents are very important for us in establishing the proprietary rights to the molecules and products we have developed or licensed. Our executive management team has reinforced our organizational commitment to intellectual property. The patent position of pharmaceutical or biotechnology companies can be uncertain and involve complex legal, scientific and factual questions. If our intellectual property positions are challenged, invalidated or circumvented, or if we fail to prevail on the potential future intellectual property litigation, our business could be adversely affected.

Although we believe that our patents provide certain protection from competition, we caution

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that such patents may not be of substantial protection or commercial benefit to us, may not afford us adequate protection from competing products, or will not be challenged or declared invalid. Patents for individual products extend for varying periods according to the date of patent filing or grant and the legal term of patents in the various countries where patent protection is obtained. The actual protection afforded by a patent, which can vary from country to country, depends upon the type of patent, the scope of its coverage and the availability of legal remedies in the country.

**Employees:** During this year, we have optimized and consolidated the strength of our employees in line with the management's focus with a long term perspective in encouraging and creating value that benefits the company and employees alike.

### DIVIDEND

Your Directors are unable to recommend any dividend due to inadequacy of profits but more importantly for optimizing the fund utilization towards the advancement of various projects in order to attain critical milestones that helps us in our negotiations with potential partners.

### GROWTH PLANS AND OUTLOOK

The Global Biotechnology industry comprises of a large range of firms engaged in biotechnology activities. Global Biotechnology industry revenue will reach \$262.0 billion in 2013, having increased at an average annual rate of 11.0% over the past five years. "Growth is expected to continue in 2013, with revenue expected to jump 12.7%," says IBISWorld industry analyst Anna Son. This increase follows a relatively modest 8.7% rise in 2009, as the global recession eroded demand for nonessential health products and easing fuel prices tempered the biofuels craze. The Global Biotechnology industry continues to be populated by many small companies, alongside a few giant

pharmaceutical, chemical and agricultural firms. IBISWorld estimates that the top industry players are Roche Holding AG, Amgen Inc. and Merck KGaA. Because companies specialize in certain diseases or products that are not transferable across other industry segments, concentration tends to stay low, says Son. In addition, the industry is still in the growth stage of its life cycle, and despite medium barriers to entry, new players are expected to enter the market to provide niche services. Furthermore, continuous technological advancements and the rapid growth of emerging markets leverage industry capabilities. Over the next five years, IBISWorld projects the industry will experience increased merger and acquisition activity as companies seek to expand their operations by acquiring domestic and foreign competitors.

### Outlook for Indian Biotechnology industry

The pharmaceutical industry has been showing signs of recovery from one of the biggest patent cliffs in recent times that witnessed major blockbusters like Merck's Singulair, Pfizer's Lipitor, Sanofi/Bristol-Myers' Plavix and Eli Lilly's Zyprexa losing patent protection. These products alone represented branded sales worth more than \$15 billion.

However, this loss of patents and novel products turning into generics was felt mostly in 2012. While the industry won't be completely free from this 'genericization', the major patent expiries are over and done with. New products should start contributing significantly to results and increased pipeline visibility and appropriate utilization of cash should increase confidence in the sector.

The Indian Biotechnology industry has been evolving over three decades. In terms of market dynamics, the Indian biotech sector had a healthy growth in 2008-09 with its revenues reaching Rs. 12137 crore. Within this, BioPharma contributed Rs. 7883 crore.



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The enactment of New Patents Act, 2005, brought a paradigm shift in research and development in the sector. Previously, India had a patent protection for process rather than the product, which brought about complacency without initiating much effort upon the development of new products. The New Patents Act of 2005 enforces product patents thereby inspiring firms and research institutions to undertake the innovation at their behest. The growth in BioPharmaceutical drugs and biologics has outperformed the pharmaceutical market. The total BioPharma segment in India registered a 14.3% growth in terms of total revenues in 2008-09 to aggregate Rs. 7883 crore as against Rs. 6889 crore recorded in 2007-08.

Biotechnology is globally recognized as a rapidly emerging, complex and far reaching technology, and therefore a strong international partnership, both at the levels of research institutions and at corporate front, is essential. Such an approach would not only bring in better technical know-how, but would also help in enhancing India's research and development resulting in quicker and faster outcomes.

### **Outlook at Transgene**

Research and development is essential to our business. We spent considerable money in developing and acquiring products/technologies or on company-sponsored research and development activities. Because of the risks and uncertainties associated with the development of a product candidate, we cannot accurately predict when or whether we will successfully complete the development of our product candidates or assess the ultimate product development cost.

However, our product pipeline is robust and is advancing on some focused products based on the ongoing discussions with few large pharma companies.

Your Directors have also drawn plans to create verticals for the business of the company wherever and whenever it is required to focus on the same and also create a platform for smooth outlicensing of the products being developed by the company.

### **DIRECTORS**

As per the Articles of Association, Dr P K Ghosh, retires by rotation in the ensuing AGM and being eligible, offers himself for reappointment. Brief profile of Dr P K Ghosh as required under Clause 49 of the Listing Agreement is provided in the notes attached to the Notice convening the Annual General Meeting.

### **Subsidiary Company**

As on March 31, 2013, TBL HK Limited is the wholly owned subsidiary of the Company. In terms of the section 212(1) of the Companies Act, 1956, the Balance Sheet, Profit and Loss Account and other documents of this company is attached with the Balance Sheet of the Company. A statement pursuant to section 212(1)(e) read with 212(3) of the Companies Act, 1956, relating to Company's Interest in this subsidiary company for the financial year under review is attached as Annexure-I to this report.

### **FIXED DEPOSITS**

The company has not accepted any Fixed Deposits and the provisions of Section 58A of the Companies Act, 1956 are not applicable to the Company.

### **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

Management Discussion and Analysis Report for the year under review, as stipulated under Clause 49 of the Listing Agreement with the Bombay Stock Exchanges, is presented in a separate section forming part of the Annual Report.

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### Corporate Governance

The Board is committed to high standards of corporate governance which is the foundation of a sustainable and successful company.

Closely linked to governance is culture. It creates a culture which promotes integrity, responsibility and putting the performance at the heart of what we do.

The Board's core activities in 2012-13 included the review of the Company's long term strategy, the monitoring of performance, consideration of the risk identification and management system, the review of material risks, and board and management succession.

The Company has taken adequate steps to ensure that all mandatory provisions of corporate Governance as prescribed under the listing agreement of the Stock Exchange with due compliance of all the applicable laws, rules and regulations. A separate report on Corporate Governance and the Auditor's certificate on its compliance are annexed hereto and forms part of this Annual report.

### Auditors' report

The Auditors' Report together with the Audited Accounts for the financial year ended March 31, 2013 read with the Notes on Accounts are self-explanatory and therefore do not call for any further comments.

There is an amount of Rs. 561.02 lakhs reported by the auditors as the outstanding amount payable towards Income Tax. However, the management is disputing this liability since this amount, in the opinion of the management, as " profit" arising out of rupee appreciation during the year 2011-12 which is not payable.

### Auditors

M/s. Sarath & Associates, the statutory auditors, hold office upto the conclusion of the forth coming

Annual General Meeting (AGM). The Company has received requisite certificate from them to the effect that their re-appointment, if made, would be within the limits prescribed under section 224(1B) of the Companies Act, 1956 and that they are not disqualified for such reappointment within the meaning of Section 226 of the said Act. The Board of Directors recommend reappointment of M/s. Sarath & Associates as the statutory auditors of the Company for the year 2013-14.

### Consolidated Financial Statements

In accordance with the Accounting Standard AS-21 on Consolidated Financial Statements, the audited Consolidated Financial Statements are provided in the Annual Report.

### Employee Relations

Our success continues to be delivered by our employee talents. We value both genders, all ages, cultures, experiences and backgrounds as we build and grow our organization. Transgene is an Equal Opportunity employer and strives to ensure that there is no discrimination against anyone applying for a job or in employment for reasons related to race, religion, national origin, disability or on any other personal characteristics. What we do focus on is fostering our brave culture, which aims to provide all our employees with a supportive environment that values diverse opinions and experiences and enables individual, group and organizational success. In 2012-13 we focused on leveraging our diversity to drive our vision to imagine and lead the future of healthcare.

Transgene recognises that in an industry based on innovation, research and development, its employees are some of its biggest assets and it seeks to communicate and, where appropriate, consult with them on matters affecting them as employees, in the correct manner.

### Particulars of employees

The provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 are not applicable to the Company for the year under review.



**DIRECTORS' RESPONSIBILITY STATEMENT**

As per the Companies Act, 1956 the Directors wish to state:

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations. The Directors have elected to prepare the consolidated financial statements in conformity with accounting principles generally accepted in India.

The Directors confirm to the best of their knowledge :

- that the Financial Statements, prepared in accordance with accounting principles generally accepted in Indian Accounting Standards, present fairly, in all material respects, the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and the management report, which is incorporated into the Financial and Management review, includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description.
- that the Directors had taken proper and sufficient care 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.
- that the Directors had prepared the annual accounts for the year ended 31st March 2013 on a going concern basis.

**CONSERVATION OF ENERGY, ENVIRONMENT, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE**

In accordance with Rule 2 of the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 as applicable, the particulars relating to conservation of energy and technology absorption are given below.

**A. Conservation of Energy, Power and Environment :**

The Company continues its policy of giving priority to energy conservation measures including regular review of energy generation and consumption and effective control on utilisation of energy. Efforts for conservation of energy and fuel consumption are ongoing processes in the Company and every effort is made in that direction.

**B. Research & Development :**

The Company has always considered Research and Development (R&D) as crucial for the sustained growth of the Company. The Company's R&D division continues to be recognized and certified under DSIR guidelines. With qualified and experienced research scientists manning the research and development activities, the Company has focused its thrust on new and innovative process and product development for the development of novel drug delivery processes, oncology drugs and manufacture of APIs.

**C. Foreign Exchange Earnings : Nil**

**D. Foreign Exchange Outgo : Nil**

**ACKNOWLEDGEMENTS**

Your Directors place on record their appreciation for the continued co-operation and support extended to the Company by all stakeholders including the banks, government institutions, Shareholders, Auditors, Customers, vendors and, business associates. Your Directors also thank the Trade and Consumers for their initiation in

## TWENTY THIRD ANNUAL REPORT 2012-2013

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patronising the Company's products. Your Directors also place on record their profound admiration and sincere appreciation of the continued hard work put in by employees at all levels.

By order of the Board

For **TRANSGENE BIOTEK LIMITED**

Sd/-

**Dr. K. Koteswara Rao**

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

### D. NOTE OF CAUTION

This annual report includes forward-looking statements regarding Transgene's plans, prospects, strategies and performance, etc. The occurrence of any of the following risks described below and elsewhere in this document, including the risk that our actual results may differ materially from those anticipated in these forward looking statements, could materially adversely affect our business, financial condition, operating results or prospects and the trading price of our securities. Additional risks and uncertainties that we do not presently know or that we currently deem immaterial may also impair our business, financial condition, operating results and prospects and the trading price of our securities.

We may take longer to complete our pre-clinical or clinical trials than we expect, or we may not be able to complete them at all.

We forecast the commencement and completion of pre-clinical or clinical trials for planning purposes, but actual commencement or completion may not occur as forecasted or planned due to a number of reasons.

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### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

#### Overview

We are a biopharmaceutical company focused on the acquisition, development, and commercialization of less toxic and more effective ways to treat cancer. Our goal is to build a profitable company by generating income from products we develop and commercialize, either alone or with one or more potential strategic partners. We are currently concentrating our efforts in not only developing novel drugs against different cancers but also in developing technologies to deliver those and other drugs through painless non-injectable routes. Our newly acquired technology for auto-immune diseases has demonstrated its efficacy and we believe that there is a significant potential for developing drugs against auto-immune diseases such as SLE, RA etc in the years ahead. Today, Transgene has a distinct pipeline of novel drugs, novel drug delivery technologies and also a pipeline of bio-generic drugs.

Our commitment of resources to the continuing development, regulatory and commercialization activities of different drugs and technologies and also, the research and continued development and manufacturing of our other product candidates may require us to raise substantial amounts of additional capital and our operating expenses will fluctuate as a result of such activities. We are very early in the product launch of different products such as DHA, Tacrolimus etc and our future sales revenue cannot be accurately predicted. Our sales revenue may vary significantly from period to period as the launch progresses. Our results of operations may vary substantially from year to year and from quarter to quarter and, as a result, we believe that period to period comparisons of





our operating results may not be meaningful and you should not rely on them as being indicative of our future performance.

During the course of a product's development, further technical development may be required to improve the product's characteristics such as the delivery mechanism or the manufacturing process. There is no certainty that such technical improvements or solutions can be identified.

There can be no assurance that the product candidates will be capable of being produced in commercial quantities at acceptable cost. The company's product candidates use specialised manufacturing processes for which there are only a few suitable manufacturers. There can be no assurance that the company will be able to manufacture the product candidates at economic cost or the company's partners will be able to manufacture the product candidates and to make capacity available at economic prices, or that suitable new contractors will enter the market.

Manufacturing processes that are effective and practical at the small scale required by the early stages of development may not be appropriate at the higher scale required for later stages of clinical development or for commercial supply. There can be no assurance that the company will be able to adapt current processes or develop new processes suitable for the scale required by later stages or the partners will be able to provide sufficient manufacturing capacity when required.

Collaborations and licensing are an important component of Transgene's strategy to realise value and manage risk. Transgene is dependent on collaborative relationships with third parties to facilitate and fund the research, development, manufacture, commercialisation and marketing of products. There is no guarantee that such

collaborations and funding will continue to be found. There can also be no assurance that Transgene's existing relationships will not be terminated or require re-negotiation for reasons that may be unrelated to the potential of the programme. Circumstances may also arise where the failure by collaborators and third parties, such as contract manufacturers, to perform their obligations in accordance with our agreements could delay, or halt entirely, development, production or commercialisation of our products, or adversely impact our cash flows. Currently, Transgene's most important collaborator is Atral Cipan. If the relationship with this party were to deteriorate, Transgene's commercialization programme can be adversely impacted.

We believe Transgene has the potential to become a sustainable, fully integrated company. To make it more effective in achieving the goals, the management plans to segregate this pipeline into different functional units so as to provide the necessary impetus to each segment in a much more timely manner. We believe, we have established now a strong foundation for continued progress.

### **TBL and its Oncology pipeline**

An estimated 12.7 million new cancer cases were diagnosed worldwide in 2008. Lung, female breast, colorectal and stomach cancers were the most commonly diagnosed cancers, accounting for more than 40% of all cases. Worldwide, an estimated 7.6 million deaths from cancer occurred in 2008. Lung, stomach, liver, colorectal and female breast cancers were the most common causes, accounting for more than half of all cancer deaths.

### **TBL 0306**

TBL-0306 is a monoclonal antibody drug, the antibody being developed against TBL's own

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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.

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.

### **TBL 0905 – Breast cancer**

Cancers of the breast represent the most prevalent type of neoplastic disease in women and are the number two cause of cancer related deaths amongst women behind lung cancer. In contrast, the incidence of breast cancer in men is about 100 fold less.

The breast cancer therapy segment dominated the overall market from 2007 to 2013 with a market revenue of \$26.5 billion in 2013, with a CAGR of 16.4% during the last few years.

TBL-0905 is a targeted therapy drug against Breast Cancer and delivered by Trabi-AAV™. TBL-0905 targets a gene critical for the progression and metastasis of Breast Cancer. We are optimizing the titration of modified vector transfection, transduction efficiency to produce virus for undertaking toxicology studies.

### **TBL 0404 – Liver cancer (Hepato-Cellular cancer)**

Liver cancer is the fourth most common form of cancer in the world, accounting for 610,000 deaths each year, according to the World Health Organization. The current competition in the liver cancer market is weak, as Nexavar is the only drug approved for advanced Hepatocellular Carcinoma

(HCC) with the exception of Miripla (miriplatin) in Japan. However, there are some molecules in Phase III development as first-line and second-line treatments which promise to influence the competitive landscape in the next two to three years, excepting for the anticipated launch of Eli Lilly's ramucirumab (IMC-1121B), a monoclonal antibody in 2014.

TBL 0404 is a highly targeted drug against Hepato-Cellular cancer with its novel vector delivery mechanism that is to precisely target the cancer cells. We plan to advance this drug to pre-clinical toxicology studies soon after viral optimization is completed.

### **TBL & APIs**

The commencement of DHA production and conclusion of collaboration with Atral Cipan of Portugal is anticipated to provide the stability and a continuous stream of revenues to Transgene that is to accelerate from the end of current fiscal year onwards.

*The path ahead, much like the path we took to get here, cannot be chartered alone. We would like to thank everyone involved with us all through - our dedicated and passionate employees.*

*We advanced our pipeline, creating significant opportunities for growth beyond 2014. We believe that our highly specialized, collaborative approach is the way forward in our industry.*

*We have a balanced portfolio of products that have many years of growth ahead, as well as the potential to expand into further geographies and markets.*

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## TRANSGENE BIOTEK LIMITED

### CORPORATE GOVERNANCE REPORT

#### 1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

**Pursuant to Clause 49 of the Listing Agreement, a Report on Corporate Governance is given below:**

Your Company is committed to maintain the prescribed standards of Corporate Governance and considers good Corporate Governance a pre-requisite for meeting the needs and aspirations of its shareholders and other stakeholders in the Company and firmly believes that the same could be achieved by maintaining transparency in its dealings, creating robust policies and practices for key processes and systems with clear accountability, integrity, transparent governance practices and the highest standard of regulatory compliance.

The Directors adhere to the requirements set out by the Securities and Exchange Board of India's Corporate Governance practices and have implemented all the mandatory stipulations prescribed. The Report on Corporate Governance as stipulated under Clause 49 of the Listing Agreement forms part of the Annual Report. The requisite Certificate from the Auditors of the Company, confirming compliance with the conditions of Corporate Governance as stipulated under the aforesaid Clause 49, is attached to this Report.

#### **BOARD OF DIRECTORS**

The constitution of the Board is given below:

NAME OF THE DIRECTOR	STATUS	NO. OF OTHER PUBLIC DIRECTORSHIPS (*)	NO. OF MEMBERSHIPS ON BOARD COMMITTEES
DR.K. KOTESWARA RAO	CHAIRMAN & MANAGING DIRECTOR, PROMOTER	NIL	2
SRI P NARAYANA MURTHY**	EXECUTIVE	NIL	2
SRI S S MARTHI	INDEPENDENT	4	2
DR PK GHOSH	INDEPENDENT	NIL	1

(\*) This excludes Directorships in Indian Private Limited Companies, membership of Managing Committees of various Chambers/bodies.

(\*\*) Resigned w.e.f. 12-12-2012.

#### 2. AUDIT COMMITTEE

An Audit Committee of the Company was constituted at the meeting of the Board of Directors held on 31<sup>st</sup> July 2002 comprising of three Directors viz., Dr K Koteswara Rao, Sri S S Marthi, and Sri P Narayana Murthy. The company is in the process of reconstituting the committee based on the corporate governance norms, following the resignation of Mr Narayana Murthy.

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### TERMS OF REFERENCE

The terms of reference of the Audit Committee includes:

- To review the internal control systems
- To review Quarterly and Half-yearly results
- To review the accounting and financial policies and practices
- To review reports furnished by the internal and statutory auditors, and ensure that suitable follow-up action is taken.

During the financial year ended 31<sup>st</sup> March 2013, 4 (Four) meetings of the Committee were held on 30<sup>th</sup> May 2012, 15<sup>th</sup> August 2012, 15<sup>th</sup> November 2012 and 15<sup>th</sup> February 2013. The attendance of each member of the Committee is given below:

NAME OF THE DIRECTOR	NO. OF MEETINGS ATTENDED
DR K KOTESWARA RAO	4
SRI S S MARTHI	4
SRI P NARYANA MURTHY*	3

\*Resigned w.e.f. 12-12-2012

### 3. SHARE TRANSFER COMMITTEE

The Share Transfer Committee comprising of Dr K Koteswara Rao and Mr S S Marthi have been assigned the work for redressal of investor / Shareholder complaints along with approval of share transfer, sub-division/consolidation of shares, etc. The Committee oversees the performance of Registrar and Share Transfer Agents and recommends measures for overall improvement of the quality of investor services. The Share Transfers/Transmissions approved by the committee are placed at the Board Meeting from time to time.

### COMPLIANCE OFFICER

Ms V.Srujana, Finance Manager is the Compliance Officer of the company.

### 4. REMUNERATION OF DIRECTORS

The details of remuneration paid to Directors are given below :

NAME OF THE DIRECTOR	RELATIONSHIP WITH OTHER DIRECTORS	SITTING FEE & INCIDENTAL EXPENSES Rs.)	SALARY & PERK (Rs)	TOTAL (Rs)
DR K KOTESWARA RAO	None	—	13,57,136/-	13,57,136/-
SRI S S MARTHI	None	—	—	—
SRI P NARAYANA MURTHY	None	2000	8,38,629/-	8,40,629/-
Dr P K Ghosh	None	—	—	—

\*Resigned w.e.f. 12-12-2012



## TRANSGENE BIOTEK LIMITED

### 5. BOARD MEETINGS AND ATTENDANCE AT BOARD MEETINGS & ANNUAL GENERAL MEETINGS

The Board of Directors of the company met 7(SEVEN) times during the last financial year i.e., 30<sup>th</sup> May 2012, 15<sup>th</sup> August 2012, 03<sup>rd</sup> September 2012, 30<sup>th</sup> September 2012, 06<sup>th</sup> November 2012, 15<sup>th</sup> November 2012, and 15<sup>th</sup> February 2013. The company placed before the Board the annual operating plans and budgets and performance of the company from time to time. Information, which is materially important were placed before the Board Meeting as and when the same takes place.

The attendance at the Board Meeting and Annual General Meetings was as under:

NAME OF THE DIRECTOR	ATTENDANCE AT BOARD MEETINGS	ATTENDANCE AT ANNUAL GENERAL MEETING
DR K KOTESWARA RAO	7	YES
SRI S S MARTHI	7	YES
SRI P NARYANA MURTHY	6	YES
DR P K GHOSH	NIL	NO

\*Resigned w.e.f. 12-12-2012

### 6. DISCLOSURES

Disclosures on materially significant related party transactions i.e., transactions of the Company of material nature, with its Promoters, the directors or the Management, their subsidiaries or relatives etc., that may have potential conflict with the interests of the company at large :

During the year, there were no transactions of material nature with the Directors or the Management or the subsidiaries or relatives that had potential conflict with the interests of the company.

### 7. MEANS OF COMMUNICATION

The company publishes its quarterly results in the Regional vernacular News Paper (Andhra Prabha) and National Newspaper (Business Standard).

The company has a website [www.transgenebiotek.com](http://www.transgenebiotek.com) where all The official news releases and the developments that are taking place in relation to the company are updated and displayed.

### 8. AUDITORS CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

A Certificate from the Auditors is enclosed along with this report.

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### SHAREHOLDERS' INFORMATION

A	Registered Office	Plot No. 68 , 69, & 70 Anrich Industrial AreaIDA Bollaram, Medak District. A.P.
B	Annual General Meeting Date & Time Venue	26 <sup>th</sup> September 2013 at 11.00 AM Plot No. 68 , 69, & 70 Anrich Industrial AreaIDA Bollaram, Medak District. A.P.
C	Financial Calendar Financial Reporting for Quarter ending June, 30 2012 Quarter ending September, 30 2012 Quarter ending December, 31 2012 Quarter ending March 31, 2013 Annual General meeting for FY ended 31 <sup>st</sup> March 2013	Third week of August 2012 Third week of November 2012 Third week of February 2013 Fifth week of May 2013  26 <sup>th</sup> September 2013
D	Date of Book Closure	Monday the 23th September 2013 to Thursday the 26th September, 2013
E	Dividend Payment Date	Not Applicable
F	Listing on Stock Exchange	Bombay Stock Exchange LimitedP J Towers, Dalal StreetMumbai – 400 001.
G	Stock Code	526139
H	Stock Market Data	The Company's shares are regularly traded on The Bombay Stock Exchange Limited. The 52 week high low has been Rs.14.20 and Rs.1.71 respectively.
I	Registrar and Share Transfer Agents	M/S XL Softech Systems Limited3, Sagar Society, Road No.2, Banjara Hills, Hyderabad – 500 034
J	Share Transfer System	Generally the shares have been transferred and returned in 30 days from the date of receipt, so long as the documents have been clear in all respects.
K	Share Transfer Committee	The Share Transfer Committee generally meets once in a fortnight.
L	Investor Relations	The Company has been maintaining good investor relations.



## TRANSGENE BIOTEK LIMITED

### M) Distribution of shareholding as on 30<sup>th</sup> June 2013

Share Holder or Debenture Holding of nominal Value of		Share Holder or Debenture Holding of nominal Value of		Share / Debenture Amount	
Rs. (1)	Rs.	Number (2)	% of Total (3)	Number (4)	% of Total (5)
Upto	- 5000	7693	62.81	13906090	2.11
5001	- 10000	1490	12.17	13022850	1.98
10001	- 20000	953	7.78	15419950	2.34
20001	- 30000	471	3.85	12444890	1.89
30001	- 40000	213	1.74	7843920	1.19
40001	- 50000	269	2.20	12895360	1.96
50001	- 100000	422	3.45	32234820	4.91
100001	and above	736	6.00	549932120	83.62
TOTAL		12247	100.00%	657700000	100.00%

<b>N</b>	<b>Dematerialisation of shares and liquidity</b>	As on 16 <sup>th</sup> August 2013 out of the total shareholding of 6,57,70,000 equity shares 6,49,49,884 equity shares representing 98.75% of equity shares are in dematerialised form.
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### O Particulars of Past Three AGMs

AGM	Year	Venue	Date	Time
22 <sup>nd</sup>	2012	Plot No. 68 , 69 , & 70 Anrich Industrial Area IDA Bollaram, Medak District. A.P.	29 <sup>th</sup> September 2012	11.00 A.M.
21 <sup>st</sup>	2011	Plot No. 68 , 69 , & 70 Anrich Industrial Area IDA Bollaram, Medak District. A.P.	30 <sup>th</sup> September 2011	11.00 A.M.
20 <sup>th</sup>	2010	Plot No. 68 , 69 , & 70 Anrich Industrial Area IDA Bollaram, Medak District. A.P.	30 <sup>th</sup> September 2010	11.00 A.M.
P	<b>Postal Ballot</b>	No resolution requiring a postal ballot under Section 192 A of the Companies Act, 1956 was placed before the last AGM nor is being proposed to be passed at the ensuing AGM.		
Q	<b>Nomination Facility</b>	Shareholders, holding shares in physical form and desirous of making/ changing a nomination in respect of their shareholding in the company as permitted under Section 109A of the Companies Act 1956 are requested to submit to the Compliance Officer in the prescribed form 2B for this purpose, which can be furnished by the company on request.		

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### **MANAGEMENT RESPONSIBILITY STATEMENT**

The financial statements are in full conformity with the requirements of the Companies Act, 1956 and the Accounting Standards issued by the Central Government. The Management of Company accepts responsibility for the integrity and objectivity of these financial statements, as well as, for estimates and judgments relating to matters not concluded by the year-end. The management believes that the financial statements reflect fairly the form and substance of transactions and reasonably presents the company's financial condition, and results of operations. To ensure this, the Company has installed a system of internal controls, which is reviewed, evaluated and updated on an ongoing basis. Our auditors have conducted audits to provide reasonable assurance that the company's established policy and procedures have been followed. However, there are inherent limitations that should be recognized in weighing the assurances provided by any system of internal controls. These financial statements have been audited by M/s .Sarath & Associates, Chartered Accountants, Hyderabad, the Statutory Auditors of the Company.

**By the Order Of the Board**  
**For TRANSGENE BIOTEK LIMITED**

**PLACE: HYDERABAD**  
**DATE: 15.08.2013**

**Sd/-**  
**Dr. K. KOTESWARA RAO**  
**CHAIRMAN & MANAGING DIRECTOR**

### **CODE OF CONDUCT DECLARATION**

Pursuant to clause 49I(D) of the listing agreement entered into with the stock exchange , I hereby declare that all the Board members and senior management personnel of the company have affirmed compliance with the code of conduct for the year ended March 31, 2013.

**By the Order Of the Board**  
**For TRANSGENE BIOTEK LIMITED**

**PLACE: HYDERABAD**  
**DATE: 15.08.2013**

**Sd/-**  
**Dr. K. KOTESWARA RAO**  
**CHAIRMAN & MANAGING DIRECTOR**





## TRANSGENE BIOTEK LIMITED

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### SARATH & ASSOCIATES CHARTERED ACCOUNTANTS

To  
The Board of Directors of  
**TRANSGENE BIOTEK LIMITED**

We have read the report of the Board of Directors on Corporate Governance and have examined the relevant records relating to the compliance conditions of Corporate Governance of TRANSGENE BIOTEK LIMITED (the company) for the year ended 31.03. 2013 as stipulated in Clause 49 of the listing agreement of the said company with the stock exchange.

The compliance of the conditions of the corporate governance is the responsibility of the management. Our examination conducted in the manner described in the guidance note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India was limited to procedures and implementation thereof adopted by the company for ensuring compliance with the conditions of corporate Governance. Our examination was neither an audit nor was it conducted to express an opinion on the financial statements of the company.

In our opinion and to the best of our information and explanations given to us and on the basis of our examination described above, the company has complied with the conditions of corporate governance as stipulated in Clause 49 of the listing agreement.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

For **Sarath & Associates**  
Chartered Accountants  
Firm Regd. No. 005120S

Place : Hyderabad  
Date : 15.08.2013

Sd/-  
**P. Sarath Kumar**  
Partner (M.No.021755)

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### AUDITORS' REPORT

To  
**The Members of  
M/s TRANSGENE BIOTEK LIMITED  
Hyderabad  
Report on the Financial Statements**

We have audited the accompanying financial statements of **M/ S. TRANSGENE BIOTEK LIMITED** ("the company") which comprises the Balance sheet as at 31st March 2013, the Statement of Profit and Loss for the year ended, the Cash flow Statement for the year and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flow of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conduct our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion.

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, subject to our comment

in para (a) and para (b) (4) of „Report on other Legal and Regulatory requirements mentioned hereunder:

- a) In the case of Balance sheet, of the State of affairs of the Company as at 31st March 2013;
- b) In the case of Statement of Profit and Loss, of the Loss for the year ended on that date; and
- c) In the case of Cash flow statement of the cash flows for the year ended on that date.

#### Report on Other Legal and Regulatory Requirements

- a. As required by the Companies (Auditor's Report) Order, 2003, ("the Order") as amended issued by the Central Government of India in terms of Section 227 (4A) of 'The Companies Act, 1956, (the „Act ) and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we set out in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- b. As required by the section 227(3) of the Act, we report that :
  1. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
  2. In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of those books.
  3. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of accounts.
  4. In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash flow statement dealt with by this report comply with the Accounting Standards referred to in sub section (3C) of section 211 of the Companies Act, 1956, *except the compliance of Accounting Standard 22, the effect of which we are unable to determine.*
  5. On the basis of written representations received from the Directors as on March 31st 2013, and taken on record by the Board of Directors, none of the Directors are disqualified as on March 31st 2013 from being appointed as Director in terms of clause (g) of sub section (1) of Section 274 of the Companies Act, 1956.
  6. The Company had neither provided nor paid for cess payable u/s 441A of the Companies Act, 1956 since the aforesaid section is not yet be made effective by the Central Government.

For **SARATH & ASSOCIATES**  
Chartered Accountants  
Firm Regn. No. 0051205

sd/-  
Hyderabad  
29.05.2013

sd/-  
**P. Sarath Kumar**  
Partner  
Membership No. 021755



**ANNEXURE REFERRED TO IN 'REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS' OF AUDIT REPORT OF EVEN DATE ON THE ACCOUNTS OF TRANSGENE BIOTEK LIMITED ('THE COMPANY') FOR THE YEAR ENDED 31ST MARCH, 2013**

1. (a) As per the information and explanations given to us, the Company is in the process of updating its records showing full particulars including quantitative details and situation of Fixed Assets.
- (b) As per the information and explanations given to us, the Company had carried out the physical verification of the Fixed Assets during the year under review and we have been informed that such verification did not reveal any material discrepancies.
- (c) As per the information & explanations given to us, the Company has not disposed off any fixed assets during the year, which will affect the going concern status of the company.
2. (a) As per the information & explanations given to us, the inventory has been physically verified during the year by the management at periodical intervals. In our opinion the frequency of verification appears to be reasonable.
- (b) Based on the information & explanations to given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its present business.
- (c) As per the information & explanations given to us, the Company is maintaining records of inventory and no material discrepancies have been noticed by the management on the physical verification done by them.
3. (a) As per the information and explanations given to us, as the company has not granted any loans, secured or unsecured to Companies, Firms or other parties covered in the register maintained under Section 301 of the Act, and accordingly, the provisions of Clause 4(iii) (a) to 4 (iii) (d) are not applicable to the Company for the current year.
- (b) According to the information and explanations given to us, the Company had taken interest free unsecured loan from three parties listed in the register maintained under Section 301 of the Act. The amount involved is Rs. 1249.52 Lakhs and the maximum outstanding balance during the year was Rs. 1250.75 Lakhs.
- (c) In our opinion, terms and conditions of unsecured loan taken from the parties listed in the register maintained under Section 301 of the Act, being interest free, are not prima facie prejudicial to the interest of the Company.
- (d) According to the information and explanations given to us, no specific terms have been stipulated for payment of the principal amount and interest thereon. Hence we are not in a position to make any specific comment as to whether the company is regular in payment of the principal amount and interest thereon.
4. Based on the information & explanations given to us, we are of the opinion that the matters as to adequacy of the internal control procedures regarding purchase of inventory and fixed assets and sale of goods and services as compared to the size of the Company and nature of its business *needs to be strengthened*. However, we have not come across instances of continuing major weaknesses, apart from strengthening the

## TWENTY THIRD ANNUAL REPORT 2012-2013

- existing internal controls during the year under review.
5. According to the information and explanation given to us and as confirmed by the Management, there are no transactions with the parties which need to be entered into the register maintained under Section 301 of the Act. Accordingly, the provisions of clause 4 (v) (a) & (b) are not applicable for the year under review.
6. As the Company has not accepted any deposits from public covered by the directives issued by the Reserve Bank of India and the provisions of section 58A and 58AAA or any other relevant provisions of the Act, the provisions of clause 4(vi) of the Order are not applicable to the Company for the current year.
7. As per information and explanation given to us, the Company does not have Internal Audit system commensurate with the size and nature of the business.
8. According to information and explanation given to us, the Central Government has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Act, for any of the activities of the company, and accordingly the provisions of clause 4(viii) of the order is not applicable to the Company for the current year.
9. (a) According to the information and explanations given to us, the Company is not regular in depositing undisputed statutory dues of Income Tax, Service Tax and other statutory dues. The amount of arrears of outstanding dues as on 31st March 2013, outstanding for a period of more than six months from the date they became payable are Income Tax Rs. 561.02 Lakhs, Fringe Benefit Tax Rs.0.58 Lakhs, Income tax in the nature of Tax deducted at source Rs.1.51 Lakhs, Service Tax Rs.5.21 Lakhs, Professional Tax Rs. 2.04 Lakhs, CENVAT Rs.6.22 Lakhs.
- (b) As per the records and according to the information and explanation given to us, there are no dues of Sales tax, Income Tax, Wealth Tax, Excise duty and Cess which have not been deposited on account of any dispute as on 31.03.2013, except a disputed claim of Customs Duty net of amount paid under protest, as per the details given below :

NATURE OF DUES	AMOUNT (Rs.)	PERIOD	FORUM WHERE DISPUTE IS PENDING
Customs Duty Demand raised by the CESTAT, Chennai for non-fulfillment of export obligation.	59.37 Lakhs	2002	CESTAT, Chennai

10. According to the information and explanation given to us and overall examination of the financial statements of the Company, we report that the Company does not have any accumulated losses at the end of the current financial year. The Company had incurred cash losses during the year as against cash profit during the immediately preceding financial year.
11. The Company is not regular in repayment of Term loans within due date and the account is classified as Non Performing Asset by the bank during the year under review. Due to non- repayment as per payment schedule of Term loan and non-application of interest on the loan account after the account becoming NPA, we are not in a position to quantify the exact arrears at the end of the year.



## TRANSGENE BIOTEK LIMITED

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12. According to the information and explanation given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities, the provisions of clause 4 (xii) of the Order are not applicable to the Company for the current year.
13. In our Opinion, The Company is not a Chit Fund/Nidhi/Mutual Benefit Fund/Society. Therefore the provisions of clause 4(xiii) of the Order are not applicable to the Company for the current year.
14. In our opinion, as the Company is not dealing or trading in shares, securities, debentures and other investments, the provisions of clause 4(xiv) of the Order are not applicable to the Company.
15. According to information and explanations given to us as the Company has not given any "Guarantee" to any banks / financial institutions during the year under review for the loan taken by any third party, the provisions of Clause 4 (xv) of the Order are not applicable to the Company
16. As per the information and explanations given to us, no fresh term loans have been raised by the Company and the as per the records of the Company, the earlier term loans have been applied for the purpose for which they were raised.
17. According to the Information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short term basis have been used for long term investment purposes.
18. According to the Information and explanations given to us, the Company has not made any preferential allotment of shares to parties covered under the register maintained under Section 301 of the Act during the year under review.
19. As the Company has not issued any debentures during the year, which requires creation of security or charge, the provisions of clause 4 (xix) of the Order, are not applicable to the Company for the current year.
20. According to the Information and explanations given to us and on overall examination of the books of accounts of the company, the Company has not raised any money by public issue during the year under review. However, the Company had, in the preceeding year(s), have issued Global Depository Receipts outside India and the proceeds of GDRs have been utilized through wholly owned subsidiary abroad, which is not audited by us and accordingly, we are unable to express any opinion on the end use of moneys raised through GDRs.
21. During the course of examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, and as per the representation given by the Company and relied on by us, we have neither come across any instance material fraud on or by the Company, noticed or reported during the year, nor have we been informed of such cases by the management.

For **SARATH & ASSOCIATES**  
**Chartered Accountants**  
Firm Regn. No. 005120S

sd/-

**P. Sarath Kumar**  
**Partner**  
**Membership No. 021755**

Hyderabad  
29.05.2013

## TWENTY THIRD ANNUAL REPORT 2012-2013

### Standalone Balance Sheet

Particulars	Note	As at 31 March 2013	As at 31 March 2012
		₹	₹
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholder's Funds</b>			
Share Capital	1	657,700,000	657,700,000
Reserves and Surplus	2	2,562,730,669	2,451,788,794
<b>Non-Current Liabilities</b>			
Long-term borrowings	3	59,320,739	63,897,304
Long term provisions	4	56,937,673	1,495,984
<b>Current Liabilities</b>			
Short-term borrowings	5	165,287,150	143,705,974
Trade payables	6	170,854,498	280,247,540
Other current liabilities	7	13,580,480	2,498,013
Short-term provisions	8	-	55,973,051
<b>Total Equity and Liabilities</b>		<b>3,686,411,208</b>	<b>3,657,306,660</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets	9		
(i) Tangible assets		981,301,633	71,484,610
(ii) Intangible assets		996,700,000	996,700,000
Capital work-in-progress		2,890,306	2,304,432
Non-current investments	10	922,009,728	46
Long term loans and advances	11	256,294,853	1,110,384,623
Other non-current assets	12	319,885,401	297,725,407
<b>Current assets</b>			
Inventories	13	2,476,596	8,237,742
Trade receivables	14	184,334,219	283,750,380
Cash and cash equivalents	15	1,054,155	484,377
Short-term loans and advances	16	17,799,283	884,445,554
Other current assets	17	1,665,033	1,789,487
<b>Total Assets</b>		<b>3,686,411,208</b>	<b>3,657,306,660</b>

Note: The notes referred to above are an integral part of the Balance Sheet.

As per our report attached

For Sarath & Associates

Chartered Accountants

Firm Registration No.005120S

Sd/-

**P.Sarath Kumar**

**Partner**

Membership No: 021755

Sd/-

**Dr.K.Koteswara Rao**

**Managing Director**

Sd/-

**S.S.Marathi**

**Director**

For and on behalf of the board of Directors  
**Transgene Biotek limited**

Hyderabad  
29-05-2013



## TRANSGENE BIOTEK LIMITED

### Standalone Statement of Profit and Loss :

Particulars	Note	As at 31 March 2013	As at 31 March 2012
		₹	₹
<b>INCOME</b>			
Revenue from operations	18	150,304,943	262,519,909
Other Income	19	595,200	170,732,237
<b>Total Income</b>		<b>150,900,143</b>	<b>433,252,146</b>
<b>EXPENSES</b>			
Cost of materials consumed	20	1,114,256	4,052,320
Purchase of Traded goods	21	136,642,400	215,350,960
(Increase)/decrease in finished stock	22	4,703,429	807,597
Employee benefit expense	23	5,424,519	11,479,109
Financial costs	24	1,978,313	6,249,555
Depreciation and amortization expense	25	10,150,766	3,773,336
Other expenses	26	10,778,110	19,022,545
<b>Total Expenses</b>		<b>170,791,792</b>	<b>260,735,422</b>
Profit before tax		<b>(19,891,649)</b>	<b>172,516,724</b>
<b>Tax expense:</b>			
Current tax expenses		-	55,973,051
Deferred tax charge / (credit)		-	-
<b>PROFIT FOR THE PERIOD</b>		<b>(19,891,649)</b>	<b>116,543,673</b>
<b>EARNINGS PER EQUITY SHARE</b> (Equity shares of par value Rs. 10 each)			
Basic		(0.30)	1.77
Diluted		(0.30)	1.77
<b>Number of shares used in computing earnings per share</b>			
Basic		65,770,000	65,770,000
Diluted		65,770,000	65,770,000

Note: The notes referred to above are an integral part of the Statement Profit and Loss

As per our report attached

For Sarath & Associates  
Chartered Accountants  
Firm Registration No.005120S

For and on behalf of the board of Directors  
**Transgene Biotek limited**

Sd/-  
**P.Sarath Kumar**  
Partner  
Membership No: 021755

Sd/-  
**Dr.K.Koteswara Rao**  
Managing Director

Sd/-  
**S.S.Marathi**  
Director

Hyderabad  
29-05-2013

## TWENTY THIRD ANNUAL REPORT 2012-2013

### CASH FLOW STATEMENT (STANDALONE)

PARTICULARS	As at 31 March 2013	As at 31 March 2012
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit Before Tax	(19,891,649)	172,516,724
<b>Adjustments for :</b>		
Depreciation	10,150,766	3,773,335
Interest and Finance charges	1,978,313	6,186,737
Exchange rate difference from Invst abraod	130,833,524	
Interest received	-	9,217,378
	<b>142,962,602</b>	<b>(742,694)</b>
<b>Operating Profit before working Capital changes</b>	<b>123,070,953</b>	<b>181,734,102</b>
<b>Adjustments for :</b>		
Decrease / (Increase) in Receivables	99,416,161	(214,362,021)
Decrease / (Increase) in Inventories	5,761,146	807,598
Decrease / (Increase) in other current assets	866,770,725	(9,827,961)
Increase / (Decrease) in payables	(109,393,042)	210,358,063
Increase / (Decrease) in Provisions and Other liabilities	10,551,105	83,774,955
Subtract Increase in Prepaid Expenses	-	
Other	873,106,095	- 70,750,634
	<b>996,177,048</b>	<b>252,484,736</b>
Cash generated from operations	<b>996,177,048</b>	<b>252,484,736</b>
Less : Direct Taxes paid		937,376
<b>Net Cash from Operating Activities</b>	<b>996,177,048</b>	<b>253,422,112</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(930,704,428)	(13,556,759)
Product development expenditure	(12,009,228)	(26,034,596)
Capital advances and Investments	(67,919,912)	(1,402,625,861)
Interest received		742,694
	<b>(1,010,633,568)</b>	<b>(1,441,474,522)</b>
<b>Net Cash from Investing Activities</b>	<b>(1,010,633,568)</b>	<b>(1,441,474,522)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of GDRs / Equity Shares		865,000,000
Repayment of Working Capital Term Loan	21,581,176	(27,421,691)
Proceeds / (repayment) Long term borrowings	(4,576,565)	(9,676,747)
Interest Paid	(1,978,313)	(742,694)
	<b>15,026,299</b>	<b>827,158,868</b>
<b>Net Cash from Financing Activities</b>	<b>15,026,299</b>	<b>827,158,868</b>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	<b>569,778</b>	<b>(360,893,542)</b>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	484,377	361,377,919
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<b>1,054,155</b>	<b>484,377</b>

**NOTE:**

1. Figures in brackets indicate cash outgo
2. The above Cash flow statement has been prepared under the indirect method set out in Accounting Standard-3 notified under the Companies Act,1956
3. Significant Accounting policies and other Notes to Accounts form an integral part of the Cash flow Statement
4. Previous year figures have been regrouped/reclassified wherever necessary to confirm to current year classification Vide our report of even date

For Sarath & Associates  
Firm Regn. No: 005120S  
Chartered Accountants

For and On Behalf of the Board

Sd/-  
**P.Sarath Kumar**  
Partner  
Membership No: 021755

Sd/-  
**Dr.K.Koteswara Rao**  
Managing Director

Sd/-  
**S.S.Marathi**  
Director

Hyderabad  
29-05-2013





## TRANSGENE BIOTEK LIMITED

### Notes to financial statements for the year ended 31 March 2013

(All amounts in Indian rupees, except share data and where otherwise stated)

#### 1. SHARE CAPITAL

PARTICULARS	As at 31 March 2013	As at 31 March 2012
<b>Authorised :</b>	₹	₹
<b>Equity Shares</b> (7,50,00,000 Shares of Rs.10 each)	750,000,000	750,000,000
(Previous year 7,50,00,000 equity shares)	<b>750,000,000</b>	<b>750,000,000</b>
<b>Issued, subscribed and paid-up : Equity Shares</b> (6,57,70,000 shares of Rs.10 each fully paid up) (Previous year 6,57,70,000 equity shares)	657,700,000	657,700,000
	<b>657,700,000</b>	<b>657,700,000</b>

The Company has only one class of shares referred to as equity shares having a par value of Rs. 10/- each. Each holder of one equity share is entitled to one vote per share.

In the event of the liquidation of the Company, the holders of shares shall be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. However no such preferential amounts exists currently. The amount distributed will be in proportion to the number of equity shares held by the shareholders

#### The reconciliation of the number of equity shares outstanding is set out below:

Particulars	As at 31 March 2013		As at 31 March 2012	
	Number of shares	Amount	Number of shares	Amount
	₹	₹	₹	₹
Shares outstanding at the beginning of year	65,770,000	657,700,000	40,770,000	407,700,000
	-	-	25,000,000	250,000,000
	<b>65,770,000</b>	<b>657,700,000</b>	<b>65,770,000</b>	<b>657,700,000</b>

#### The Details of shareholder holding more than 5% equity shares is set below :

Particulars	As at 31 March 2013		As at 31 March 2012	
	Number of shares	% of Shareholding	Number of Shares	% of Shareholding
	₹	₹	₹	₹
Dr. K. Koteswara Rao	5,211,902	7.92%	5,211,902	7.92%
The Bank of New York Mellon, DR	7,970,000	12.12%	49,800,000	75.72%

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares

## TWENTY THIRD ANNUAL REPORT 2012-2013

### 2. RESERVES AND SURPLUS

PARTICULARS	As at 31 March 2013	As at 31 March 2012
<b>Security Premium account :</b>	₹	₹
Balance brought forward	1,388,092,501	800,514,197
Additions during the year	-	615,000,000
	<b>1,388,092,501</b>	<b>1,415,514,197</b>
Less: Expenses incurred for issue of securities	-	27,421,696
<b>Closing balance at the end of the year</b>	<b>1,388,092,501</b>	<b>1,388,092,501</b>
<b>Capital Reserve</b>		
Balance Brought forward	891,265,401	891,265,401
Additions during the year	-	-
<b>Closing balance at the end of the year</b>	<b>891,265,401</b>	<b>891,265,401</b>
<b>Warrants Forfeiture reserves</b>		
Balance brought forward	12,250,000	12,250,000
Additions during the year	-	-
<b>Closing balance at the end of the year</b>	<b>12,250,000</b>	<b>12,250,000</b>
<b>Exchange Translation Reserve</b>	<b>130,833,524</b>	
<b>Profit &amp; Loss account</b>		
Balance brought forward	160,180,892	43,637,219
Add : Profit during the year	(19,891,649)	116,543,673
<b>Closing balance in P &amp; L Account</b>	<b>140,289,243</b>	<b>160,180,892</b>
	<b>2,562,730,669</b>	<b>2,451,788,794</b>

### 3. LONG TERMS BORROWINGS

PARTICULARS	As at 31 March 2013	As at 31 March 2012
	₹	₹
Term Loan from Dept. Bio technology, Ministry of Science and Technology, Govt. of India	40,900,000	40,900,000
Working Capital Term Loan from UBI	18,420,739	22,997,304
	<b>59,320,739</b>	<b>63,897,304</b>

\* Term Loans are secured by first pari passu charge on all the present and future fixed assets both movable and immovable property of the Company

\*\* Term loan from Department of Bio Technology (DBT), Ministry of Science and Technology are secured by the whole of movable and immovable properties acquired from the loan sanctioned by the DBT under SBIRI scheme



## TRANSGENE BIOTEK LIMITED

### 4. LONG TERM PROVISIONS

PARTICULARS	As at 31 March 2013	As at 31 March 2012
	₹	₹
Provision for Employees Retirement Benefits	777,167	747,289
Provision for Fringe Benefit Tax	58,368	58,368
Income Tax provision earlier years	56,102,138	690,327
	<b>56,937,673</b>	<b>1,495,984</b>

### 5. SHORT TERM BORROWINGS

PARTICULARS	As at 31 March 2013	As at 31 March 2012
	₹	₹
<i>Loans repayable on demand from parties</i>		
From related parties	124,952,808	100,838,972
From others	40,334,342	42,867,002
	<b>165,287,150</b>	<b>143,705,974</b>

### 6. TRADE PAYABLES

PARTICULARS	As at 31 March 2013	As at 31 March 2012
	₹	₹
Dues of Micro and Small Enterprises	-	-
Dues other than Micro and Small Enterprises	170,854,498	280,247,540
	<b>170,854,498</b>	<b>280,247,540</b>

### 7. OTHER CURRENT LIABILITIES

PARTICULARS	As at 31 March 2013	As at 31 March 2012
	₹	₹
Other payables	10,241,946	-
Statutory Liabilities	3,338,534	2,498,013
	<b>13,580,480</b>	<b>2,498,013</b>

### 8. SHORT TERM PROVISIONS

PARTICULARS	As at 31 March 2013	As at 31 March 2012
	₹	₹
Provision for Current Income Tax	-	55,973,051
	<b>-</b>	<b>55,973,051</b>

**TWENTY THIRD ANNUAL REPORT 2012-2013**

**9. FIXED ASSETS FOR THE YEAR 2012-13**

Sl. No	PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK	
		AS AT 01.04.2012	Additions during the Year	AS AT 31.03.2013	Up to 01.04.12	For the Year upto March 13	Up to 31.03.2013	AS AT 31.03.2013	AS AT 31.03.2012
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1	Land	2,008,003	-	2,008,003	-	-	-	2,008,003	2,008,003
2	Buildings	36,335,703	-	36,335,703	16,433,578	1,213,612	17,647,191	18,688,512	19,902,125
3	Buildings- Temporary Errections	64,917	-	64,917	64,917	-	64,917	-	-
4	Technology	-	930,118,554	930,118,554	-	13,332,039	13,332,039	916,786,515	-
5	Plant & Machinery	92,885,199	-	92,885,199	58,029,954	4,412,047	62,442,001	30,443,198	34,855,245
6	Furniture & Fixtures	1,635,451	-	1,635,451	530,287	103,524	633,811	1,001,640	1,105,164
7	Air Conditioner - Factory	5,692,841	-	5,692,841	5,653,307	39,533	5,692,840	1	39,534
8	Electrical Installations - Factory	3,668,307	-	3,668,307	3,471,242	174,245	3,645,487	22,820	197,065
9	Lab Equipment	16,969,485	-	16,969,485	5,364,643	806,051	6,170,694	10,798,791	11,604,842
10	Office Equipment	2,105,841	-	2,105,841	914,576	100,027	1,014,604	1,091,237	1,191,265
11	Generator	1,177,812	-	1,177,812	819,581	55,946	875,527	302,285	358,231
12	Computers	1,726,618	-	1,726,618	1,694,536	5,674	1,700,210	26,408	32,082
13	Vehicles	619,304	-	619,304	428,249	58,834	487,083	132,221	191,055
	<b>Total ( A )</b>	164,889,481	930,118,554.00	1,095,008,035	93,404,871	20,301,531	113,706,403	981,301,633	71,484,610
	<b>Intangible Assets</b>								
	<b>Intellectual Property Rights</b>	996,700,000	-	996,700,000	-	-	-	996,700,000	996,700,000
	<b>Capital Work in Progress-Buildings(B)</b>	2,304,432	585,874.00	2,890,306	-	-	-	2,890,306	2,304,432
	<b>Total (A+B)</b>	1,163,893,913	930,704,428	2,094,598,341	93,404,871	20,301,531	113,706,403	1,980,891,939	1,070,489,042
	<b>Previous Year</b>	1,150,337,154	13,556,759	1,163,893,913	85,858,202	7,546,669	93,404,871	1,070,489,042	1,064,478,952



## TRANSGENE BIOTEK LIMITED

<b>10. NON CURRENT INVESTMENTS</b>		
<b>PARTICULARS</b>	<b>As at 31 March 2013</b>	<b>As at 31 March 2012</b>
	₹	₹
<i>In Subsidiaries : Transgene Biotek HK Limited</i> (16,952,001 Shares of US\$ 1.00 each) (translated into INR @ 54.3893 per 1 US\$) (as on 31st March 2013)	922,009,728	46
	<b>922,009,728</b>	<b>46</b>
<b>11. LONG TERM LOANS AND ADVANCES</b>		
<b>PARTICULARS</b>	<b>As at 31 March 2013</b>	<b>As at 31 March 2012</b>
	₹	₹
(Unsecured, considered good except stated Otherwise)		
Advance for acquiring for Technologies/Patents/ Know-how	247,839,853	1,098,841,620
Earnest Money Deposit with Govt/ Other authorities	8,455,000	11,543,003
	<b>256, 294,853</b>	<b>1,110,384,623</b>
<b>12. OTHER NON-CURRENT ASSETS</b>		
<b>PARTICULARS</b>	<b>As at 31 March 2013</b>	<b>As at 31 March 2012</b>
	₹	₹
(Unsecured, considered good except stated Otherwise)		
Product Development Expenditure	302,408,768	280,248,774
Technology Development cost	17,476,633	17,476,633
	<b>319,885,401</b>	<b>297,725,407</b>
<b>13. INVENTORIES</b>		
<b>PARTICULARS</b>	<b>As at 31 March 2013</b>	<b>As at 31 March 2012</b>
	₹	₹
(Value at lower of cost and net realizable value)		
Raw Material and Consumables	842,525	1,900,242
Finished Goods	1,634,071	6,337,500
	<b>2,476,596</b>	<b>8,237,742</b>
<b>14. TRADE RECIVABLES</b>		
<b>PARTICULARS</b>	<b>As at 31 March 2013</b>	<b>As at 31 March 2012</b>
	₹	₹
(Unsecured, considered good except stated Otherwise)		
Debts outstanding for a period exceeding six months from the date they are due for payment	-	69,390,843
Other Debts	184,334,219	214,359,537
	<b>184,334,219</b>	<b>283,750,380</b>

## TWENTY THIRD ANNUAL REPORT 2012-2013

### 15. CASH AND CASH EQVALENTS

PARTICULARS	As at 31 March 2013	As at 31 March 2012
	₹	₹
Cash on Hand	103,479	175,781
<b>Balance with Schedule Banks</b>	-	
In current accounts	919,979	155,148
In deposit accounts	698	86,837
Balance with Non Schedule Bank	30,000	66,611
	<b>1,054,155</b>	<b>484,377</b>

PARTICULARS	As at 31 March 2013	As at 31 March 2012
	₹	₹
<b>Balance with Banks in current accounts</b>		
Karur vysya bank	25	25
Union Bank of India	208	22,270
Andhra Bank- Srinagar colony	5,107	5,557
Andhra Bank -S.R.Nagar	3,824	3,824
Axis Bank Ltd	526,147	53,186
Bank of India -Ameerpet	2,544	2,544
Bank of India -Tanuku	61,562	2,790
Bank of India -nidadavolu	228,261	12,585
Bank of India -Tadepalligudem	60,980	41,046
ICICI Bank	1,225	1,225
Indus Ind Bank	10,000	
Union Bank of India	7,636	7,636
Yes Bank	10,000	
Indian Bank	2,460	2,460
	919,979	155,148
In deposit accounts		
Union Bank of India (SIBRI)	698	86,837
	698	86,837
Balance with Non Scheduled Banks		
HSBC	30,000	30,000
Investic Bank (USA)	-	36,611
	30,000	66,611
	<b>950,677</b>	<b>308,596</b>

### 16. SHORT TERM LOANS AND ADVANCES

PARTICULARS	As at 31 March 2013	As at 31 March 2012
	₹	₹
Unsecured, Considered good		
<b>Others (including a wholly owned subsidiary)</b>		
Share application money in	-	
Transgene Biotek H.K Ltd., Hong Kong	-	867,204,988
Other Advances	6,677,303	6,311,303
Salary Advance	118,042	454,945
Rent Deposits	150,000	150,000
Advance to Creditors	10,853,938	10,324,318
	<b>17,799,283</b>	<b>884,445,554</b>



## TRANSGENE BIOTEK LIMITED

### 17. OTHER CURRENT ASSETS

PARTICULARS	As at 31 March 2013	As at 31 March 2012
	₹	₹
(Unsecured, considered good except stated Otherwise)		
CENVAT Credit	614,660	614,660
Prepaid Expenditure	-	5,043
With Holding Tax Receivables	1,003,996	1,003,996
Sales tax Credit (VAT)	46,376	165,788
	<b>1,665,033</b>	<b>1,789,487</b>

### 18. REVENUE FROM OPERATIONS

PARTICULARS	As at 31 March 2013	As at 31 March 2012
	₹	₹
Revenue from Diagnostic Services	5,616,908	11,094,320
Sales (Net of Taxes and Duties)	144,688,035	226,425,589
Sale of Technology	-	25,000,000
	<b>150,304,943</b>	<b>262,519,909</b>

### 19. OTHER INCOME

PARTICULARS	As at 31 March 2013	As at 31 March 2012
	₹	₹
Interest earned	-	742,694
Forex gain on Capital Advances		169,989,543
Miscellaneous Income	595,200	-
	<b>595,200</b>	<b>170,732,237</b>

### 20. COST OF MATERIAL CONSUMED

PARTICULARS	As at 31 March 2013	As at 31 March 2012
	₹	₹
Opening Stock	1,900,242	121,840
Add: Purchases	817,364	17,320,431
	<b>2,717,606</b>	<b>17,442,271</b>
Less: Closing Stock	842,525	1,900,242
	<b>1,875,081</b>	<b>15,542,029</b>
Less: Material Consumed for Product Development	760,825	11,489,709
	<b>1,114,256</b>	<b>4,052,320</b>

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### 21. PURCHASE OF TRADED GOODS

PARTICULARS	As at 31 March 2013	As at 31 March 2012
	₹	₹
Opening Stock	-	8,923,500
Add: Purchases	136,642,400	206,427,460
Less: Closing Stock	-	-
	<b>136,642,400</b>	<b>215,350,960</b>

### 22. (INCREASE)/DECREASE IN FINISHED GOODS

PARTICULARS	As at 31 March 2013	As at 31 March 2012
	₹	₹
<i>Traded, Raw material and Finished Goods Inventories at the end of the year</i>		
Traded Goods	-	-
Finished Goods	1,634,071	6,337,500
Raw material and Consumables	-	1,900,242
	<b>1,634,071</b>	<b>8,237,742</b>
<i>Inventories at the beginning of the year</i>		
Raw material and Consumables	-	121,840
Finished Goods	6,337,500	8,923,500
	<b>6,337,500</b>	<b>9,045,340</b>
	<b>4,703,429</b>	<b>807,598</b>

### 23. EMPLOYEE BENEFIT EXPENSES

PARTICULARS	As at 31 March 2013	As at 31 March 2012
	₹	₹
Salaries, wages and bonus	4,649,828	10,893,206
Contribution to provident fund and other funds	576,970	104,896
Gratuity expenses	29,878	116,372
Staff welfare expenses	167,843	364,636
	<b>5,424,519</b>	<b>11,479,110</b>





## TRANSGENE BIOTEK LIMITED

### 24. FINANCIAL COSTS

PARTICULARS	As at 31 March 2013	As at 31 March 2012
	₹	₹
Interest to Banks and Financial institutions	1,924,596	6,186,737
Bank charges	53,717	62,818
	<b>1,978,313</b>	<b>6,249,555</b>

### 25. DEPRECIATION AND AMORTIZATION EXPENSE

PARTICULARS	As at 31 March 2013	As at 31 March 2012
	₹	₹
Depreciation as per IX note	20,301,531	7,546,672
Depreciation transferred to Product Development exp	(10,150,766)	(3,773,336)
	<b>10,150,766</b>	<b>3,773,336</b>

### 26. OTHER EXPENSES

PARTICULARS	As at 31 March 2013	As at 31 March 2012
	₹	₹
Conversion Charges	42,000	5,615,867
Power and Fuel	1,554,279	1,823,793
Rent, rates, Taxes and fees	775,991	933,648
Printing and Stationery	218,924	223,764
Postage and Telephone	268,238	343,700
Insurance	125,335	102,649
Legal and Professional charges	1,142,333	3,281,756
Directors sitting fee	-	8,000
Remuneration to Auditors	168,540	165,450
Sales Commission	-	573,018
Rebate and Discounts	166,414	79,965
Travelling, Transport and Conveyance	369,999	634,887
Vehicle maintenance and hire charges	251,874	632,293
Referral expenses	1,331,995	1,384,656
Advertisement	37,113	146,280
Books, Periodicals and Subscriptions	-	9,556
Prior Period Expenses	600,000	-
Miscellaneous expenses	3,725,076	3,063,260
	<b>10,778,110</b>	<b>19,022,542</b>

## TWENTY THIRD ANNUAL REPORT 2012-2013

### SCHEDULE TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31<sup>st</sup>, 2013

#### Significant Accounting Policies, Notes and Notes Forming Part of the Accounts:

#### 1. SIGNIFICANT ACCOUNTING POLICIES

##### A. Basis of preparation of financial statements:

The accompanying financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accruals basis. GAAP comprises mandatory accounting standards issued by the Institute of Chartered Accountants of India (ICAI), the provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India. Accounting policies have been consistently applied and management evaluates all recently issued or revised accounting standards on an ongoing basis.

##### 1. Fixed Assets and Depreciation:

Fixed Assets are stated at cost less accumulated depreciation. Cost includes all expenses related to acquisition and installation of the concerned assets and, any attributable cost of bringing the asset to the condition of its intended use.

Depreciation is provided under the straight-line method based on useful life of assets as estimated by the Management. Depreciation is charged on a monthly pro-rata basis for assets purchased / sold during the year. Individual assets acquired for less than Rs. 5,000 are entirely depreciated in the year of acquisition. Out of the total Depreciation on Assets, 50% is transferred to Product development expenses account as 50% of the assets is used for Product Development purpose. The Management's estimate of useful life for various fixed assets is as under:

Asset	Useful life of Asset in years
Buildings	30
Lab Equipment	15
Mis.Fixed Assets	20
Air Conditioners	15
Office Equipment	15
Electrical Instillation	15
Generator	15
Furniture and Fixtures	15
Plant and Machinery	20
Vehicles	10
Technology	14

2. **REVENUE RECOGNITION** : Revenue for the company is from sales of products and medical diagnostic services. Revenue from sales and services are recognized on formal acceptance by the customer/patient.

##### 3. INVENTORIES

Raw Materials/Inventory - At the cost or the net realizable value whichever is less is considered. Cost is determined on a First in First out basis.

Finished Goods - At the cost or the net realizable value whichever is less is considered.



## TRANSGENE BIOTEK LIMITED

4. Expenditure on the ongoing product development for “Meningitis Vaccine, Erythropoietin, Tacrolimus, Statins (Orlistat, Lovastatin Pravastatin), Cancer products and Oral Insulin will be capitalized and written off over a period of the expected useful life of the respective products after obtaining commercial license/commencement of commercial production of the same.

(Amount in Rupees)

Opening Balance	Additions *	Closing Balance
29,77,25,407	22,159,994	319,885,401

\* Total amount incurred on development of products during 2012-13

The management is of the opinion that the product development expenditure incurred on the products is technically feasible to generate future economic benefits and the company has sufficient technical and financial resources to complete it.

### 5. RETIREMENT BENEFITS

- A) The Company is contributing to the Employees Provident fund maintained under the Employees Provident Fund Scheme by the Central Government.
- B) Leave encashment will be debited to profit and loss account as and when it has Been paid.
- C) The Company is contributing to the Employees Gratuity fund maintained under the GGCA Fund Scheme by the LIC of India.

### 6. INTERNALLY GENERATED INTANGIBLE ASSETS

Direct and indirect costs incurred during planning stage, and on operational activities charged to revenue in the year in which it has incurred.

Direct cost incurred on application & infrastructure development, design and content development stages are capitalized if and only if (i) it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and (ii) the cost of the asset can be measured reliably. Indirect cost incurred during application, infrastructure, development stage are charged to revenue.

### 7. EARNINGS PER SHARE

In determining earnings per share, the company considers the net profit after tax. The number of shares used in computing basic earnings per share is the Total number of shares outstanding at the end of the year. The number of shares used in computing diluted earnings per share comprises the weighted average shares outstanding at the end of the year.

### 8. CASH FLOW STATEMENT

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the company are segregated. Cash flows in foreign currencies are accounted at average monthly exchange rates that approximate the actual rates exchange prevailing at the dates of the transactions.

### 9. INCOME-TAX

Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax is not provided as per AS-22, which is unable to determine.

## TWENTY THIRD ANNUAL REPORT 2012-2013

### NOTES FORMING PART OF THE ACCOUNTS

1. Previous year figures have been regrouped and reclassified according to the groupings and Classifications made for the current financial year.
2. Contingent Liabilities are not provided for in respect of

		(₹. In Lacs)	
		2012 – 13	2011-12
(i)	Customs Duty Demands disputed by the Company	64.42	64.42
(ii)	Claims lodged against the Company	40.00	40.00

3. Contracts remaining to be executed on Capital Account are Rs. 8705.73 Lakhs (Previous year Rs.8705.73 Lakhs).

4. The Department of Biotechnology has sanctioned a loan amount of Rs.4.09 crores under Small Business Innovative Research Initiative (SBIRI) scheme for the novel technology up gradation of orlistat research, for which a charge against movable and Immovable assets acquired from utilization of the said loan amount has been created.

5. The following are the Related Party Disclosures as per the AS-18 as notified under the Companies Act 1956.

#### A) KEY MANAGEMENT PERSONNEL:

Dr. K. Koteswara Rao : Managing Director  
Transgene Biotek HK Limited : Wholly owned subsidiary

#### B) The following are the transactions made with related parties:

Name of the Party	Nature of Transaction	Amount ₹ in Lakhs	2012-13 Balance Outstanding as on 31.3.2013 ₹ in Lakhs	Amount ₹ in Lakhs	2011-12 Balance Outstanding as on 31.3.2012 ₹ in lakhs
Dr. K.Koteswara Rao	Remuneration Paid	13.57	25.50	11.15	11.93
	Loan Received	142.44	-	32.23	-
	Repayment of Loan	-	1150.83	29.25	1008.39
K. Nirmala Rao	Loan Received	76.29	76.29	-	-
K. Lakshmidhar Rao	Payment of Consultancy Charges	23.64	22.40	-	-
P. Nayayana Murthy	Remuneration Paid	8.39	-	9.96	4.28

6. In the opinion of the Board, current assets, loans and advances are realizable at a value, which is at least equal to the amount, at which these are stated, in the ordinary course of business. Balances of sundry debtors, sundry creditors, loans and advances, and other parties are subject to independent confirmation from the respective parties.

7. Additional information pursuant to Part II of Schedule VI to the Companies Act, 1956 to the extent relevant.  
Particulars of Capacities and Production

		2012-13		2011-12		
	Unit licensed	Installed	Production /Purchases	Sales	Production	Sales
Bio Chemistry	Tests	129 Lacs	NA	NIL	NIL	NIL
Immunology	Tests	166 Lacs	NA	NIL	NIL	NIL
Elisa	Tests	293 Lacs	NA	NIL	NIL	NIL
Traded Goods	NA	NA	1366.42	1446.88	2153.51	2261.06
			Lacs	Lacs	Lacs	Lacs



## TRANSGENE BIOTEK LIMITED

8. The Company is engaged in Diagnostic Services and trading of Bulk Drugs which as per accounting standard (AS) 17 is considered the business segments.

Particulars	Diagnostic Services ₹ in Lakhs	Bulk Drugs ₹ in lakhs	API-DHA ₹ in Lakhs	Total ₹ in Lakhs
Revenue	56.2	1361.22	85.63	1503.05
Identifiable operating expenses	49.02	1366.39	237.39	1652.8
Segment operating income	7.18	-5.17	-151.76	-149.75
Other Income				5.95
Total				-143.8
Unallocable expenses				55.11
Net profit before tax				-198.91

### 9. AUDITORS REMUNERATION

	2012-2013 Amount ₹	2011-2012 Amount ₹
As Auditors	1,00,000	1,00,000
For Tax Audit	50,000	50,000
Service Tax	18,540	15,450
<b>TOTAL</b>	<b>1,68,450</b>	<b>1,65,450</b>

### 10. EARNINGS PER SHARE

	2012-13(₹)	2011-12 (₹)
a) Profit attributable to the Equity Share Holders	(19,891,649)	116,543,673
b) Weighted Average Number of equity shares at the end of the year	65,770,000	65,770,000
c) <b>Earning per Equity Share of Rs.10/- each</b>		
Basic	(0.30)	1.77
Diluted	(0.30)	1.77

### 11. Remuneration to directors for the year ended 31.3.2013:

Particulars	March 31 <sup>st</sup> ,2013	March 31 <sup>st</sup> ,2012
Salaries and other allowances	22,03,765	21,11,000
Contribution to provident fund	9360	9360
	22,13,125	21,20,360

### 12. EXPENDITURE IN FOREIGN CURRENCY:

	2012-13 (Amount ₹.)	2011-12 (Amount ₹.)
A) Fee For Technical Services	NIL	32,41,200
B) Lead Manager fee for GDR Issue	NIL	2,74,21,696
<b>13. Particulars In Earnings in Foreign Currency:</b>	<b>NIL</b>	<b>NIL</b>
<b>14. CIF Value of Imports</b>	<b>NIL</b>	<b>23,94,808</b>

## TWENTY THIRD ANNUAL REPORT 2012-2013

### 15. Product Development Expenses comprise:

Personnel costs:	2012-13	2011-12
<b>Salaries</b>		
a) Bio- Therapeutics	1,162,457	3,025,005
b) NDDS	232,491	605,001
c) Immunosuppressants	464,983	907,502
d) Vaccines	-	907,502
e) Statins	464,983	605,001
	<b>2,324,914</b>	<b>6,050,011</b>

### Stores & Spare and Consumables

a) Bio- Therapeutics	380,413	5,750,000
b) NDDS	76,083	1,150,000
c) Immunosuppressants	152,165	2,300,000
d) Statins	152,165	2,300,000
	<b>760,825</b>	<b>11,500,000</b>

### Depreciation & Repairs

a) Bio- Therapeutics	5,075,383	1,886,667
b) Immunosuppressants	2,537,692	754,667
c) Vaccines	-	377,333
d) Statins	2,537,692	754,667
	10,150,766	<b>3,773,334</b>

### Clinical Research Expenses

a) M.M.Vaccine	-	-
b) Cancer Drugs		651,462
c) Immunosuppressants		488,596
d) Statins		488,596
	-	<b>1,628,654</b>

### Traveling, Conveyance & Vehicle expenses

a) M.M.Vaccine		20,970
b) Bio-therapeutics		41,939
c) Vaccines		52,424
d) Statins and Immunosuppressants		94,364
	-	<b>209,697</b>

16. The Company had in the earlier years, recognized Forex Gain on Capital Advances under other Income and was passed through Profit & Loss Account. During the year under review, the management had, considered the same as Exceptional item and this being a non-monetary item, categorized under "Exchange Translation Reserve" under the head "Reserves & Surplus". The impact due to change in the Accounting Policy is Rs. 1308.33 Lakhs.



## TRANSGENE BIOTEK LIMITED

### 17. Details of opening stock, closing stock, purchase and sales for the year ended March 31:

Particulars	UOM	Quantity		Value	
		2013	2012	2013	2012
		₹		₹	
<b>Inventory:</b>					
Opening Stock	Gms	Nil	2,198	Nil	89,23,500
Purchases	Gms	24550	55,930	137,459,764	21,53,50,960
Sales	Gms&Kgs	24550&668	58,128	150,304,943	22,61,06,039
Closing Stock	Kgs	307	Nil	24,76,596	Nil

18. Periodically the Company evaluates all customers due to the company for collectables. The need for provisions is assessed based on the various factors including collectables of specific dues, risk perceptions of the industry in which the customers operate, and general economic factors, which could affect the customer's ability to settle.

19. Notes 1 to 26 form integral part of the Balance Sheet and Profit & Loss Account and have been duly authenticated.

Vide our report of even date  
For Sarath & Associates  
Firm Regn. No: 005120S  
Chartered Accountants

For and on behalf of the Board  
for TRANSGENE BIOTEK LIMITED

Sd/-  
**P. Sarath Kumar**  
Partner  
Membership No: 021755

Sd/-  
**Dr.K.Koteswara Rao**  
Managing Director

Sd/-  
**S.S. Marthi**  
Director

Hyderabad  
29.05.2013

## TWENTY THIRD ANNUAL REPORT 2012-2013

### **Independent Auditors' Report to the Board of Directors of M/s. TRANSGENE BIOTEK LIMITED on the Consolidated Financial Statements of Transgene Biotek Limited and its Subsidiaries**

#### **Report on the Financial Statements**

We have audited the attached consolidated financial statements of **M/S. TRANSGENE BIOTEK LIMITED** ("the company") which comprises the Balance sheet as at 31st March 2013, the consolidated Statement of Profit and Loss for the year ended, the consolidated Cash flow Statement for the year and a summary of significant accounting policies and other explanatory information.

#### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation of these financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flow of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

*We did not audit the financial statements of those subsidiaries whose financial statements reflect their share of total assets (net) of ₹(2.03/-) Lakhs as at 31st March, 2013, their total share of loss before tax of ₹ (4.52/-) Lakhs and their net cash inflows amounting to ₹ ( 0.85/-) Lakhs for the year ended on that date as considered in the consolidated financial statements. Further, an amount of ₹ 9,217.35 Lakhs was given as Advances for development of technology by the Overseas Subsidiary Company, out of GDR proceeds during the immediately preceeding previous year, which was not covered by our audit. These financial statements and other financial information of these subsidiaries have been audited by other Auditors and in our opinion in so far as it relates to the amounts included in respect of these subsidiaries, are based solely on the reports of such other Auditors.*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conduct our audit in accordance with the Standards

on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the Consolidated financial statement give a true and fair view in conformity with the accounting principles generally accepted in India:

1. In the case of the Consolidated Balance Sheet, of the state of affairs of the Company as at 31st March 2013;
2. In the case of the Consolidated Statement of Profit and Loss, of the *Profit* for the year ended on that date; and
3. In the case of the Consolidated Cash Flow Statement of the cash flows for the year ended on that date.

For **SARATH & ASSOCIATES**  
**Chartered Accountants**  
Firm Regn. No. 005120S

Sd/-

**P. Sarath Kumar**  
**Partner**

**Membership No. 021755**

Hyderabad  
29.05.2013





## TRANSGENE BIOTEK LIMITED

### CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2013

Particulars	Note	As at 31 March 2013	
		2013	2012
		₹	₹
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholder's Funds</b>			
Share Capital	1	657,700,000	657,700,000
Reserves and Surplus	2	2,561,659,537	2,451,208,921
<b>Non-Current Liabilities</b>			
Long-term borrowings	3	59,320,739	63,897,304
Long term provisions	4	56,937,673	1,495,984
<b>Current Liabilities</b>			
Short-term borrowings	5	165,287,150	143,705,974
Trade payables	6	170,854,498	280,656,639
Other current liabilities	7	14,448,152	2,498,013
Short-term provisions	8	-	55,973,051
<b>Total Equity and Liabilities</b>		<b>3,686,207,748</b>	<b>3,657,135,886</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets	9		
(i) Tangible assets		981,301,633	71,484,610
(ii) Intangible assets		996,700,000	996,700,000
Capital work-in-progress		2,890,306	2,304,432
Long term loans and advances	10	1,178,030,320	1,977,333,829
Other non-current assets	11	319,885,401	297,725,407
<b>Current assets</b>			
Inventories	12	2,476,596	8,237,743
Trade receivables	13	184,334,219	283,750,380
Cash and cash equivalents	14	1,054,108	569,431
Short-term loans and advances	15	17,799,283	17,240,566
Other current assets	16	1,735,882	1,789,488
<b>Total Assets</b>		<b>3,686,207,748</b>	<b>3,657,135,886</b>

Note: The notes referred to above are an integral part of the Balance Sheet.

As per our report attached  
For Sarath & Associates  
Chartered Accountants  
Firm Registration No.005120S

For and on behalf of the board of Directors  
**Transgene Biotek limited**

Sd/-  
**P Sarath Kumar**  
Partner  
Membership No. 021755

Sd/-  
**Dr. K. Koteswara Rao**  
Managing Director

Sd/-  
**S.S. Marthi**  
Director

Hyderabad  
29.05.2013

## TWENTY THIRD ANNUAL REPORT 2012-2013

### Consolidated Statement of Profit and Loss Account for the ended 31st March 2013

Particulars	Note	For the Year ended 31 March 2013	For the Year ended 31 March 2012
		₹	₹
<b>INCOME</b>			
Revenue from operations	17	150,304,943	262,519,909
Other Income	18	595,200	170,732,237
<b>Total Income</b>		<b>150,900,143</b>	<b>433,252,146</b>
<b>EXPENSES</b>			
Cost of materials consumed	19	1,114,256	4,052,320
Purchase of Traded goods	20	136,642,400	215,350,960
(Increase)/ decrease in finished goods	21	4,703,429	807,598
Employee benefit expense	22	5,424,519	11,479,110
Financial costs	23	1,997,893	6,249,555
Depreciation and amortization expense	24	10,150,766	3,773,336
Other expenses	25	11,210,831	19,602,415
<b>Total Expenses</b>		<b>171,244,093</b>	<b>261,315,294</b>
Profit before tax		(20,343,950)	171,936,851
<b>Tax expense:</b>			
Current tax expenses		-	55,973,051
Deferred tax		-	-
<b>PROFIT FOR THE PERIOD</b>		<b>(20,343,950)</b>	<b>115,963,800</b>
<b>EARNINGS PER SHARE</b>			
Equity shares of par value of Rs. 10 each			
Basic		(0.31)	1.91
Diluted		(0.31)	1.91
<b>Number of shares used in computing earnings per share:</b>			
Basic		65,770,000	65,770,000
Diluted		65,770,000	65,770,000

*Note: The notes referred to above are an integral part of the Statement of Profit and Loss*

As per our report attached  
For Sarath & Associates  
Chartered Accountants  
Firm Registration No.005120S

For and on behalf of the board of Directors  
**Transgene Biotek limited**

Sd/-  
**P Sarath Kumar**  
Partner  
Membership No. 021755

Sd/-  
**Dr. K. Koteswara Rao**  
Managing Director

Sd/-  
**S.S. Marthi**  
Director

Hyderabad  
29.05.2013



## TRANSGENE BIOTEK LIMITED

### CASH FLOW STATEMENT (CONSOLIDATED)

PARTICULARS	As at 31 March 2013	As at 31 March 2012
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit Before Tax	(20,343,950)	172,516,724
Adjustments for :		
Depreciation	10,150,766	3,773,335
Interest and Finance charges	1,997,893	6,186,737
Exchange rate difference from Invst abraod	130,794,566	
Interest received	-	9,217,378
	<b>142,943,224</b>	<b>(742,694)</b>
<b>Operating Profit before working Capital changes</b>	<b>122,599,274</b>	<b>181,734,102</b>
Adjustments for :		
Decrease / (Increase) in Receivables	99,416,161	(214,362,021)
Decrease / (Increase) in Inventories	5,761,147	807,598
Decrease / (Increase) in other current assets	558,717	(9,827,961)
Increase / (Decrease) in payables	(109,802,141)	210,358,063
Increase / (Decrease) in Provisions and Other liabilities	11,418,777	83,774,955
Subtract Increase in Prepaid Expenses		-
Other	7,352,661	70,750,634
	<b>129,951,935</b>	<b>252,484,736</b>
<b>Cash generated from operations</b>	<b>129,951,935</b>	<b>252,484,736</b>
Less : Direct Taxes paid		937,376
<b>Net Cash from Operating Activities</b>	<b>129,951,935</b>	<b>253,422,112</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(930,704,428)	(13,556,759)
Product development expenditure	(22,141,132)	(26,034,596)
Capital advances and Investments	799,303,509	(1,402,625,861)
Interest received		742,694
<b>Net Cash from Investing Activities</b>	<b>(153,542,051)</b>	<b>(1,441,474,522)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of GDRs / Equity Shares		865,000,000
Repayment of Working Capital Term Loan	21,581,176	(27,421,691)
Proceeds / (repayment) Long term borrowings	4,576,565	(9,676,747)
Interest Paid	(1,997,893)	(742,694)
<b>Net Cash from Financing Activities</b>	<b>24,159,848</b>	<b>827,158,868</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>569,731</b>	<b>(360,893,542)</b>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	484,377	361,377,919
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<b>1,054,108</b>	<b>484,377</b>

**NOTE:**

1. Figures in brackets indicate cash outgo
2. The above Cash flow statement has been prepared under the indirect method set out in Accounting Standard-3 notified under the Companies Act,1956
3. Significant Accounting policies and other Notes to Accounts form an integral part of the Cash flow Statement
4. Previous year figures have been regrouped/reclassified wherever necessary to confirm to current year classification Vide our report of even date

For Sarath & Associates  
Firm Regn. No: 005120S  
Chartered Accountants

Sd/-  
**P.Sarath Kumar**  
Partner  
Membership No: 021755

Hyderabad  
29-05-2013

For and on behalf of the board of Directors  
**Transgene Biotek limited**

Sd/-  
**Dr.K.Koteswara Rao**  
Managing Director

Sd/-  
**S.S.Marathi**  
Director

## TWENTY THIRD ANNUAL REPORT 2012-2013

### Notes to financial statements for the year ended 31 March 2013

(All amounts in Indian rupees, except share data and where otherwise stated)

#### 1. SHARE CAPITAL

PARTICULARS	As at 31 March 2013	As at 31 March 2012
<b>Authorised :</b>		
<b>Equity Shares</b>		
(7,50,00,000 Shares of Rs.10 each)	750,000,000	750,000,000
(Previous year 7,50,00,000 equity shares)	<u>750,000,000</u>	<u>750,000,000</u>
<b>Issued, subscribed and paid-up :</b>		
<b>Equity Shares</b>		
(6,57,70,000 shares of Rs.10 each fully paid up)	657,700,000	657,700,000
(Previous year 6,57,70,000 equity shares)	<u>657,700,000</u>	<u>657,700,000</u>

The Company has only one class of shares referred to as equity shares having a par value of Rs. 10/- each. Each holder of one equity share is entitled to one vote per share.

In the event of the liquidation of the Company, the holders of shares shall be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. However no such preferential amounts exists currently. The amount distributed will be in proportion to the number of equity shares held by the shareholders

#### The reconciliation of the number of equity shares outstanding is set out below:

Particulars	As at 31 March 2013		As at 31 March 2012	
	Number of shares	Amount	Number of shares	Amount
Shares outstanding at the beginning of year	65,770,000	657,700,000	40,770,000	407,700,000
Shares issued during the year	-	-	25,000,000	250,000,000
Shares Outstanding at the end of the year	<b>65,770,000</b>	<b>657,700,000</b>	<b>65,770,000</b>	<b>657,700,000</b>
	As at 31 March 2013		As at 31 March 2012	
Name of the Shareholders	Number of shares	% of Shareholding	Number of shares	% of Shareholding
Dr. K. Koteswara Rao	5,211,902	7.92%	5,211,902	7.92%
The Bank of New York Mellon, DR	7,970,000	12.12%	49,800,000	75.72%

\*\* As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares



## TRANSGENE BIOTEK LIMITED

### 2. RESERVES AND SURPLUS

PARTICULARS	As at 31 March 2013	As at 31 March 2012
<b>Security Premium account :</b>		
Balance brought forward	1,388,092,501	800,514,197
Additions during the year	-	615,000,000
	<b>1,388,092,501</b>	<b>1,415,514,197</b>
<b>Less:</b> Expenses incurred for issue of securities	-	27,421,696
<b>Closing balance at the end of the year</b>	<b>1,388,092,501</b>	<b>1,388,092,501</b>
<b>Capital Reserve</b>		
Balance Brought forward	891,265,401	891,265,401
Additions during the year	-	-
<b>Closing balance at the end of the year</b>	<b>891,265,401</b>	<b>891,265,401</b>
<b>Warrants Forfeiture reserves</b>		
Balance brought forward	12,250,000	12,250,000
Additions during the year	-	-
<b>Closing balance at the end of the year</b>	<b>12,250,000</b>	<b>12,250,000</b>
Exchange Translation Gain	130,794,566	
<b>Profit &amp; Loss account</b>		
Balance brought forward	159,601,019	43,637,219
<b>Add :</b> Profit during the year	(20,343,950)	115,963,800
<b>Closing balance in P &amp; L Account</b>	<b>270,051,635</b>	<b>159,601,019</b>
	<b>2,561,659,537</b>	<b>2,451,208,921</b>

### 3. LONG TERMS BORROWINGS

PARTICULARS	As at 31 March 2013	As at 31 March 2012
Term Loan from Dept. Bio technology, Ministry of Science and Technology, Govt. of India	40,900,000	40,900,000
Working Capital Term Loan from UBI	18,420,739	22,997,304
	<b>59,320,739</b>	<b>63,897,304</b>

\* Term Loans are secured by first pari passu charge on all the present and future fixed assets both movable and immovable property of the Company

\*\* Term loan from Department of Bio Technology (DBT), Ministry of Science and Technology are secured by the whole of movable and immovable properties acquired from the loan sanctioned by the DBT under SBIRI scheme

## TWENTY THIRD ANNUAL REPORT 2012-2013

### 4. LONG TERM PROVISIONS

PARTICULARS	As at 31 March 2013	As at 31 March 2012
Provision for Employees Retirement Benefits	777,167	747,289
Provision for Fringe Benefit Tax	58,368	58,368
Income Tax provision earlier years	56,102,138	690,327
	<b>56,937,673</b>	<b>1,495,984</b>

### 5. SHORT TERM BORROWINGS

PARTICULARS	As at 31 March 2013	As at 31 March 2012
<i>Loans repayable on demand from parties</i>		
From related parties	124,952,808	100,838,972
From others	40,334,342	42,867,002
	<b>165,287,150</b>	<b>143,705,974</b>

### 6. TRADE PAYABLES

PARTICULARS	As at 31 March 2013	As at 31 March 2012
Dues of Micro and Small Enterprises	-	-
Dues other than Micro and Small Enterprises	170,854,498	280,656,639
	<b>170,854,498</b>	<b>280,656,639</b>

### 7. OTHER CURRENT LIABILITIES

PARTICULARS	As at 31 March 2013	As at 31 March 2012
Other payables	11,109,618	-
Statutory Liabilities	3,338,534	2,498,013
	<b>14,448,152</b>	<b>2,498,013</b>

### 8. SHORT TERM PROVISIONS

PARTICULARS	As at 31 March 2013	As at 31 March 2012
Provision for Current Income Tax	-	55,973,051
	<b>-</b>	<b>55,973,051</b>



## TRANSGENE BIOTEK LIMITED

9. FIXED ASSETS FOR THE YEAR 2012-13		GROSS BLOCK						DEPRECIATION				NET BLOCK	
		SI. No	PARTICULARS	AS AT 01.04.2012	Additions during the Year	AS AT 31.03.2013	Up to 01.04.12	For the Year upto March 13	Up to 31.03.2013	AS AT 31.03.2013	AS AT 31.03.2012		
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.			
1	Land	2,008,003	-	2,008,003	-	-	-	-	2,008,003	2,008,003			
2	Buildings	36,335,703	-	36,335,703	16,433,578	1,213,612	17,647,191	18,688,512	19,902,125				
3	Buildings- Temporary Errections	64,917	-	64,917	64,917	-	64,917	-	-				
4	Technology	-	930,118,554	930,118,554	-	13,332,039	13,332,039	916,786,515	-				
5	Plant & Machinery	92,885,199	-	92,885,199	58,029,954	4,412,047	62,442,001	30,443,198	34,855,245				
6	Furniture & Fixtures	1,635,451	-	1,635,451	530,287	103,524	633,811	1,001,640	1,105,164				
7	Air Conditioner - Factory	5,692,841	-	5,692,841	5,653,307	39,533	5,692,840	1	39,534				
8	Electrical Installations - Factory	3,668,307	-	3,668,307	3,471,242	174,245	3,645,487	22,820	197,065				
9	Lab Equipment	16,969,485	-	16,969,485	5,364,643	806,051	6,170,694	10,798,791	11,604,842				
10	Office Equipment	2,105,841	-	2,105,841	914,576	100,027	1,014,604	1,091,237	1,191,265				
11	Generator	1,177,812	-	1,177,812	819,581	55,946	875,527	302,285	358,231				
12	Computers	1,726,618	-	1,726,618	1,694,536	5,674	1,700,210	26,408	32,082				
13	Vehicles	619,304	-	619,304	428,249	58,834	487,083	132,221	191,055				
	<b>Total ( A )</b>	164,889,481	930,118,554	1,095,008,035	93,404,871	20,301,531	113,706,403	981,301,633	71,484,610				
	<b>Intangible Assets</b>												
	<b>Intangible Property Rights</b>	996,700,000	-	996,700,000	-	-	-	996,700,000	996,700,000				
	<b>Capital Work in Progress-Buildings(B)</b>	2,304,432	585,874.00	2,890,306	-	-	-	2,890,306	2,304,432				
	<b>Total (A+B)</b>	1,163,893,913	930,704,428	2,094,598,341	93,404,871	20,301,531	113,706,403	1,980,891,939	1,070,489,042				

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### 10. LONG TERM LOANS AND ADVANCES

PARTICULARS	As at 31 March 2013	As at 31 March 2012
(Unsecured, considered good except stated Otherwise)		
Advance for acquiring for Technologies/Patents/ Know-how	247,839,853	1,965,790,826
Earnest Money Deposit with Govt/ Other authorities	8,455,000	11,543,003
Advance towards acquisition of Capital Assets	921,735,467	-
	<b>1,178,030,320</b>	<b>1,977,333,829</b>

### 11. OTHER NON-CURRENT ASSETS

PARTICULARS	As at 31 March 2013	As at 31 March 2012
(Unsecured, considered good except stated Otherwise)		
Product Development Expenditure	302,408,768	280,248,774
Technology Development cost	17,476,633	17,476,633
	<b>319,885,401</b>	<b>297,725,407</b>

### 12. INVENTORIES

PARTICULARS	As at 31 March 2013	As at 31 March 2012
(Value at lower of cost and net realizable value)		
Raw Material and Consumables	842,525	1,900,242
Finished Goods	1,634,071	6,337,500
	<b>2,476,596</b>	<b>8,237,742</b>

### 13. TRADE RECIEVABLES

PARTICULARS	As at 31 March 2013	As at 31 March 2012
(Unsecured, considered good except stated Otherwise)		
Debts outstanding for a period exceeding six months from the date they are due for payment	-	69,390,843
Other Debts	184,334,219	214,359,537
	<b>184,334,219</b>	<b>283,750,380</b>

### 14. CASH AND CASH EQVALENTS

PARTICULARS	As at 31 March 2013	As at 31 March 2012
Cash on Hand	103,432	175,781
<b>Balance with Schedule Banks</b>		
In current accounts	919,979	155,148
In deposit accounts	698	86,837
Balance with Non Schedule Bank	30,000	151,665
	<b>1,054,108</b>	<b>569,431</b>





## TRANSGENE BIOTEK LIMITED

<b>PARTICULARS</b>	<b>As at 31 March 2013</b>	<b>As at 31 March 2012</b>
<b>Balance with Banks in current accounts</b>		
Karur vysya bank	25	25
Union Bank of India	208	22,270
Andhra Bank- Srinagar colony	5,107	5,557
Andhra Bank -S.R.Nagar	3,824	3,824
Axis Bank Ltd	526,147	53,186
Bank of India -Ameerpet	2,544	2,544
Bank of India -Tanuku	61,562	2,790
Bank of India -nidadavolu	228,261	12,585
Bank of India -Tadepalligudem	60,980	41,046
ICICI Bank	1,225	1,225
Indus Ind Bank	10,000	
Union Bank of India	7,636	7,636
Yes Bank	10,000	
Indian Bank	2,460	2,460
	919,979	155,148
In deposit accounts		
Union Bank of India (SIBRI)	698	86,837
	698	86,837
Balance with Non Scheduled Banks		
HSBC	30,000	30,000
Investic Bank (USA)	-	121,665
	30,000	151,665
	<b>950,677</b>	<b>393,650</b>
<b>15. SHORT TERM LOANS AND ADVANCES</b>		
<b>PARTICULARS</b>	<b>As at 31 March 2013</b>	<b>As at 31 March 2012</b>
(Unsecured, Considered good)		
Other Advances	6,677,303	6,311,303
Salary Advance	118,042	454,945
Rent Deposits	150,000	150,000
Advance to Creditors	10,853,938	10,324,318
	<b>17,799,283</b>	<b>17,240,566</b>
<b>16. OTHER CURRENT ASSETS</b>		
<b>PARTICULARS</b>	<b>As at 31 March 2013</b>	<b>As at 31 March 2012</b>
(Unsecured, considered good except stated Otherwise)		
CENVAT Credit	614,660	614,660
Prepaid Expenditure	-	5,043
With Holding Tax Receivables	1,003,996	1,003,996
Sales tax Credit (VAT)	46,376	165,788
Other Receivables	70,849	-
	<b>1,735,881</b>	<b>1,789,487</b>

## TWENTY THIRD ANNUAL REPORT 2012-2013

### 17. REVENUE FROM OPERATIONS

PARTICULARS	As at 31 March 2013	As at 31 March 2012
Revenue from Diagnostic Services	5,616,908	11,094,320
Sales (Net of Taxes and Duties)	144,688,035	226,425,589
Sale of Technology	-	25,000,000
	<b>150,304,943</b>	<b>262,519,909</b>

### 18. OTHER INCOME

PARTICULARS	As at 31 March 2013	As at 31 March 2012
Interest earned	-	742,694
Forex gain on Capital Advances		169,989,543
Scrap Sales & Other income	595,200	-
	<b>595,200</b>	<b>170,732,237</b>

### 19. COST OF MATERIAL CONSUMED

PARTICULARS	As at 31 March 2013	As at 31 March 2012
Opening Stock	1,900,242	121,840
Add: Purchases	817,364	17,330,722
	2,717,606	17,452,562
Less: Closing Stock	842,525	1,900,242
	1,875,081	15,552,320
Less: Material Consumed for Product Development	760,825	11,500,000
	<b>1,114,256</b>	<b>4,052,320</b>

### 20. PURCHASE OF TRADED GOODS

PARTICULARS	As at 31 March 2013	As at 31 March 2012
Opening Stock	-	8,923,500
Add: Purchases	136,642,400	206,427,460
Less: Closing Stock	-	-
	<b>136,642,400</b>	<b>215,350,960</b>

### 21. (INCREASE)/DECREASE IN FINISHED GOODS

PARTICULARS	As at 31 March 2013	As at 31 March 2012
<i>Traded, Raw material and Finished Goods</i>		
<i>Inventories at the end of the year</i>		
Traded Goods	-	-
Finished Goods	1,634,071	6,337,500
Raw material and Consumables	-	1,900,242
	<b>1,634,071</b>	<b>8,237,742</b>
<i>Inventories at the beginning of the year</i>		
Finished Goods	-	121,840
	6,337,500	8,923,500
	<b>6,337,500</b>	<b>9,045,340</b>
	<b>4,703,429</b>	<b>807,598</b>



## TRANSGENE BIOTEK LIMITED

### 22. EMPLOYEE BENEFIT EXPENSES

PARTICULARS	As at 31 March 2013	As at 31 March 2012
Salaries, wages and bonus (includes Director's)	4,649,828	10,893,206
Contribution to provident fund and other funds	576,970	104,896
Gratuity expenses	29,878	116,372
Staff welfare expenses	167,843	364,636
	<b>5,424,519</b>	<b>11,479,110</b>

### 23. FINANCIAL COSTS

PARTICULARS	As at 31 March 2013	As at 31 March 2012
Interest to Banks and Financial institutions	1,924,596	6,186,737
Bank charges	73,297	62,818
	<b>1,997,893</b>	<b>6,249,555</b>

### 24. DEPRECIATION AND AMORTIZATION EXPENSE

PARTICULARS	As at 31 March 2013	As at 31 March 2012
Depreciation as per IX note	20,301,531	7,546,672
Depreciation transferred to Product Development exp	(10,150,766)	(3,773,336)
	<b>10,150,766</b>	<b>3,773,336</b>

### 25. OTHER EXPENSES

PARTICULARS	As at 31 March 2013	As at 31 March 2012
Conversion Charges	42,000	5,615,867
Power and Fuel	1,554,279	1,823,793
Rent, rates, Taxes and fees	775,991	933,648
Printing and Stationery	218,924	223,764
Postage and Telephone	268,238	343,700
Insurance	125,335	102,649
Legal and Professional charges	1,476,283	3,281,756
Directors sitting fee	-	8,000
Remuneration to Auditors	259,914	165,450
Sales Commission	-	573,018
Rebate and Discounts	166,414	79,965
Travelling, Transport and Conveyance	369,999	634,887
Vehicle maintenance and hire charges	251,874	632,293
Referral expenses	1,331,995	1,384,656
Advertisement	37,113	146,280
Books, Periodicals and Subscriptions	-	9,556
Prior Period Expenses	600,000	-
Miscellaneous expenses	3,732,473	3,643,133
	<b>11,210,831</b>	<b>19,602,415</b>

## TWENTY THIRD ANNUAL REPORT 2012-2013

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### SCHEDULE TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31<sup>st</sup>, 2013

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#### Significant Accounting Policies, Notes and Notes Forming Part of the Accounts:

##### Significant Accounting Policies

###### A. Basis of Consolidation

The accompanying consolidated financial statements of Transgene Biotek Limited together with its subsidiaries (collectively termed as “the group” or the consolidated entities”) are prepared in accordance with Indian Generally Accepted Accounting Principles in India (GAAP) under the historical cost convention on the accrual basis to comply in all material respects with the mandatory Accounting Standards (“AS”) notified by Companies Accounting Standards Rules, 2006 (as amended), other pronouncements of the Institute of Chartered Accountants of India (ICAI) and relevant provisions of the Companies Act, 1956 using uniform accounting policies except otherwise stated for like transactions and other events in similar circumstances.

Investments in the consolidated entities, except where investments are acquired exclusively with a view to its subsequent disposal in the immediate near future, are accounted in accordance with accounting principles as defined under AS 21 “Consolidated Financial Statements” on a line by line basis.

All material inter-company balances and inter-company transactions and resulting unrealized profits or losses are eliminated on consolidation.

The financial statements of the entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company i.e. year ended March 31, 2013.

The consolidated financial statements for the year ended March 31, 2013 have been prepared on the basis of the financial statements of the following subsidiaries.

Name of the Consolidated entities	Country of Incorporation	Nature of Interest	% of Interest 2013	March 31 <sup>st</sup> , 2012
Transgene Biotek HK Limited	Hong Kong	Subsidiary	100%	100%

###### 1. Fixed Assets and Depreciation:

Fixed Assets are stated at cost less accumulated depreciation. Cost includes all expenses related to acquisition and installation of the concerned assets and, any attributable cost of bringing the asset to the condition of its intended use.

Depreciation is provided under the straight-line method based on useful life of assets as estimated by the Management. Depreciation is charged on a monthly pro-rata basis for assets purchased / sold during the year. Individual assets acquired for less than Rs.5,000 are entirely depreciated in the year of acquisition. Out of the total Depreciation on Assets, 50% is transferred to Product development expenses account as 50% of the assets is used for Product Development purpose. The Management’s estimate of useful life for various fixed assets is as under:



## TRANSGENE BIOTEK LIMITED

Asset	Useful life of Asset in years
Buildings	30
Lab Equipment	15
Miscellaneous Fixed Assets	20
Air Conditioners	15
Office Equipment	15
Electrical Installation	15
Generator	15
Furniture and Fixtures	15
Plant and Machinery	20
Vehicles	10
Technology	14

### 2. REVENUE RECOGNITION

Revenue for the company is from sales of products and medical diagnostic services. Revenue from sales and services are recognized on formal acceptance by the customer/patient.

### 3. INVENTORIES

Raw Materials/Inventory - At the cost or the net realizable value whichever is less is considered. Cost is determined on a First in First out basis.

Finished Goods - At cost or net realisable value whichever is less is considered.

4. Expenditure on the ongoing product development for "Meningitis Vaccine, Erythropoietin, Tacrolimus, Statins (Orlistat, Lovastatin, Pravastatin), Cancer products and Oral Insulin will be capitalized and written off over a period of the expected useful life of the respective products after obtaining commercial license/commencement of commercial production of the same.

(Amount in Rupees)

Opening Balance	Additions *	Closing Balance
29,77,25,407	22,159,994	319,885,401

\* Total amount incurred on development of products during 2012-13

The management is of the opinion that the product development expenditure incurred on the products is technically feasible to generate future economic benefits and the company has sufficient technical and financial resources to complete it.

### 5. RETIREMENT BENEFITS

- A) The Company is contributing to the Employees Provident fund maintained under the Employees Provident Fund Scheme by the Central Government.
- B) Leave encashment will be debited to profit and loss account as and when it has been paid.
- C) The Company is contributing to the Employees Gratuity fund maintained under the GGCA Fund Scheme by the LIC of India.

## TWENTY THIRD ANNUAL REPORT 2012-2013

### 6. INTERNALLY GENERATED INTANGIBLE ASSETS

Direct and indirect costs incurred during planning stage, and on operational activities charged to revenue in the year in which it has incurred.

Direct cost incurred on application and infrastructure development, design and content development stages are capitalized if and only if (i) it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and (ii) the cost of the asset can be measured reliably. Indirect cost incurred during application, infrastructure, development stage are charged to revenue.

### 7. EARNINGS PER SHARE

In determining earnings per share, the company considers the net profit after tax. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding at the beginning of the year. The number of shares used in computing diluted earnings per share comprises the weighted average shares outstanding during the year.

### 8. CASH FLOW STATEMENT

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the company are segregated. Cash flows in foreign currencies are accounted at average monthly exchange rates that approximate the actual rates exchange prevailing at the dates of the transactions.

### 9. INCOME TAX

Current tax is determined as the amount of tax payable in respect of taxable income for the year.

Deferred tax is not provided as per As-22, Which is unable to determine.

Statement pursuant to the direction of Ministry of Corporate Affairs, Government of India, under Section 212 (8) of the Companies Act, 1956 vide General Circular No:2/2011 dated February 8, 2011, regarding information in aggregate for each subsidiary including subsidiaries of subsidiaries

Rs. In Crores

Name of the subsidiary	Reporting Currency	Exchange rate	issued and subscribed share capital	Reserves	Total Assets	Total liabilities	Investment	Turnover	Profit/(loss) before taxation	Taxation	Profit/(loss) after taxation	Proposed dividend	Country
Transgene Biotek Hk Limited	USD	56.11	95.01	-	95.09	95.09	-	-	(0.05)	-	(0.05)	-	Hong kong

As per our report attached  
**For Sarath & Associates**  
 Chartered Accountants  
 Firm Registration No.005120S

For and on behalf of the Board of Directors

Sd/-  
**P Sarath Kumar**  
 Partner  
 Membership No. 021755

Sd/-  
**Dr. K. Koteswara Rao**  
 Managing Director

Sd/-  
**S.S. Marthi**  
 Director

Hyderabad  
 29.05.2013



**TRANSGENE BIOTEK LIMITED**

Regd Off : Plot Nos. 68, 69 & 70, Anrich Industrial Area, IDA Bollaram, Medak Dist. (A.P)

**PROXY FORM**

D.P.No.....  
Reg Folio No.....

Client ID.....  
No.of Shares held: .....

I/We.....being a Member/s of the above named company hereby appoint Mr/ Mrs.....of .....in the district of .....as my/ our proxy to vote for me/us on my/our behalf at the Twenty Third Annual General Meeting of the Company to be held on Thursday the 26<sup>th</sup> September 2013 at 11.00 A.M. at Regd Off : Plot Nos. 68, 69 & 70, Anrich Industrial Area, IDA Bollaram, Medak Dist. (A.P) and at any adjournment thereof.

Signed this ..... Day of .....Two Thousand and Thirteen

Signature

Affix a  
Re.1.00  
Revenue  
Stamp

**Note:**

This proxy Form duly completed should be deposited at the Regd Office : Plot Nos. 68, 69 & 70, Anrich Industrial Area, IDA Bollaram, Medak Dist. (A.P) not less than 48 hours before the time fixed for holding the meeting

-----Tear Here -----



**TRANSGENE BIOTEK LIMITED**

Regd Off : Plot Nos. 68, 69 & 70, Anrich Industrial Area, IDA Bollaram, Medak Dist. (A.P)

**ATTENDANCE SLIP**

D.P. No.....  
Reg Folio No.....  
Name of the Shareholder .....  
Name of the Proxy (if applicable).....

Client ID.....  
No.of Shares held.....

I/ We hereby record my/our presence at the Twenty Third Annual General Meeting of the Company to be held on Thursday the 26<sup>th</sup> September 2013 at Regd Off : Plot Nos. 68, 69 & 70, Anrich Industrial Area, IDA Bollaram, Medak Dist (A.P.) and at any adjournment thereof.

- No Gifts Please -

Signature of the Member/Proxy



**Book Post  
Printed Matter**



Regd. Office Plot Nos. 68, 69 & 70,  
Anrich Industrial Area, IDA Bollaram, Medak District. (A.P.)  
[www.transgenebiotech.com](http://www.transgenebiotech.com)

