



Chairman's speech at the 23rd Annual Meeting of the shareholders 26th September 2013

My dear friends and shareholders,

I feel it privileged to welcome you all once again at this 23rd Annual General Meeting of this company, many of you traveling with me all these years.

I shall not delve into the Balance Sheet or its contents since I am sure that all of you had time to go through the Annual Report and waiting to see the 'real' revenues starting to roll out with so many projects reaching critical milestones.

This is a year of major inflection point in the history of Transgene, and I'll do my best to get it off on the right foot. I shall dwell briefly upon our core focus a little later in innovating and developing new molecules or newer technologies.

For now, I am happy to report that 2012-13 has been a significant year for this company since we achieved some important milestones in both API and R&D divisions. In line with these developments, we intend to expand our board bringing in the knowledge, expertise and professionalism in different but relevant fields at this company. We have already started the exercise to improve our management and monitoring systems to bring in speedy execution of the tasks ahead of us, to bring in more transparency and accountability so as to reward the contributors to the progress while discarding those that hamper it. We also intend to, as I mentioned at the last AGM, to accelerate the creation of different verticals/subsidiaries that will facilitate us in not only enhancing the value of each platform or individual molecule or the technology but also in attracting strategic partners or out-licensing each molecule/technology at an appropriate period of time.

Now, I wish to reflect upon the important competitive and strategic strengths which now underpin our business at Transgene. Having founded about 23 years ago, the vision we perceived is clearly laid out in our mission: "*Creating value to stakeholders through Innovation*". I am proud of the progress made in our mission, more particularly during the last year or two. I believe, Transgene has now established for itself a position which offers the prospect of a truly exciting future. I see the company's key strengths as follows:

- The successful development of technologies for commercialization on three APIs - **Orlistat, Tacrolimus and DHA.**
- **TrabiOral™** - A tremendously exciting platform, a sort of first of its kind in the world that promises to deliver protein and peptide based drugs through oral route. First drug reaching important milestone from this platform is oral Insulin. The data generated from various studies conducted so far is beginning to enthruse few global pharma majors for a strategic partnership or out-licensing.



- **Trabi-AAVTM** – Another exciting platform employing genetically modified Transgene’s patented AAV vector delivering specific siRNAs to silence certain genes, targeted against various cancers including Breast cancer, Liver cancer, Ovarian cancer and Pancreatic cancer. The uniqueness of this platform has been gaining attention from few global players.
- **TBL-0306** – A monoclonal antibody against three different targets – Colon cancer, Non-Hodgkins Lymphoma and Multiple Myeloma. This is another unique platform in the making with the prospects of this mAb being potentially effective against other cancers too.
- **Trabi-AIDTM** – A technology platform against Auto-Immune Diseases such as Multiple Sclerosis, Rheumatoid arthritis, SLE etc.

It is obvious that every drug from each platform offers the prospect of making a significant impact on the global market.

- We successfully concluded a definitive Licensing and Technology transfer agreement with Atral Cipan, Portugal.
- We succeeded in producing DHA in oil and powder forms to the highest concentration in both forms, a first of their kind in the world. This is no small achievement considering that we are late entrants on this product and considering that the major contenders for this product are two large global players. As I pointed out in my speech last year, Transgene is good at innovation but lacks talent in marketing. Therefore, we found a suitable partner to fill that gap and we are confident of commencing the commercial operations of DHA production and inflow of significant revenues from Q4 of this current year.

The leveraging of our existing technologies and processes has finally started, as we witness now and we intend to relentlessly pursue additional opportunities in order to ensure that our future growth ambitions are met successfully.

On the R&D front too, we achieved critical milestones advancing well on different molecules.

We are currently focused on reaching the next critical milestone for Oral Insulin, TBL-0905 and TBL-0404 against Breast and Liver cancers respectively using our own Trabi-AAVTM platform, as well as advancing TBL-0306C and TBL-0306L against Colon cancer and Non-Hodgkin’s Lymphoma respectively both drugs based on our TBL-0306 monoclonal antibody.

I know that during the last two decades or so, there have been many troughs with a few scattered ups. I recollect the famous apocryphal saying “*Every truth passes through three stages before it is recognized. In the first, it is ridiculed. In the second, it is opposed. In the third, it is regarded as self-evident.*” I believe, we are reaching the last stage very soon. More to the point, I believe it is absolutely necessary to take the long view, resist the temptation of judging at each crisis and instead, attempt to see our decisions and actions from the perspective of those who will come with us and who believe in us, like many of you who reposed so much faith in this company and its management. We are grateful for that. I strongly believed and continue to believe on the fact



that innovation delivers great benefits ... truly profound returns ... in the long run for Transgene and its stakeholders.

Innovative pharmaceuticals can and will continue to contribute to the critical goals ... but it is going to take courage and discipline to maintain a long-term perspective that sees over the horizon of the immediate, exacerbated by the unexpected and formidable challenges, such as the cost of developing a new molecule, patent challenges etc to name two, as is the case with most of the innovation programs. The cost of developing a new molecule runs into several millions of dollars increasing dramatically with each passing year.

While our company faces daunting pressures, we have every reason to believe that we can succeed if we keep our eyes on the long run. We weathered similar periods on several occasions. And right now, the opportunities for our own innovation are real and compelling. The pipeline we manage and tools available to us continue to advance every day, providing us with the important fodder for our work.

Innovation requires long-term thinking, especially in an enterprise that typically requires more than a decade to bring a new molecule to the market. We have stayed the course through challenging times by following a defined and disciplined pathway, and we need to maintain that same perspective today. *“The pessimist sees difficulty in every opportunity. The optimist sees the opportunity in every difficulty.”* Yes, innovation can be messy and unpredictable. So can life. Innovation often proceeds in fits and starts. It is usually incremental in nature, with one small advance building on another, often creating a snowball effect. In the crisis of the moment, we need to maintain a healthy optimism rather than a destructive fatalism ... recognizing that we are in this for the long term ... that the work of innovation is never finished and we shall reach our destination !! As Walt Disney says *“All our dreams can come true – if we have the courage to pursue them.”*

I believe, we are now at the beginning of a major inflection point for Transgene. We will look back at three to four years from now and say that after all it was worth the wait. We are pleased by our achievements but remain fully aware of the tasks lying ahead to ensure that we reach all our ambitious objectives. We remain firmly focused on our goal to position the company on the global horizon as a player to admire in all of its drug and technology programs.

My message to you today is that, while the path ahead will not always be smooth or straightforward, and while our company faces plenty of challenges, we are, in fact, getting there. Finally, I wish to end by reflecting upon: *“Don't walk behind me; I may not lead. Don't walk in front of me; I may not follow. Just walk beside me and be my friend.”*

Thank you ever so much.

Dr. K. Koteswara Rao
Chairman & Managing Director