SEBI/WTM/MPB/EFD1-DRA-4/58/2018

BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA

CORAM: MADHABI PURI BUCH, WHOLE TIME MEMBER

ORDER

Under Sections 11, 11(4) and 11B of the Securities and Exchange Board of India Act, 1992 in the matter of Transgene Biotek Limited

---

1. Securities and Exchange Board of India (hereinafter referred to as '**SEBI'**) received certain complaints alleging, *inter alia,* fraud in Global Depository Receipts (hereinafter referred to as '**GDRs**') issued by Transgene Biotek Limited (hereinafter referred to as **'TBL'**) and misutilization of the proceeds thereof. Accordingly, SEBI initiated a preliminary inquiry in the matter to ascertain the impact of allegation in the complaints on Indian securities market and interests of investors in securities in India.

2. Upon preliminary examination, SEBI *prima facie* found that GDR proceeds were transferred by TBL, directly or indirectly, for undisclosed and ulterior purposes under the garb of consideration for technology transfer and for other reasons. It was also *prima facie* found that the entities who were involved in the transfer and receipt of funds were complicit with TBL and its Promoters/Directors in the design / scheme to defraud the investors and were in violation of provisions of Securities and Exchange Board of India Act, 1992 (hereinafter referred to as '**SEBI Act**') as well as SEBI (Prohibition of Fraudulent And Unfair Trade Practices) Regulations, 2003 (hereinafter referred to as **'PFUTP Regulations'**).

3. Based on preliminary findings, SEBI passed *ad interim ex-parte* order dated November 20, 2014 (hereinafter referred to as ***'interim order'***), *inter-alia,* restraining 6 entities

from accessing the securities market and prohibited them from buying, selling or dealing in securities in any manner whatsoever, till further directions and further directing TBL not to issue equity shares or any other instrument convertible into equity shares or any other security till further orders. The name of the entities against whom the interim order was passed are as follows:

Sr. No.	Name	PAN
1.	Shri K. Koteswara Rao (Promoter and Chairman cum Managing Director)	AHOPK5487E
2.	Shri Prashant Kumar Ghosh (Director)	AAEPG2319Q
3.	Shri Soma Sekhar Marthi (Director)	ACAPM9616N
4.	Shri Narayana Murthy Pentyala (Director)	ANDPP4186A
5.	Smt K Nirmala Rao (Promoter)	ALCPK1645A
6.	Shri K Srinivas (Promoter)	AMDPK2242F

4. Subsequently, confirmatory order dated March 09, 2016 was passed against the 7 entities, i.e., TBL and the 6 entities tabulated above, *inter-alia,* confirming the directions passed in the interim order against them.

5. Pursuant to the interim order, SEBI conducted a detailed investigation in the entire GDR issues of Transgene till the end utilization of the funds, including the role, if any, of allottees of the GDRs, role, if any, of FIIs / Sub Accounts in cancellation of GDRs and subsequent selling thereof along with the role of entities therein so as to ascertain the violation of securities laws. Upon completion of investigation by SEBI, investigation did not find any adverse evidence/ findings in respect of violation of

provisions of provisions of SEBI Act and PFUTP Regulations warranting continuation of action under Sections 11B r/w 11(4) of SEBI Act. The details of the said 3 entities are as follows:-

Sl. No.	Name of the Entity	PAN
1	Shri Prashant Kumar Ghosh (Director)	AAEPG2319Q
2	Smt. K Nirmala Rao (Promoter)	ALCPK1645A
3	Shri K Srinivas (Promoter)	AMDPK2242F

6. Considering the fact that there are no adverse findings against the aforementioned 3 entities with respect to their role in the scheme of diverting of the GDR proceeds of TBL and later legitimizing/ covering-up the same, I am of the considered view that the directions issued against them vide interim order dated November 20, 2014 and confirmatory order dated March 09, 2016 are liable to be revoked.

7. In view of the foregoing, I, in exercise of the powers conferred upon me under Section 19 of the SEBI Act read with Sections 11, 11(4) and 11B of the SEBI Act, hereby revoke the interim order dated November 20, 2014 and confirmatory order dated March 09, 2016 *qua* aforesaid 3 entities (mentioned at paragraph 5 above) with immediate effect.

8. The revocation of the directions issued vide the abovementioned orders (mentioned at paragraph 7) is only in respect of the entities mentioned at paragraph 5 of this order in the matter of Transgene Biotek Ltd. As regards remaining entities in the GDR issues in the matter of Transgene Biotek Ltd, violations under SEBI Act, PFUTP Regulations, etc., were observed and SEBI shall continue its proceedings against them. Hence, the directions issued vide confirmatory order dated March 09, 2016 against the remaining 4 entities shall continue. This revocation order is without prejudice to any other action SEBI may

initiate as per law.

9. A copy of this Order shall be served on the Stock Exchanges and Depositories, for necessary action.

DATE: November 06, 2018 **MADHABI PURI BUCH**
PLACE: MUMBAI **WHOLE TIME MEMBER**
SECURITIES AND EXCHANGE BOARD OF INDIA