



J.B.CHEMICALS & PHARMACEUTICALS LIMITED

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NOTICE TO THE MEMBERS OF THE COMPANY

NOTICE IS HEREBY GIVEN, pursuant to section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2011, that the ordinary resolution as set out hereunder is proposed to be passed by voting by postal ballot for the purpose of seeking consent of the members of the company to the proposed sale of Russia-CIS countries. The reasons for passing the said resolution are set out in the explanatory statement annexed hereto.

The company proposes to sell and transfer its products registrations, trademarks, patents, domain names and know-how for the prescription products business in Russia, Ukraine, Uzbekistan, Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Latvia, Moldova, Mongolia, Tajikistan and Turkmenistan, along with receivables (excluding Russia) that the company will have between the date of signing of the agreement and date of closing of the transaction ("Russia-CIS Rx Business Undertaking"), with effect from such date as may be fixed in this behalf to Dr. Reddy's Laboratories Limited, Hyderabad (hereinafter referred to as the "Purchaser").

As the sale of whole of any business undertaking or substantially the whole of any business undertaking requires consent of the members of the company by way of ordinary resolution, the company is seeking the members' consent to the proposed sale of the Russia-CIS Rx Business Undertaking in terms of the draft ordinary resolution as set out herein below. The board of directors has, at its meeting held on July 22, 2011, approved the proposed sale of Russia-CIS Rx Business Undertaking subject to such other approvals, permissions and consents that may be required for the purpose.

The explanatory statement explaining the reasons and setting out the material facts concerning the business under consideration is annexed hereto.

The board of directors of the company, at its meeting held on July 22, 2011, has appointed Mr. Ashish Bhatt, proprietor of Ashish Bhatt & Associates, Company Secretaries, as scrutinizer for conducting the voting process through postal ballot in fair and transparent manner.

We request you to communicate your assent or dissent by returning duly filled in and signed enclosed postal ballot form in the attached postage pre-paid self and addressed envelope, so as to reach the scrutinizer on or before the close of working hours on Thursday, September 1, 2011. The reply received after the said date shall be treated as if reply from the member has not been received. Kindly read carefully the instructions printed overleaf the enclosed postal ballot form.

The scrutinizer, after completion of scrutiny, will submit his report to the chairman of the company for declaration of the result. The result of the voting by postal ballot will be declared on Friday, September 2, 2011 at 3.00 p.m. at the registered office of the company. The said result will also be put up on the company's web site www.jbcpl.com, besides its communication to the stock exchanges. The ordinary resolution shall be taken as passed, if approved by requisite majority, on the date of declaration of the result of the postal ballot.

Draft Ordinary Resolution:

To consider, and if thought fit, to pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT, pursuant to section 293(1) (a) and other applicable provisions of the Companies Act, 1956 (which shall include any statutory modification or re-enactment thereof), Memorandum and Articles of Association

of the company and other applicable statute, rules, regulations and guidelines but subject to such other approvals, permissions, consents and sanctions, if any, required by the company and subject further to the conditions that may be imposed by any person or authority while granting such approvals, permissions, consents and sanctions, the consent of the members of the company be and is hereby accorded to the board of directors for sale, transfer and otherwise assignment of the company's products registrations, trademarks, patents, domain names and know-how for the prescription and specified over-the-counter products in Russia, Ukraine, Uzbekistan, Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Latvia, Moldova, Mongolia, Tajikistan and Turkmenistan, along with receivables of CIS countries (excluding Russia) that the company may have between the date of signing of the agreement with the Purchaser (as defined hereinafter) and closing date of the transaction ("Russia-CIS Rx Business Undertaking") (and also including such other assets and property of the company relating to Russia-CIS Rx Business Undertaking as the board of directors deems fit), on an asset sale basis, with effect from such date as may be fixed in this behalf, to Dr. Reddy's Laboratories Limited (or such other entity nominated by Dr. Reddy's Laboratories Limited or its affiliates) (hereinafter referred to as the "Purchaser"), for a total consideration of Rs.1375.19 Million, plus the amount of the aforesaid CIS receivables, subject to such adjustment as agreed or that may be agreed with the Purchaser and on such terms and conditions as agreed with the Purchaser from time to time.

RESOLVED FURTHER THAT the board of directors (which term as used hereinbefore and hereinafter shall be deemed to include any committee that the board of directors has constituted or may hereinafter constitute or any director or officer of the company jointly or severally authorised by the board of directors) be and is hereby authorised to include business activity in such other countries and such other products, asset, property registration, account receivable, rights and records within the scope of Russia-CIS Rx Business Undertaking for sale and transfer to the Purchaser, as they deem fit.

RESOLVED FURTHER THAT the board of directors be and is hereby also authorised to make and accept such modifications to the terms and conditions agreed upon with the Purchaser for the sale and transfer of Russia-CIS Rx Business Undertaking and negotiate and finalise such new terms and conditions, if they deem necessary or expedient, in the best interest of the company, and the board of directors be and is hereby further authorised to negotiate and finalise such other agreements, deeds, documents and papers and do such acts and things as they deem necessary or expedient to complete and effectively sell and transfer the Russia-CIS Rx Business Undertaking to the Purchaser, and the board of directors is further authorised to settle, in their absolute discretion, any question, difficulty or doubt that may arise in relation to inclusion of any country, activity, product, asset, registration or record within the scope of Russia-CIS Rx Business Undertaking or otherwise in relation to the sale and transfer of Russia-CIS Rx Business Undertaking to the Purchaser.

RESOLVED FURTHER THAT the board of directors do execute, sign and deliver such agreements, deeds, documents, letters, applications, guarantees, undertakings, powers of attorney and other writings on such terms and conditions as they deem fit and modify and accept modification therein and do such acts, things and matters as may in their opinion, be required, from time to time, in connection with or in relation to the sale and transfer of the Russia-CIS Rx Business Undertaking to the Purchaser."

By Order of the Board of Directors
For J.B. Chemicals & Pharmaceuticals Ltd.

M.C. Mehta
Company Secretary-General Manager

Date : July 22, 2011
Place : Mumbai

Explanatory Statement pursuant to section 173(2) and 192A of the Companies Act, 1956.

You may be aware that, after the sale of Russia-CIS OTC Business Undertaking to Cilag GmbH International, the company has its prescription products business in Russia, Ukraine, Uzbekistan, Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Latvia, Moldova, Mongolia, Tajikistan and Turkmenistan ("Territory").

It is now proposed to sell and transfer the products registrations, trademarks, patents, domain names and know-how for the prescription and specified over-the-counter products in the Territory, along with CIS receivables (excluding Russia) that the company may have between the date of signing of the agreement with the purchaser (as defined below) and date of closing of the transaction ("Russia-CIS Rx Business Undertaking") on an asset sale basis to Dr. Reddy's Laboratories Limited, Hyderabad (hereinafter referred to as the "Purchaser"), for a total cash consideration of Rs.1375.19 Million, which amount will be increased by the amount of the aforesaid CIS receivables, on such terms and conditions as agreed with the Purchaser from time to time. This consideration will be paid to the company upon closing of the transaction except an agreed amount, which will remain deposited with an escrow agent for a period of 18 months to secure the company's certain obligations to the purchaser (as are standard in transactions of this nature).

The company's leading Metrogyl range of products would, inter alia, be transferred to the Purchaser as a part of this transaction. The proposed transaction with the Purchaser does not involve transfer of any employee, manufacturing facility or immovable property. Further, all liabilities pertaining to this business before closing of the transaction will remain with the company.

The Purchaser has also entered into a supply agreement with the company for purchase of the acquired products for sale in the Territory. Further, as a part of the agreement for sale of Russia-CIS Rx Business Undertaking, the company shall not engage in the Territory in any competing business for a period of sixty months after the date of closing of the transaction.

Your board of directors considers the proposed sale of the Russia-CIS Rx Business Undertaking in the best interest of the company as this business is relatively small and continuing the same has not remained commercially attractive after the sale of Russia-CIS OTC Business. Accordingly, the board of directors have approved this sale transaction at its meeting held on July 22, 2011. The closing of sale of Russia-CIS Rx Business Undertaking is subject to certain customary conditions precedents including your consent under section 293(1)(a) of the Companies Act, 1956. The closing of the transaction is expected to take place in the current quarter of this year.

The proceeds received from the transaction referred above would provide financial flexibility to pursue new growth opportunities in domestic formulations, rest of the world exports and contract manufacturing businesses. The proposed transaction is aimed at enhancing the shareholder value. Your directors accordingly recommend the draft resolution appended to the notice for your consideration and approval.

Since the sale of the Russia-CIS Rx Business Undertaking amounts to sale of undertaking within the meaning of section 293(1)(a) of the Companies Act, 1956, the consent of the members of the company is being sought through postal ballot in terms of section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2011. Your consent is being sought in terms of the draft resolution appended above that also allows the board of directors' (which term shall be deemed to include any committee that the board of directors has constituted or may hereinafter constitute or any director or officer of the company jointed or severally authorised by the board of directors) sufficient authority and discretion to complete the sale and transfer of the Russia-CIS Rx Business Undertaking.

None of the directors is directly or indirectly concerned or interested in the above resolution.

By Order of the Board of Directors
For J.B. Chemicals & Pharmaceuticals Ltd.

M.C. Mehta
Company Secretary-General Manager

Date : July 22, 2011

Place : Mumbai

