



# 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, 2001, that the ordinary resolution as set out hereunder is proposed to be passed by voting by postal ballot seeking consent of the members to the proposed sale of Over-the-Counter products business of the company in Russia/CIS countries. The reasons for passing the said resolution are set out in the explanatory statement annexed hereto.

The company proposes to sell its business undertaking of marketing, selling and distribution of Over-the-Counter products in Russia, Ukraine, Uzbekistan, Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Latvia, Moldova, Mongolia, Tajikistan and Turkmenistan ("Region"), along with certain assets (hereinafter referred to as "Russia/CIS OTC Business Undertaking"), as a going concern, on slump sale basis to Cilag GmbH International, Switzerland (hereinafter referred to as the "Purchaser"), a wholly owned subsidiary of Johnson & Johnson.

As the sale of whole of any undertaking or substantially the whole of any 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 OTC Business Undertaking in terms of the draft ordinary resolution as set out herein below. The board of directors, at its meeting held on May 23, 2011, has approved the sale of Russia/CIS OTC 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 material facts concerning the business under consideration is annexed.

The board of directors of the company, at its meeting held on May 23, 2011, has appointed Mr. Ashish Bhatt, proprietor of Ashish Bhatt & Associates, Company Secretaries, as scrutinizer for conducting the postal ballot voting process in fair and transparent manner.

We request you to communicate your assent or dissent by returning duly filled in and signed the enclosed postal ballot form in attached self addressed & postage pre-paid (if posted from India) envelope, so as to reach the scrutinizer on or before the close of working hours on Wednesday, July 6, 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 Thursday, July 7, 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](http://www.jbcpl.com), besides its communication to the stock exchanges. The ordinary resolution shall be taken as passed, if approved, 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 business undertaking of marketing, distribution and selling of and otherwise any business activity relating to the Over-the-Counter products of the company in Russia, Ukraine, Uzbekistan, Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Latvia, Moldova,

Mongolia, Tajikistan and Turkmenistan comprising of the trademarks, patents, copyright, tangible movable assets, account receivables, product registrations, domain names and contracts (hereinafter referred to as "Russia/CIS OTC Business Undertaking") (and also including such other assets and property of the company relating to Russia/CIS OTC Business Undertaking as the board of directors deems fit) as a going concern, on slump sale basis, with effect from such date as may be fixed in this behalf, to Cilag GmbH International, Switzerland (or such other entity nominated by Cilag GmbH International or its affiliates) (hereinafter referred to as the "Purchaser"), for a total consideration of Rs. 9385.10 million, subject to such adjustment as agreed or 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 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 within the scope of Russia/CIS OTC Business Undertaking for sale and transfer to the Purchaser as they deem fit and are further authorised to transfer such other assets to the Purchaser along with Russia/CIS OTC Business Undertaking, 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 OTC 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, finalise and execute such agreements, deeds, documents and other papers and do such acts and things as they deem necessary or expedient to complete and effectively sell and transfer the Russia/CIS OTC Business Undertaking and all assets related thereto to the Purchaser, and 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 OTC Business Undertaking or otherwise in relation to sale and transfer of Russia/CIS OTC Business Undertaking to the Purchaser.

RESOLVED FURTHER THAT board of directors do execute, sign and deliver such agreement, deed, document, letter, application, power 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 Russia/CIS OTC Business Undertaking to the Purchaser."

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

Date: May 23, 2011

Place: Mumbai

M.C. Mehta  
Company Secretary-General Manager

## **EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) AND 192A OF THE COMPANIES ACT, 1956:**

As you may be aware that your company's current business operations include marketing, selling and distribution of Over-the-Counter ("OTC") products in Russia, Ukraine, Uzbekistan, Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Latvia, Moldova, Mongolia, Tajikistan and Turkmenistan ("Region"). It is proposed to sell this business and also the trademarks, patents, copyrights, product registrations, certain tangible movable assets, account receivables, domain names and contracts relating to this business (hereinafter referred to as "Russia/CIS OTC Business Undertaking") to Cilag GmbH International, Switzerland (hereinafter referred to as the "Purchaser"), as a going concern, on slump sale basis, for a total cash consideration of Rs.9385.10 million, which is subject to adjustment, if any, at the closing date of the transaction. Cilag GmbH International, Switzerland, is a wholly owned subsidiary of Johnson & Johnson. This consideration will be paid to the company upon closing of the transaction except an agreed portion, which will remain deposited with an escrow agent for a period of 15 months to secure the company's ongoing obligations as well as representations made by the company to the Purchaser (as are standard in transactions of this nature).

The company's leading OTC brands such as Doktor Mom, Rinza and Metrogl Denta would be transferred to the Purchaser as a part of this transaction. Besides, the company's employees in Russia, Ukraine and Belarus would also be transferred to the Purchaser as per the provisions of the agreement. Except assets and other items stated above, all other assets and any liability pertaining to this business up to the closing date of the transaction would remain with the company. As a part of the transaction, the company would also license know-how and certain copy rights to the Purchaser. This transaction does not involve transfer of any of the company's manufacturing facilities or any immovable property.

The Purchaser has also entered into a long term supply agreement with the company for supply of the acquired products for sale in the Region. Further, as a part of the agreement for sale of Russia/CIS OTC Business Undertaking, the company shall not engage in the Region in any competing business for a period of five years being initial term of the supply arrangement.

The closing of the sale of the Russia/CIS OTC Business Undertaking is subject to certain customary conditions precedent on part of both the company and the Purchaser, including your consent pursuant to section 293(1)(a) of the Companies Act, 1956. The closing of this transaction is expected to happen in mid 2011.

Your board of directors considers the proposed sale of the Russia/CIS OTC Business Undertaking in the best interest of the company and, subject to consent of you members, has accordingly approved the same at its meeting held on May 23, 2011. The proceeds received on transactions referred above would provide financial flexibility to pursue new growth opportunities in domestic formulations business and other focus markets. The proposed transaction is aimed at enhancing the shareholder value. Your directors accordingly recommend the draft resolution appended to the notice for your approval.

Since the sale of Russia/CIS OTC 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 the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001. Your consent is being sought in terms of draft resolution appended above that also allows the board of directors' sufficient authority and discretion to complete the sale and transfer of Russia/CIS OTC Business Undertaking to the Purchaser.

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.

Date: May 23, 2011

Place: Mumbai

M.C. Mehta  
Company Secretary-General Manager