



SMS PHARMACEUTICALS LIMITED

Regd. Office: Plot No.19-III, Opp. Bharatiya Vidya Bhavan Public School,
Road No.71, Jubilee Hills, Hyderabad-500 034
Phones : 040-66288888, Fax : 040-23551401/402
E-Mail : cs@smspharma.com; Website : www.smspharma.com;

NOTICE OF POSTAL BALLOT

Dear Shareholders,

Notice pursuant to Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2011.

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 resolutions appended below are proposed to be passed as an Ordinary Resolution by way of Postal Ballot.

Your consideration and approval is sought for the annexed Postal Ballot Resolutions. The Explanatory Statement pertaining to the said Resolutions setting out the material facts and the reason thereof is annexed hereto along with a Postal Ballot form (the "Form") for your consideration.

The Company has appointed Mr. C. Sudhir Babu, Practicing Company Secretary as the Scrutinizer for conducting the Postal Ballot process.

Please read carefully the instructions printed in the Postal Ballot Form and return the Form duly completed and signed in the enclosed self-addressed business reply envelope so as to reach the Scrutinizer on or before the closing of working hours on 25th September, 2012.

The Scrutinizer, after completion of scrutiny, will submit his report to the Chairman of the Company. The results of postal ballot will be declared by the Chairman on 26th September, 2012 at 12.00 Noon at the Registered Office of the Company. The results of the postal ballot will also be put up on the Company's website www.smspharma.com; and will be announced through newspaper advertisement.

RESOLUTIONS PUT THROUGH POSTAL BALLOT

Sale of Unit-VI of the Company:

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

"RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section 293 (1) (a), Section 192A read with the Companies (Passing of Resolution by Postal Ballot) Rules, 2011 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactments thereof for the time being in force) and subject to compliance of all applicable laws and regulations and subject to such approvals, consents, permissions and sanctions as may be necessary, the consent of the company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board") to sell and transfer the Company's Unit-VI situated at Plot No. 28, Jawaharlal Nehru Pharma City, Parawada, Visakhapatnam "as is where is" and "as it is" basis (hereinafter referred to as "the Oncology Unit") engaged in the manufacture of Bulk Drugs and formulations in the segment of Oncology along with the movable, immovable and all other assets including licences, permits, approvals etc., to any person (s) and/or entity (ies) for such consideration and on such terms and conditions as may be decided by the Board."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to do and perform all such acts, matters, deeds and things as may be necessary, without further referring the matter to the Members of the Company, including finalizing the suitable purchaser (s) of the said Unit, the terms and conditions, methods and modes in respect thereof, determining the exact effective date, and finalizing and executing necessary documents including agreements, deeds of assignment/conveyance and such other documents as may be necessary or expedient in its own discretion and in the best interest of the Company, including the power to delegate, to give effect to this resolution."

By Order of the Board of Directors
For SMS PHARMACEUTICALS LIMITED

P. Ramesh Babu
Chairman & Managing Director

Place: Hyderabad

Date: 18.08.2012

Notes:

1. The Explanatory Statement and reasons for the proposed resolution pursuant to Section 173 (2) read with 192A of the Companies Act, 1956, is annexed hereto.
2. The Board of Directors has appointed Mr. C. Sudhir Babu, Practicing Company Secretary as Scrutinizer for conducting the Postal Ballot process *(in accordance with the law and)* in a fair and transparent manner. The Postal Ballot Form and the self-addressed business reply envelope are enclosed for use of members.
3. You are requested to carefully read the instructions printed overleaf on the Postal Ballot Form and return the said Postal Ballot Form duly completed and signed with the assent (for) or dissent (against), in the enclosed self-addressed, postage pre-paid business reply envelope so as to reach the Scrutinizer not later than close of working hours on 25th September, 2012, to be eligible for being considered, failing which, it will be strictly treated as if no reply has been received from the Member.

(Members are requested to carefully read the instructions printed in the attached Postal Ballot Form. The Postal Ballot Form, duly completed and signed should be returned in the enclosed self-addressed postage prepaid envelope directly to the Scrutinizer so as to reach the Scrutinizer before the close of working hours (1800) on or before 25th September, 2012. Consent or otherwise received after 30 days of issuance of this notice shall be treated as if the reply from the shareholders has not been received.)

(Members are requested to exercise their voting rights by using the attached Postal Ballot for only. No other form or photocopy of the form is permitted.)
4. The Scrutinizer will submit his report to the Chairman of the Company after completion of the scrutiny of the Postal Ballots and the results thereof will be announced on 26th day of September, 2012 at 12.00 Noon at the Registered Office of the Company at Plot No.19-III, Opp. Bharatiya Vidya Bhavan Public School, Road No.71, Jubilee Hills, Hyderabad-500 034 and the said date of declaration of result of Postal Ballot will be taken to be the date of passing of the Resolution
5. The result will also be communicated to the Stock Exchanges (BSE & NSE) where the shares of the Company are listed, displayed on the Company's website (www.smspharma.com;) and subsequently published in the newspapers. The results of the Postal Ballot will also be noted at the next General Meeting of the Company.
6. All documents referred to in the accompanying Notice and the Explanatory Statement are open for inspection at the Registered Office of the Company during the office hours on all working days between 14.00 hours to 16.00 hours upto 25th day of September, 2012.

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

Your company has set up a dedicated oncology facility (Unit VI) situated at Plot No.28, Jawaharlal Nehru Pharma City, Parawada, Visakhapatnam in the state of Andhra Pradesh. Initially we have started for manufacturing of Active Pharmaceutical Ingredient's (APIs). Many multinationals started showing interest to join, if formulation facilities are also available to make finished dosages to save their costs. Accordingly we expanded by adding facilities for manufacturing of injectable and finished dosages. The facility is one of its kind and state of art facility designed for regulatory markets. The facility is presently manufacturing developmental quantities to various Multinationals and domestic players. The facility is yet to get regulatory approvals from various authorities like, USFDA. Presently many Multinational companies are visiting said facility for their contract manufacturing. Impressed about the facility, some of the Multinationals have expressed their interest to buy the facility by offering better valuations. The proposal will create a path for strategic alliances with the multinational as well as business development by way of getting multiple products. The revenues of the overall Company will not be affected much by disposal of this unit. By considering the above aspects and better valuation for this unit, your management has felt that it is prudent to dispose this unit and strengthen the existing facilities and cut interest cost as well as overhead costs and for further improving the working capital position of the company from the sales proceeds.

For this purpose, the Board has appointed M/s. M.M. Reddy & Company, Chartered Accountants, G-8, Amrutha Ville Apartments, Right Wing, Opp. Yashoda Hospital, Rajbhavan Road, Somajiguda, Hyderabad-500 082 ("Valuers") as independent valuers to carry out valuation of the unit.

The proposed Ordinary Resolution gives adequate flexibility and discretion to the Board of Directors of the Company to finalize the terms of the sale and transfer of the said unit in consultation with the Legal Advisors to the Company and experts or such other authority or authorities as need to be consulted in accordance with the normal practice as the Board may deem fit.

The Board recommends the Resolution for your approval.

None of the Directors is in any way interested or concerned in the said Resolution.

By Order of the Board of Directors
For SMS PHARMACEUTICALS LIMITED

P. Ramesh Babu
Chairman & Managing Director

Place : Hyderabad
Date : 18.08.2012



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POSTAL BALLOT FORM

Serial No. _____

1. Name and address of the Shareholder(s) including Joint-holders, if any.
(in Block Letters)
2. DP ID No./Client ID No./
Registered Folio No. (Applicable to Shareholders holding shares in Physical form).
3. No. of shares held

I/ We hereby exercise my/ our vote in respect of the resolution to be passed through postal ballot for the business stated in the Notice of the Company by sending my/our assent or dissent to the said resolution by placing (✓) mark at the appropriate box below:

Description	No. of Shares for which vote cast	FOR I/We assent to the resolution	AGAINST I/We dissent to the resolution
Ordinary Resolution for sale of Unit-VI situated at Plot No.28, Jawaharlal Nehru Pharma City, Parawāda, Visakhapatnam District.			

Place:

Date:

(Signature of the Shareholder)

NOTES/INSTRUCTIONS

- (1) Pursuant to the provisions of Section 192A of the Companies Act, 1956 read with the Companies (Passing of Resolution by Postal Ballot) Rules 2011, the assent or dissent of the Shareholders in respect of the Ordinary Resolution contained in the Postal Ballot Notice dated 18.08.2012 is being determined through postal ballot.
- (2) The votes should be cast either in favour or against by putting the tick (✓) Mark in the column provided for assent or dissent. Postal Ballot Form bearing (✓) in both the column will render the form invalid.
- (3) A Member desirous of exercising his/her/its vote by Postal Ballot may complete this Postal Ballot Form and send it to the Scrutinizer in the enclosed self-addressed envelope, so as to reach the Scrutinizer on or before the close of the business hours on 25th September, 2012. However, any envelope containing Postal Ballot if sent by courier at the expense of the Registered Member will also be accepted. The Postal Ballot forms received after this date will be strictly treated as if the reply from the shareholder has not been received.
- (4) This form should be completed and signed by the Shareholder as per the specimen signature registered with the Company/Depository Participant. In case of joint holding, this form should be completed and signed by the first named Shareholder and in his absence, by the next named Shareholder. (However, where the form is sent separately by the first named Shareholder as well as the Joint Holder(s), the vote of the first named Shareholder would be valid.).
- (5) A Member may request for a duplicate Postal Ballot Form, if so required. However, the duly completed Postal Ballot Form should reach the scrutinizer not later than the date specified hereinbefore. Request for issue of duplicate Postal Ballot Form shall not be entertained after 20th September, 2012.
- (6) Each share will carry one (1) vote and the voting rights shall be reckoned on the number of shares registered in the name of the Shareholders on the date of dispatch of the Notice.*(the date shall be announced through advertisement.)*
- (7) In case of shares held by Companies, Trusts, Societies etc., the duly completed Postal Ballot Form should be accompanied by a certified true copy of the Board Resolution/Authority, under the signature/s of Authorised Signatory (ies).
- (8) Postal Ballot cannot be exercised by Proxy.
- (9) Incomplete, unsigned or incorrectly filled Postal Ballot Forms are subject to rejection by the Scrutinizer. Shareholders are requested not to send any other paper along with the Postal Ballot Form in the enclosed self-addressed postage pre-paid envelope,
- (10) The result of the Postal Ballot will be published in the newspapers within 48 hours of the declaration of the results and will be placed at the website of the Company.
- (11) The scrutinizer's decision on validity of Postal Ballot will be final.
- (12) The results of postal ballot will be declared by the Chairman on 26th September, 2012 at 12.00 Noon at the Registered Office of the Company and the date of declaration of result shall be the date of passing of the resolution.