



Pharmaceuticals Ltd.

NOTICE

CIN : L24239AP1987PLC008066 Registered Office : 19-III, Road No.71,
Opp. Bharatiya Vidya Bhavan Public School, Jubilee Hills, Hyderabad-500 096, Telangana, India.
Tel. : 040-66288888 • Fax : 040 - 23551401 • www.smspharma.com • E-mail : info@smspharma.com

Notice is hereby given that the 28th Annual General Meeting of SMS Pharmaceuticals Limited (CIN: L24239AP1987PLC008066) will be held on Friday, 30th day of September, 2016 at 11.00 A.M. at the Jubilee Hills International Centre (Jubilee Hills Club), Jubilee Hills, Hyderabad-500 033 to transact the following business :

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Standalone and Consolidated Financial Statements of the Company for the year ended 31st March, 2016 along with the Reports of the Board of Directors' and Auditors' thereon.
2. To declare Dividend on the equity shares for the financial year 2015-16.
3. To re-appoint Sri Ramesh Babu Potluri (DIN: 00166381) who retires by rotation, and being eligible, offers himself for re-appointment.
4. To re-appoint Sri TVVSN Murthy (DIN: 00465198) who retires by rotation, and being eligible, offers himself for re-appointment.
5. To appoint Statutory Auditors and fix their remuneration, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution:-**

“RESOLVED THAT pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time, pursuant to the recommendations of the Audit Committee and the Board, M/s. Rambabu & Co., Chartered Accountants, (ICAI Firm Registration No. 002976S) who have confirmed their eligibility in terms of the provisions of Section 141 of the Companies Act, 2013 and Rule 4 of the Companies (Audit & Auditors) Rules,

2014, be appointed as Statutory Auditors of the Company for a period of one year, i.e., to hold office from the conclusion of 28th Annual General Meeting (AGM) till the conclusion of the 29th Annual General Meeting of the Company to be held in the year 2017, at such remuneration as may be decided by the Board of Directors of the Company.”

SPECIAL BUSINESS:

6. TO RATIFY / APPROVE THE RELATED PARTY CONTRACTS/ARRANGEMENTS/ TRANSACTIONS OF THE COMPANY

To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution:**

“RESOLVED THAT pursuant to the provisions of Section 188 and all other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Meeting of Board and its Power) Rules, 2014 (as amended from time to time) and as per Regulation 23(8) of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015, the approval / ratification of the members of the Company, be hereby, accorded to all the arrangements / transactions with SMS Pharmaceuticals Limited undertaken in the financial year 2015-16 or earlier year, whether by way of continuation / extension / renewal / modification of earlier arrangements / transactions or otherwise, and entering into further contracts / arrangements / transactions with 'Related Parties' as defined under section 2(76) of the Companies Act, 2013, within the prescribed limits of Rule 15(3) of Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 23(1) of SEBI (LODR) Regulation, whether material or not, for the FY 2016-17 as set out in the Explanatory Statement.



RESOLVED FURTHER THAT the Board of Directors and of the Company, be hereby, authorised to do, all such acts, matters, deeds and things, settle any queries/difficulties/doubts arise from it, including delegate such authority as may be deemed necessary and execute such addendum contracts/arrangements/transactions, documents and writings and make such changes to the terms and conditions of these contracts/arrangements/transactions as may be considered necessary, proper or expedient to give effect to this resolution and for matters connected herewith or incidental there to in the best interest of the Company.”

7. RE-APPOINTMENT OF SRI RAMESH BABU POTLURI (DIN: 00166381) AS CHAIRMAN AND MANAGING DIRECTOR OF THE COMPANY

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 196, 197, 198 and 203 and other applicable provisions, if any, read with Schedule V of the Companies Act, 2013 read with Companies (Appointment and Qualifications of Directors) Rules, 2014 (as amended from time to time), under the provisions of the Articles of Association of the Company, and pursuant to the recommendations of the Nomination and Remuneration Committee and the Board, the consent and approval of the members of the Company, be hereby, accorded for the re-appointment of Sri Ramesh Babu Potluri (DIN: 00166381) as Whole-time Director designated as Chairman and Managing Director of the Company for a further period of five years with effect from 1st October, 2016, liable to retire by rotation, on the terms and conditions as set out in the Explanatory Statement.

RESOLVED FURTHER THAT pursuant to Schedule V, other provisions of the Companies Act, 2013 (as amended from

time to time), and under the provisions of the Articles of Association of the Company, the Board of Directors of the Company, be hereby, authorized to vary, alter or modify the designation of Sri Ramesh Babu Potluri and the terms and conditions of his appointment including remuneration and/or perquisites payable or to be provided (including any monetary value thereof) to him, as recommended by the nomination and remuneration committee, and to the extent the Board of Directors deem fit, provided however, the overall remuneration does not exceed the ceiling of 5% of the Company’s net profits as prescribed by the Companies Act, 2013.

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year during his tenure, the remuneration as set out in the Explanatory Statement annexed hereto or the revised remuneration in accordance with the limits specified under the Schedule V of Companies Act, 2013 (including any statutory modifications or re-enactments thereof, for the time being in force) or such other limits as may be prescribed by the Government from time to time in this regard, as minimum remuneration, as approved by the remuneration committee, be paid to Sri Ramesh Babu Potluri, subject to such approvals as may be required.

8. RE-APPOINTMENT OF SRI TVVSN MURTHY (DIN: 00465198) AS VICE-CHAIRMAN AND JOINT MANAGING DIRECTOR OF THE COMPANY

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 196, 197, 198 and 203 and other applicable provisions, if any, read with Schedule V of the Companies Act, 2013 read with Companies (Appointment and Qualifications of Directors) Rules, 2014 (as amended from time



to time), under the provisions of the Articles of Association of the Company, and pursuant to the recommendations of the Nomination and Remuneration Committee and the Board, the consent and approval of the members of the Company, be hereby, accorded for the re-appointment of Sri TVVSN Murthy (DIN: 00465198) as Whole-time Director designated as Vice Chairman and Joint Managing Director of the Company for a further period of five years with effect from 1st October, 2016, liable to retire by rotation, on the terms and conditions as set out in the Explanatory Statement.

RESOLVED FURTHER THAT pursuant to Schedule V, other provisions of the Companies Act, 2013 (as amended from time to time), and under the provisions of the Articles of Association of the Company, the Board of Directors of the Company, be hereby, authorized to vary, alter or modify the designation of Sri TVVSN Murthy and the terms and conditions of his appointment including remuneration and/or perquisites payable or to be provided (including any monetary value thereof) to him, as recommended by the nomination & remuneration committee, and to the extent the Board of Directors deem fit, provided however, the overall remuneration does not exceed the ceiling of 5% of the Company's net profits as prescribed by the Companies Act, 2013.

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year during his tenure, the remuneration as set out in the Explanatory Statement annexed hereto or the revised remuneration in accordance with the limits specified under the Schedule V of Companies Act, 2013 (including any statutory modifications or re-enactments thereof, for the time being in force) or such other limits as may be prescribed by the Government from time to time in this regard, as minimum remuneration, as approved by the remuneration committee, be paid to Sri TVVSN Murthy, subject to such approvals as may be required.

9. APPOINTMENT OF SRI P. S. RAO (DIN: 00099066) AS AN INDEPENDENT DIRECTOR OF THE COMPANY

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 149, 152 and 160 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Appointment and Qualifications of Directors) Rules, 2014 (as amended from time to time), and also under the provisions of the Articles of Association of the Company, Sri P S Rao (DIN: 00099066) who was appointed as an Additional Director of the Company, categories as Independent Director by the Board with effect from 7th November, 2015, and who holds the office under the said Articles and pursuant to provisions of Section 161 of the Companies Act, 2013 upto the date of this Annual General Meeting, and who has submitted a declaration that he meets the criteria for Independent Director as provided in Sec. 149(6) of the Act and is eligible for appointment under the relevant provisions of the Companies Act, 2013, and in respect of whom the Company has received notice in writing under Section 160 of the Companies Act, 2013, from a member signifying his intention to propose him as a candidate for the office of Director of the Company, be hereby appointed as an Independent Director of the Company, with effect from 7th November 2015 to hold office up to 6th November 2020, not liable to retire by rotation”.

10. RE-APPOINTMENT OF SRI T.V. PRAVEEN AS VICE-PRESIDENT (MARKETING) OF THE COMPANY

To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 188(1)(f) and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder



and regulation 23 of Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 (as amended from time to time), and pursuant to the recommendations of the Nomination and Remuneration Committee and the Board, consent of the members of the Company, be hereby, accorded for the re-appointment of Sri T.V. Praveen designated as Vice-President (Marketing) of the Company, for a further period of three years from 1st October 2016 to hold the office of profit with a Remuneration of ₹ 4,25,000/- (₹ Four lakh twenty five thousand only) per month and other perquisites, as per the Company's policy in force."

RESOLVED FURTHER THAT pursuant to the applicable provisions of the Companies Act, 2013 (as amended from time to time), the Board of Directors of the Company or any committee thereof, be hereby, authorized to vary, alter or modify the designation and revisions in the remuneration and/or perquisites payable or to be provided (including any monetary value thereof) to Sri T.V. Praveen to the extent the Board of Directors deem fit, subject to overall remuneration ceiling of related party as approved by members.

RESOLVED FURTHER THAT the Board of Directors of the Company be hereby authorised to do, all such acts, matters, deeds and things, settle any queries/difficulties/doubts arise from it, including delegate to such authority as may be deemed necessary, proper or expedient to give effect to this resolution and for matters connected herewith or incidental there to in the best interest of the Company."

11. RE-APPOINTMENT OF SRI P. VAMSI KRISHNA AS VICE-PRESIDENT (OPERATIONS) OF THE COMPANY

To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 188(1)(f) and other applicable provisions, if any, of the Companies

Act, 2013 and the Rules framed thereunder and regulation 23 of Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 (as amended from time to time), and pursuant to the recommendations of the Nomination and Remuneration Committee and the Board, consent of the members of the Company, be hereby accorded for the re-appointment of Sri P. Vamsi Krishna designated as Vice-President (Operations) of the Company, for a further period from 9th August, 2016 to 30th September, 2019 to hold office of profit, with a Remuneration of ₹ 3,25,000/- (₹ Three lakh twenty five thousand only) per month and other perquisites as per the Company policy in force.

RESOLVED FURTHER THAT pursuant to the applicable provisions of the Companies Act, 2013 (as amended from time to time), the Board of Directors of the Company or any committee thereof, be hereby, authorized to vary, alter or modify the designation and revisions in the remuneration and/or perquisites payable or to be provided (including any monetary value thereof) to Sri P. Vamsi Krishna to the extent the Board of Directors deem fit, subject to overall remuneration ceiling of related party as approved by members.

RESOLVED FURTHER THAT the Board of Directors of the Company be hereby authorised to do, all such acts, matters, deeds and things, settle any queries/difficulties/doubts arise from it, including delegate to such authority as may be deemed necessary, proper or expedient to give effect to this resolution and for matters connected herewith or incidental there to in the best interest of the Company."

12. RATIFICATION OF REMUNERATION PAYABLE TO THE COST AUDITOR FOR THE FINANCIAL YEAR ENDING ON 31st MARCH, 2017

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:



“RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 read with Rule 14 and other applicable rules of the Companies (Audit and Auditors) Rules, 2014 (as amended from time to time), and pursuant to the recommendations of the Audit Committee, Sri K.S.N. Sarma, Cost Accountant having Registration No. 102145 and Membership No. 6875 appointed by the Board of Directors of the Company as Cost Auditor of the Company, who had confirmed his eligibility in terms of the provisions of Section 141 read with Section 148 of the Companies Act, 2013 for the financial year 2016-17, to conduct the audit of the cost records of the Company.

RESOLVED FURTHER THAT, pursuant to the recommendations of the Audit Committee and subsequent approval by the Board, the Cost Auditor be paid a remuneration of ₹ 1,00,000/- (₹ One lakh only) plus out of pocket expenses (if any) at actuals and applicable taxes.

RESOLVED FURTHER THAT the Board of Directors of the Company be hereby authorised to do, all such acts, matters, deeds and things, settle any queries/difficulties/doubts arise from it, including delegate to such authority as may be deemed necessary, proper or expedient to give effect to this resolution and for matters connected herewith or incidental there to in the best interest of the Company.”

13. FIXATION OF THE AMOUNT TO BE DEPOSITED WITH THE COMPANY FOR SERVICE OF DOCUMENTS TO THE SHAREHOLDER/MEMBER VIA SPECIFIED MODE ON SPECIFIC REQUEST

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution:**

“RESOLVED THAT pursuant to the provisions of Section 20(2) and other applicable provisions of the Companies Act, 2013 read with the applicable rules of the Companies (Incorporation) Rules, 2014 (as amended from time to time), and pursuant to the recommendations of the Stakeholders Relationship Committee and the Board, consent of the members of the Company, be hereby, accorded to fix a sum of ₹ 1000/- (Rupees one thousand only) as deposit by the respective member(s) for service of documents to him/her/it by a specified mode on request and the applicable charges will be debited to the account from time to time.”

RESERVED FURTHER THAT the Company will keep the said amount in separate ledger/account in its books of accounts and used solely for the above mentioned purpose, the Board of Directors of the Company be hereby authorised to do, all such acts, matters, deeds and things, settle any queries/difficulties/doubts arise from it, as may be considered necessary, proper or expedient to give effect to this resolution and for matters connected herewith or incidental there to in the best interest of the Company.”

By the order of the Board

Ramesh Babu Potluri
(DIN:00166381)

Chairman and Managing Director

Place: Hyderabad
Date: 10-08-2016



Notes :

1. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, relating to special business to be transacted at the Meeting and Clause 8.5 of Secretarial Standard on General Meetings (SS-2), wherever applicable is annexed hereto.
2. A MEMBER OF THE Company ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND A PROXY NEED NOT BE A MEMBER OF THE Company. THE INSTRUMENT OF PROXY, IN ORDER TO BE EFFECTIVE MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE Company DULY COMPLETED AND SIGNED, NOT LESS THAN 48 HOURS BEFORE THE MEETING. PROXIES SUBMITTED ON BEHALF OF LIMITED COMPANIES, SOCIETIES, PARTNERSHIP FIRMS, ETC. MUST BE ACCOMPANIED BY APPROPRIATE RESOLUTION/AUTHORITY AS APPLICABLE, ISSUED ON BEHALF OF THE NOMINATING ORGANIZATION.

PURSUANT TO THE PROVISIONS OF SECTION 105 OF THE COMPANIES ACT, 2013 A PERSON CAN ACT AS A PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE Company CARRYING VOTING RIGHTS. A MEMBER HOLDING MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE Company CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS A PROXY FOR ANY OTHER PERSON OR SHAREHOLDER/MEMBER.
3. Corporate members intending to send their authorized representative(s) to attend the meeting are requested to send to the Company a certified copy of the board resolution authorizing their representative(s) to attend and vote on their behalf at the meeting.
4. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged with the Company, at any time during the business hours of the Company, provided that not less than three days of notice in writing is given to the Company.
5. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the members at the AGM.
6. The Register of Contracts or Arrangements in which Directors are interested, maintained under Section 189 of the Companies Act, 2013, will be available for inspection by the members at the AGM.
7. The Register of Members and Transfer Books of the Company will be remaining closed from Saturday, 24th September, 2016 to Friday, 30th September, 2016, both days inclusive.
8. The Board of Directors of the Company at their meeting held on 14th May, 2016 has recommended a dividend of ₹ 0.20 (i.e. 20%) per equity share of ₹ 1/- face value, aggregating of ₹1,69,30,406/- as final dividend for the financial year 2015-16. Dividend, if declared, at the AGM, will be paid on or after 3rd October, 2016. The dividend, if approved at the 28th AGM, will be paid to those members whose names appear on the register of members of the Company as of the end of the day on Saturday, 24th September, 2016.
9. Pursuant to Section 108 of the Companies Act, 2013, read with Rules 20 of the Companies (Management and Administration) Rules, 2014 as substituted by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), the Company is pleased to offer voting by electronic means to the members to cast their



votes electronically on all resolutions set forth in this notice.

10. **The Company will provide the “Remote E-Voting” facility to all the members, whose names appear on the register of members of the Company as of the end of the day on Saturday, 24th September, 2016. Pursuant to the above mentioned rule 4(3)(b) the Company will provide the Voting by way of ballot or polling paper at the AGM Venue. The detailed instructions for e-voting are given as a separate attachment to this notice**

11. The E-Voting facility will be available during the following period:

Commencement of E-Voting:	From 9:00 A.M. (IST) on Monday, 26 th September, 2016
End of E-Voting:	On 05:00 P.M. (IST) on Thursday, 29 th September, 2016

12. The Notice of the AGM along with the Annual Report 2015-16 is being sent by electronic mode to those Members whose e-mail addresses are registered with the Company / Depositories, unless any Member has requested for a physical copy of the same. For Members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode at their address. A copy of the notice of the AGM along with the Annual Report is also available for download on the website of the Company www.smspharma.com. To support the 'Green Initiative' Members who have not registered their e-mail addresses are requested to register the same with Aarthi Consultants Private Limited/Depositories. The members will be entitled to a physical copy of the annual report for the financial year 2015-16, free of cost, upon sending a request to the Company Secretary at Plot No:19-III, Road No:71, Jubilee Hills, Opp. Bharatiya Vidya Bhavan Public School, Hyderabad - 500096
13. The members are requested to intimate immediately any change in their address or bank mandates to their depository participants

with whom they are maintaining their demat accounts or to the Company's Share Transfer Agent M/s. Aarthi Consultants Private Limited at their office, 1-2-285, Domalguda Hyderabad, Telangana-500 029” or mail them at info@aarthiconsultants.com stating their details, if the shares are held in physical form.

14. The business set out in the notice will be transacted through electronic voting system and the Company is providing facility for voting through electronic means. Instructions and other information relating to e-voting are given separately.
15. For the convenience of members and for proper conduct of the meeting, entry to the place of meeting will be regulated by attendance slip, which is part of the annual report. Members are requested to duly fill in and sign at the place provided on the attendance slip and hand it over at the entrance of the venue.
16. Shareholder/member desiring any information relating to the accounts are requested to write to the Company at least 7 days before the date of AGM so as to enable the management to keep the information ready.
17. Relevant documents referred to in the notice and the Explanatory Statement is open for inspection by the members at the Registered Office of the Company on all working days during business hours up to the date of Annual General Meeting.
18. The Company has transferred the unpaid or unclaimed dividends declared up to financial year 2007-08, from time to time on due dates, to the Investor Education and Protection Fund (the IEPF) established by the Central Government. Pursuant to the provisions of Sec. 124 of Companies Act, 2013 and Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on September 29, 2015 (date of last Annual General Meeting) on the website of the Company (www.smspharma.com), as also on the website of the Ministry of Corporate Affairs.



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19. Members who have not en-cashed the dividend warrant(s) for the financial year ended March 31, 2009 onwards are requested to make their claims directly to the Company or to M/s Aarthi Consultants Pvt. Ltd. at info@aarthiconsultants.com&aarthiconsultants@gmail.com , without any delay

Due date for transfer of unclaimed dividend to IEPF				
Year	Dividend rate per share (Rs.)	Date of declaration	Due date for transfer to IEPF	Amount of Unpaid Dividend (₹)
2008-09	2	30/09/09	07/10/16	1,97,868
2009-10	2	29/09/10	06/10/17	85,602
2010-11	2	30/09/11	07/10/18	1,13,604
2011-12	2	29/09/12	06/10/19	Not Applicable
2012-13	2	30/09/13	07/10/20	1,13,452
2013-14	2	30/09/14	07/10/21	1,57,702
2014-15	2	29/09/15	06/10/22	1,83,374

Explanatory Statement Pursuant to Section 102 of the Companies Act, 2013 (“the Act”)

Item No. 6:

The Company had made the following Contracts/Arrangements/Transactions with its Related Parties:

- Appointment of relatives in office or place of profit as set out in item no. 10 & 11 of this notice
- Job work assignment to R.Chem (Somanahalli) Private Limited at an arm’s length price
- Sales and purchase of products/by-products/material at an arm’s length price to VKT Pharma Private Limited and R.Chem (Somanahalli) Private Limited.

A detail description on the same as set out in form AOC -2 of Board’s Report of this Annual Report.

The Board recommends the resolution for approval of the members.

Except Sri Ramesh Babu Potluri (Chairman and Managing Director) and Sri TVVSN Murthy (Vice Chairman and Joint Managing Director) none of the other Directors, Key Managerial Personnel or their relatives are, in any way, concerned or interested, financially or otherwise, in this resolution.

Item No. 7.

Information in terms of Regulation 36(3) of The SEBI (LODR) Regulation, 2015

Sri Ramesh Babu Potluri is a Post-graduate Technocrat and having expertise in the field of organic chemistry. He started his career in the year 1984 with Cheminor Drugs Limited (Group of Dr. Reddy’s Laboratories Limited), Hyderabad. With his innovative skills and methodological approaches in R & D he developed cost effective Ibuprofen by using cyanide route. Later he took active part in commercializing the same. He was first promoted as Assistant Production Manager and then in a short span was promoted as the Production Manager in Cheminor Drugs Limited. During his tenure he was responsible for significant reduction in production cost of Ibuprofen. He played a key role in getting US FDA approval for Ibuprofen for Cheminor Drugs Limited in 1987.

In 1990 he acquired SMS Pharmaceuticals Limited which at that point of time was a sick unit and became the Managing Director of the Company. After taking charge as Managing Director, he changed the product mix of the Company. This gave the Company a boost in sales and helped the



Company in achieving profitability in the first year of operations itself. Under his guidance the Company introduced many other series of API's. He helped the Company in reaching a level as one of the largest producers of Ranitidine HCl. He had served on boards of organizations like Chemexil and has been advisor to AP State Government for Pharma sector.

He is neither associated with other director and nor director in other listed entity. He is the Chairman of the Corporate Social Responsibility Committee of the Company.

At the 25th Annual General Meeting held on 30.09.2013, the members had approved the re-appointment of Sri Ramesh Babu Potluri as Chairman and Managing Director of the Company for a period of three years w.e.f. 01.12.2013 at a remuneration of ₹ 4,00,000/- per month and other perquisites. The Nomination and Remuneration Committee and the Board at its meeting approved the re-appointment of Sri Ramesh Babu Potluri as Chairman and Managing Director of the Company for a further period of 5 years w.e.f. 01.10.2016 subject to approval of the members, with remuneration, on the following terms and conditions:

1) Salary :

₹ 15,00,000/- (₹ fifteen lakhs only) per month with an enhancement @10% per annum

2) Allowances & Perquisites:

- a) Housing:
- Rent Free Accommodation. If no accommodation is provided by the Company, the CMD shall be entitled to House Rental Allowance for an amount of ₹ 1,50,000/- (₹ One lakh fifty thousand only) per month.
 - Actual expenses pertaining to maintenance of accommodation, Gas, Electricity, Water and other utilities will be / reimbursed by the Company.
 - The Company shall provide such furniture, furnishings, domestic servant and security guards at his residence as may require.

- Provident Fund, Gratuity:
Company's contribution to the Provident Fund and payment of Gratuity shall be as per the Rules of the Company.
- Medical Reimbursement:
Reimbursement of actual medical expenses incurred in India and abroad for self and dependent family members.
- Medical Insurance :
Premium will be paid by the Company as per the Company's Policy.
- Leave Travel Allowance (LTA):
LTA will be paid once in a year for maximum of one month salary, as per Rules of the Company.
- Leave Encashment:
As per rules of the Company.
- Personal Accident Insurance:
The premium shall not exceed ₹ 25,000/- per annum.
- Club Membership:
Subscription or reimbursement of membership fees (excluding admission and life membership) for two clubs.
- Benefits if any, assigned under Keyman Insurance Policy.
- Other allowances as may be decided by the Board / nomination and remuneration committee from time to time, subject to the provisions of the Companies Act, 2013.

Explanation:

- Perquisites shall be evaluated as per Income-tax Rules, wherever applicable and in the absence of any such rule, Perquisites shall be evaluated at actual costs.
- Family mentioned above means the spouse, dependent parents and dependent children of the Chairman



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and the Managing Director as mentioned in the applicable rules or schemes.

3) **Commission:** Commission payable as percentage of profits as may be decided by the Board of Directors.

4) **Amenities:**

- a) Conveyance facility: The Company shall provide a Car with Driver.
- b) Communication facilities: The Company shall provide Telephone, Cell Phone, Internet, and other communication facilities at the Chairman and Managing Director's residence.
- c) Travelling expenses actually incurred on travelling and boarding and lodging for self and spouse and also attendant, if required accompanying him during domestic and overseas business trips.

Explanation: The following shall not be included for the purpose of computation of the Chairman and Managing Director's remuneration and perquisites as aforesaid.

- i) Company's contribution to the Provident Fund and Superannuation Fund.
- ii) Gratuity payable pursuant to the rules of the Company.
- iii) Encashment of Leave.
- iv) Amenities as mentioned above.

This may also be considered and treated as Abstract of the terms of appointment and Memorandum of Interest under Section 190 of the Companies Act, 2013.

The Board recommends the resolution for approval of the members.

None of the Directors of the Company except Sri Ramesh Babu Potluri is interested or concerned in this Resolution.

Item No.8

Information in terms of Regulation 36(3) of The SEBI (LODR) Regulation, 2015

Sri TVVSN Murthy is a Graduate in Chemistry having expertise in the field of organic chemistry and has an rich experience in bulk drug and pharmaceutical industry. He started his career in 1981 with Standard Organics Limited, Hyderabad, as a chemist in R & D. During this period he was instrumental in developing technologies and processes for several bulk drugs. He was actively involved in commercialization of products by scaling up the laboratory-scale process to pilot plant and up to commercial scales.

In 1984, he joined Cheminor Drugs Limited (Group of Dr. Reddy's Laboratories Limited), Hyderabad as Production Manager. He played a major role in substantial development of production and turnover. He played a key role in getting US FDA approval for Cheminor Drugs Limited. As a production Manager, he contributed a lot in process improvement and cost reduction procedures and to increase labor productivity by motivation.

In the year 1990, he, along with Sri Ramesh Babu Potluri took over SMS Pharmaceuticals Limited. He looks after the production and R& D activities of the Company. He also played a major part in reducing the Ranitidine production Process from 7 stages to 4 stages. He was responsible in designing a state-of-art effluent treatment plant of the Company.

He is neither associated with other director and nor director in other listed entity. He is the member of Stakeholders Relationship Committee of the Company.

At the 25th Annual General Meeting held on 30.09.2013, the members had approved the re-appointment of Sri TVVSN Murthy as Vice-Chairman and Joint Managing Director of the Company for a period of three years w.e.f. 01.12.2013 at a remuneration of ₹ 4,00,000/- per month and other perquisites. The Nomination and Remuneration Committee and the Board at its meeting approved the re-appointment of Sri TVVSN Murthy as Vice-Chairman and Joint Managing Director of the Company for a further period of 5 years w.e.f. 01.10.2016 subject to approval of the members, with remuneration, on the following terms and conditions:



1) Salary :

₹ 15,00,000/- (₹ fifteen lakhs only) per month with an enhancement @10% per annum.

2) Allowances & Perquisites:

a) Housing:

i) Rent Free Accommodation. If no accommodation is provided by the Company, the VC & JMD shall be entitled to House Rental Allowance for an amount of ₹ 1,50,000/- (₹ One lakh fifty thousand only) per month.

ii) Actual expenses pertaining to maintenance of accommodation, Gas, Electricity, Water and other utilities will be / reimbursed by the Company.

iii) The Company shall provide such furniture, furnishings, domestic servant and security guards at his residence as may require.

b) Provident Fund, Gratuity:

Company's contribution to the Provident Fund and payment of Gratuity shall be as per the Rules of the Company.

c) Medical Reimbursement:

Reimbursement of actual medical expenses incurred in India and abroad for self and dependent family members.

d) Medical Insurance :

Premium will be paid by the Company as per the Company's Policy.

e) Leave Travel Allowance (LTA):

LTA will be paid once in a year for one month salary, as per Rules of the Company.

f) Leave Encashment:

As per the rules of the Company.

g) Personal Accident Insurance:

The premium shall not exceed ₹ 25,000/- per annum.

h) Club Membership:

Subscription or reimbursement of membership fees (excluding admission and life membership) for two clubs.

i) Benefits if any, assigned under Keyman Insurance Policy.

j) Other allowances as may be decided by the Board/ nomination and remuneration committee from time to time, subject to the provisions of the Companies Act, 2013.

Explanation:

(1) Perquisites shall be evaluated as per Income-tax Rules, wherever applicable and in the absence of any such rule, Perquisites shall be evaluated at actual costs.

(2) Family mentioned above means the spouse, dependent parents and dependent children of the Vice Chairman and Joint Managing Director as mentioned in the applicable rules or schemes.

3) Commission: Commission payable as percentage of profits as may be decided by the Board of Directors.

4) Amenities:

a) Conveyance facility:

The Company shall provide a Car with Driver.

b) Communication facilities:

The Company shall provide Telephone, Cell Phone, Internet, and other communication facilities at the Vice -Chairman and Joint Managing Director's residence.

c) Travelling expenses actually incurred on travelling and boarding and lodging for self and also spouse and attendant, if required accompanying him during domestic and overseas business trips.

Explanation: The following shall not be included for the purpose of computation of the



Vice-Chairman and Joint Managing Directors' remuneration and perquisites as aforesaid.

- i) Company's contribution to the Provident Fund and Superannuation Fund.
- ii) Gratuity payable pursuant to the rules of the Company.
- iii) Encashment of Leave.
- iv) Amenities as mentioned above.

This may also be considered and treated as Abstract of the terms of appointment and Memorandum of Interest under Section 190 of the Companies Act, 2013.

The Board recommends the resolution for approval of the members

None of the Directors of the Company except Sri TVVSN Murthy is interested or concerned in this Resolution.

Item No. 9

Information in terms of Regulation 36(3) of The SEBI (LODR) Regulation, 2015

Sri P. S. Rao is having over 40 years of professional experience in the pharma industry. He had worked in organization like Fluka AG, Switzerland, Ranbaxy Laboratories and Nicholas Pharmaceuticals (India) Limited. He is having association with various global pharmaceuticals companies as a consultant since 1991.

He is also Managing Director of Maxi Pharm P. Ltd. which provides Full Services to Global Originator and Generic Pharma Companies. Intermediates, APIs, Finished Dosage Forms, Clinical Studies, Tox Studies & Project Management. He was earlier associated with Natco Pharma Ltd., as Director - International Operations. He is neither associated with other director nor director in other listed entity. He is the Chairman of the Stakeholders Relationship Committee and member of Audit Committee, Nomination and Remuneration Committee and Corporate Social Responsibility Committee of the Company.

The Board of Directors of the Company had appointed him as an additional Independent Director w.e.f. 7th November, 2015. In terms of the provisions

of Sec. 161(1) of the Companies Act, 2013 Sri P.S. Rao would hold office upto the date of ensuing general meeting. As per the provision of Sec. 149 of the Companies Act, 2013 an independent Director shall hold office for a term upto not exceeding five consecutive years in the Board of the Company and is not liable to retire by rotation. Accordingly, his appointment as independent director proposed from 7th November, 2015 to 6th November, 2020.

The Board recommends the resolution for approval of the members.

None of the Directors/Key Managerial Personnel/their relatives is, of the Company except Sri P.S. Rao, is in any way, concerned or interested, financially or otherwise, in this resolution.

Item No. 10

Sri T.V. Praveen son of Sri TVVS Murthy (Vice Chairman and Joint Managing director) was first appointed as Vice-President (Marketing) of the Company by the Members of the Company in 20th Annual General Meeting held on 29th December, 2008 for a period of 5 years w.e.f. 01.01.2009. Subsequently he was reappointed by the members at the 25th Annual General Meeting held on 30th September, 2013 for a further period of 3 years at a remuneration of ₹ 3,00,000/- per month inclusive of all perquisites and allowances.

Sri T.V. Praveen is a post graduate in management from IIM Kozhikode and an engineering graduate from BITS, Pilani. Prior to joining SMS Pharmaceuticals Limited, he had worked in multinational companies like Deloitte Consulting and Cognizant Technologies. He is focusing on forging long term relationships between the Company and customers.

The Board of Directors of the Company has decided to re-appoint him as Vice-President (Marketing) for a further period of three years with effect from 1st October, 2016 with such remuneration as set out in the Notice.

The Board recommends the resolution for approval of the members.

None of the Directors/Key Managerial Personnel/their relatives is, of the Company except Sri TVVSN Murthy, is in any way, concerned or interested, financially or otherwise, in this resolution.



Item No. 11

Sri P. Vamsi Krishna son of Sri Ramesh Babu Potluri (Chairman and Managing Director) was first appointed as Vice-President (Operations) of the Company by the Members of the Company at the 25th Annual General Meeting held on 30th September, 2013 for a period of 3 years w.e.f. 09.08.2013 at a remuneration of ₹ 1,50,000/- per month inclusive of all perquisites and allowances.

He had studied B.Tech.(EEE) in Birla Institute of Technology and Science (BITS) Pilani, Dubai, and M.S. (Engineering Management & Finance) in University of Missouri, St. Louis, Rola, U.S.A. Prior to joining SMS Pharmaceuticals Limited, he had worked in Ranbaxy Laboratories, Jacksonville, Florida, U.S.A. He is focusing on improvement of operations of the Company and to improve operational efficiency.

The Board of Directors of the Company has decided to re-appoint him from 9th August, 2016 to 30th September, 2019 with such remuneration as set out in the Notice.

The Board recommends the resolution for approval of the members.

None of the Directors/Key Managerial Personnel/ their relatives is of the Company except Sri Ramesh Babu Potluri, in any way, concerned or interested, financially or otherwise, in this resolution.

Item No. 12

The Board, on the recommendation of the Audit Committee has approved the re-appoint of the Cost Auditor Sri K.S.N. Sarma, to conduct the Audit of the cost records of the Company for the Financial Year 2016-17.

In terms of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules 2014, the remuneration of the Cost Auditor needs ratification from the members of the Company. Accordingly consent of the members is accorded, for ratification of the remuneration payable to the

Cost Auditor for the year ending 31st March, 2017 as set out in the Notice.

The Board recommends the resolution for approval of the members.

None of the Directors/Key Managerial Personnel/ their relatives is, in any way, concerned or interested, financially or otherwise, in this resolution.

Item No.13

Section 20(2) of the Companies Act, 2013 requires that, "a member may request for delivery of any document through a particular mode, for which he shall pay such fees as may be determined by the Company in its annual general meeting."

The Stakeholders Relationship Committee and the Board has recommended to fix a sum of ₹ 1000/- (Rupees one thousand only) to be kept in a separate account, for serving the document to the member by specified mode and on request the applicable charges will be debited to the account from time to time.

The Board recommends the resolution for approval of the members.

None of the Directors/Key Managerial Personnel/ their relatives is, in any way, concerned or interested, financially or otherwise, in this resolution.

By the order of the Board

Ramesh Babu Potluri

(DIN:00166381)

Chairman & Managing Director

Place: Hyderabad

Date: 10-08-2016



Pharmaceuticals Ltd.

AGM Venue Route Map:





INSTRUCTIONS FOR SHAREHOLDERS VOTING ELECTRONICALLY ARE AS UNDER:

- (i) The voting period begins on **26-09-2016** at **09:00 A.M.** and ends on **29-09-2016** at **05:00 P.M.** During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of **24-09-2016**, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any Company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

FOR MEMBERS HOLDING SHARES IN DEMAT FORM AND PHYSICAL FORM	
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none">• Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.• In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
DOB	Enter the Date of Birth as recorded in your demat account or in the Company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the Company records for the said demat account or folio. <ul style="list-style-type: none">• Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or Company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.



Pharmaceuticals Ltd.

- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (xii) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (xvii) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Note for Non – Individual Shareholders and Custodians
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.