



DEPUTY GENERAL MANAGER  
CORPORATION FINANCE DEPARTMENT  
POLICY CELL  
Phone no: 022-26449373

भारतीय प्रतिभूति  
और विनिमय बोर्ड  
**Securities and Exchange  
Board of India**

CFD/PC/IG/CB/3565/15  
February 02, 2015

Dr Y K Hameid  
C/o M/s CIPLA Limited  
1/C, Somerset place  
Sophia College Lane, Bhulabhai Desai Road  
Mumbai-400026

Dear Sir,

**Sub: Request for "Interpretative Letter" under the SEBI (Informal Guidance) Scheme, 2003 {Scheme} in relation to inter-se transfer among the promoter and promoter group of Cipla Limited {Target Company} under SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 {Takeover Regulations}.**

1. This has reference to your letter dated October 21, 2014 on the captioned subject and further email dated November 27, 2014
2. You have, inter alia, represented as follows-
  - a. The target company is a listed company engaged in the business of manufacturing and marketing of pharmaceutical products.
  - b. Dr Y K Hamied and various members of his family together with certain entities within their control, own and hold equity shares in the company and have been classified as members of the promoter and promoter group of the company.
  - c. As part of voluntary and consensual family understanding and with the intent of putting into writing the broad understanding in respect of the manner in which the group will exercise votes in respect of the company, the group is proposing to enter into an agreement in that respect. The agreement also provides for a pre-emptive right in case the shareholders choose to transfer their shares.
  - d. By way of background, historically, no proxies were executed along individual members of the group except that Mrs Sophie Ahmed, (sister of Dr Y K Hamied) would execute a proxy in favour of Dr Y K Hamied. Prior to the commencement of Companies Act, 2013, voting in general meetings would take place by show of hands, and individual members of the group except Mrs Sophie Ahmed, would vote personally and corporate entities would authorize individuals on their behalf. Mrs Sophie Ahmed has reserved her right to be a party to the agreement and should

Page 1 of 3

सेबी भवन, प्लॉट सं. सी 4-ए, "जी" ब्लॉक, बांद्रा कुर्ला कॉम्प्लेक्स, बांद्रा (पूर्व), मुंबई - 400 051.  
दूरभाष : 2644 9950 / 4045 9950 (आई.वी.आर. एस.), 2644 9000 / 4045 9000 फैक्स : 2644 9019 से 2644 9022 वेब : www.sebi.gov.in



अनुवर्ती :  
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और विनिमय बोर्ड  
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she choose to act according to the agreement , she would be made a party of deemed to be a party to the agreement.

3. In view of the above, you have sought interpretive letter from SEBI on the following :-

- a. Would the arrangement of voting rights in the manner set out in the proposed agreement (with or without Mrs Sophie Ahmed as a party) trigger an obligation on the applicant and/ or the group to make an open offer in terms of regulation 3(1) read with regulation 3(3) of Takeover Regulations?
- b. If answer to the above question is affirmative, whether the said arrangement would fall within the exemption provided under Regulation 10(1)(a)(ii) read with regulation 10(1)(a)(iv) read with regulation 2(1)(b) of Takeover Regulations?
- c. Assuming that the agreement is executed, then, would the change in the members of the Hamied gamily under whose direction and supervision the voting would be done pursuant to demise or incapacity of Dr Y K Hamied or Mr M K Hamied in accordance with clause 2 and 3 of the agreement would fall within the exemption provided under regulation 10(1)(a)(ii) read with read with regulation 10(1)(a)(iv) read with regulation 2(1)(b) of Takeover Regulations?

4. We have considered the submission made by you in your letters under reference and without necessarily agreeing with your analysis, our views on the issues are as under:

- (1) It is observed that all entities/ individuals who are going to enter into the proposed agreement are already disclosed as part of the promoter/ promoter group of the target company in terms of Clause 35 of the Listing Agreement. Hence, such entities/ individuals are deemed to be persons acting in concert in terms of regulation 2(1)(q)(2)(iv) of Takeover Regulations.
- (2) The proposed agreement provides for the promoters and promoter group acting jointly as a single unit for the purpose of exercising voting rights under the direction and supervision of Mr. Y K Hamied. This implies that Mr. Y K Hamied would be the single largest holder of voting rights in the target company.
- (3) The proposed transaction would lead to acquisition of voting rights in excess of thresholds under Regulation 3(1) and entail change in control of the target company in favour of Mr. Y K Hamied and thus, would trigger obligation to make open offer in terms of Regulation 3(1) read with Regulation 3(3) and Regulation 4 of Takeover Regulations.

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भारतीय प्रतिभूति  
और विनिमय बोर्ड  
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Board of India**

- (4) Further, such acquisition of voting rights under an agreement would be exempt in terms of regulation 10(1)(a)(ii) read with regulation 10(1)(a)(iv) of Takeover Regulations subject to fulfillment of conditions specified therein.
- (5) Similarly, change in the family member under whose direction , the voting and supervision would be done pursuant to demise or incapacity of Dr Y K Hamied or Dr M K Hamied would be exempt if conditions specified in regulation 10 are complied with.
5. Vide your letter dated October 21,2014 and email dated November 27, 2014 you have requested for confidentiality in respect of your interpretative letter. Acceding to your request, it has been decided that the interpretative letter issued to you in this matter will not be made public for a period of 90 days from the date of issuance of this letter.
6. The above position is based on the information furnished in your letter under reference. Different facts or conditions might lead to a different result. Further, this letter does not express a decision of the Board on the questions referred.
7. You may also note that the above views are expressed only with respect to the clarification sought in your letter under reference with respect to Securities and Exchange Board of India (Substantial Acquisition of Shares & Takeovers) Regulations, 2011 and do not affect the applicability of any other law or requirements of any other SEBI Regulations, Guidelines and circulars administered by SEBI or of the laws administered by any other authority.

Yours faithfully,

  
Amit Tandon