

INTER-SE VOTING AGREEMENTS EXEMPTED FROM OPEN OFFER UNDER TAKEOVER REGULATIONS

On October 21, 2014, promoter of Cipla Limited ("Company"), Mr. Y.K. Hameid had requested SEBI for interpretative letter under SEBI (Informal Guidance) Scheme, 2003 in relation to implications of inter-se voting agreement among the promoters and promoter group of the Company under the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 ("**Takeover Regulations**").

A. BRIEF FACTS:

- Dr. Y.K. Hamied and his family members together with certain entities within their control, own and control 36.80% equity shares in the Company and are classified as members of the promoter and promoter group of the Company ("**Promoter and Promoter Group**").
- Promoter and Promoter Group had proposed to enter into an inter-se agreement ("**Voting Agreement**") pursuant to which Promoter and Promoter Group would act as a single unit and exercise their voting rights under the overall direction and supervision of Dr. Y.K. Hamied during his lifetime, and after the demise/ incapacity of Dr. Y.K. Hamied by Mr. M.K. Hamied. Thereafter, the Promoter and Promoter Group shall act as a joint unit subject to the overall direction and supervision of the member of the Promoter and Promoter Group who owns the highest number of shares.
- Historically, all the family members had been exercising their voting rights in respect of shares held by each of them and no proxies were executed (except in one case). Apart from voting rights, the Voting Agreement also provides for pre-emptive rights in case any member of the family wishes to transfer shares.

B. CLARIFICATIONS SOUGHT FROM SEBI:

- Whether the arrangement in the Voting Agreement would amount to the acquisition of voting rights under Regulation 3(1) read with Regulation 3(3) of the Takeover Regulations, which deal with requirement of making an open offer to public;
- If arrangement in the Voting Agreement amounts to acquisition, whether the same would fall within the specific exemption for inter-se transfer of shares among family members under Regulation 10(1)(a)(ii) read with Regulation 10(1)(a)(iv) of Takeover Regulations: and
- Whether change in controlling family member under whose directions the family will exercise voting rights would be exempted from the requirement of making an open offer to public if the requirements under Regulation 10 are satisfied.

C. SEBI'S INFORMAL GUIDANCE:

Through its [informal guidance](#) dated May 05, 2015, SEBI has stated that the Voting Agreement implies Mr. Y.K. Hamied the single largest holder of voting rights in the Company and would normally trigger the obligation to make mandatory open offer under the Takeover Regulations. Further since the parties to the Voting Agreement are already disclosed as part of the promoter and promoter group of the Company in terms of Clause 35 of the Listing Agreement, they are deemed to be "persons acting in concert" under the Takeover Regulations and hence the arrangement under the Voting Agreement would fall under exemption from making open offer to public in terms of Regulation 10(1)(a)(iv). Similarly, a change in family member under the Voting Agreement under whose directions the family will exercise voting rights would be exempted if the requirements under Regulation 10 are satisfied.

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