

## CIPLA LIMITED

Registered Office: Mumbai Central, Mumbai-400 008  
Tel No.: 022-2302 5272; Fax No.: 022-2300 8101, Email: cosecretary@cipla.com

### NOTICE OF POSTAL BALLOT

Dear Member(s),

Notice is hereby given that pursuant to section 192A of the Companies Act, 1956 and the Companies (passing of the resolution by postal ballot) Rules, 2011 made thereunder, the Company is seeking the consent of its members in respect of the Special Business proposed to be passed by Postal Ballot, more specifically provided in the appended Resolution.

The Company has appointed Mr. B. Narasimhan, Practising Company Secretary or failing him Mr. Atul Shahade, Practising Chartered Accountant as the Scrutinizer for conducting the Postal Ballot in a fair and transparent manner.

The Scrutinizer will submit his report to the Chairman after completion of the scrutiny and the results of the Postal Ballot will be announced at the Registered Office of the Company and will be published through a press release.

#### Item of special business requiring consent of members through Postal Ballot:

1. To consider and if thought fit, to pass the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of section 81(1A), and all other applicable provisions, if any, of the Companies Act 1956, the Memorandum and Articles of Association of the Company, Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (hereinafter referred to as “SEBI Guidelines”) and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, the approval and consent of the Company be and are hereby accorded respectively to the ‘Employee Stock Option Scheme 2013 (ESOS 2013)’ and to the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include any Committee, including the Compensation/ Remuneration Committee which the Board has constituted to exercise its powers, including the powers, conferred by this resolution) to create, offer and grant from time to time 10,00,000 stock options to employee of the Company, under the Scheme exercisable into equal number of equity shares of face value of Rs.2/- each fully paid up, in one or more tranches, on such terms and in such manner as the Board may decide in accordance with the provisions of the law or guidelines issued by the relevant authorities.

RESOLVED FURTHER THAT in case of any corporate action(s) such as rights issues, bonus issues, merger and sale of division and others, if any additional equity shares are issued by the Company to the employee for the purpose of making a fair and reasonable adjustment to the options granted earlier, the above ceiling of 10,00,000 equity shares shall be deemed to be increased to the extent of such additional equity shares issued.

RESOLVED FURTHER THAT the Board be and is hereby authorized to issue and allot equity shares upon exercise of options from time to time in accordance with ESOS 2013 or allot equity shares to the Trust which may be set up by the Board to administer ESOS 2013 or any other schemes of the Company and such equity shares shall rank pari passu in all respects with the then existing equity shares of the Company.

RESOLVED FURTHER THAT in case the equity shares of the Company are either sub-divided or consolidated, then the number of shares to be allotted and the price of acquisition payable by the employee under ESOS 2013 shall automatically stand augmented or reduced, as the case may be, in the same proportion as the present face value of Rs.2/- per equity share bears to the revised face value of the equity share of the Company after such sub-division or consolidation, without affecting any other rights or obligations of the employee.

RESOLVED FURTHER THAT the Board be and is hereby authorized to make modifications, changes, variations, alterations or revisions in ESOS 2013 as it may deem fit, from time to time in its sole and absolute discretion in conformity with the provisions of the Companies Act, 1956, the Memorandum and Articles of Association of the Company, SEBI Guidelines and any other applicable laws.”

In the event the resolution as set out herein above is assented to by the requisite majority of members by means of Postal Ballot, it shall be deemed to have been passed as Special Business at the Extraordinary General Meeting of the Company. The date of announcement of the results of the Postal Ballot shall be considered to be the date of the Extraordinary General Meeting and the date of passing of the said resolution.

By order of the Board  
For Cipla Limited

Mumbai,  
6<sup>th</sup> February 2013

Mital Sanghvi  
Company Secretary

**Notes**

1. An explanatory statement pursuant to section 173(2) of the Companies Act, 1956 is annexed hereto.
2. The Notice is being sent to all the members whose names appear in the Register of Members / Beneficiary Position maintained by the Depositories as on Friday, 22<sup>nd</sup> February 2013.
3. Voting rights shall be reckoned on the paid-up value of equity shares registered in the name of the members as on Friday, 22<sup>nd</sup> February 2013.
4. The Company is pleased to provide e-voting facility as an alternative, for all members of the Company to enable them to cast their votes electronically instead of despatching physical Postal Ballot. E-voting is optional. The instructions for e-Voting are as under:
  - i. Open your web browser during the voting period and log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
  - ii. Now click on "Shareholders" tab to cast your votes
  - iii. Now, select the "Electronic Voting Sequence Number (EVSNS)" alongwith "CIPLA LIMITED" from the drop down menu and click on "SUBMIT"
  - iv. Now, fill up the following details in the appropriate boxes:

	<b>For members holding shares in Demat Form</b>	<b>For members holding shares in Physical Form</b>
<b>User-ID</b>	For NSDL :- 8 characters DP ID followed by 8 digits Client ID For CDSL :- 16 digits beneficiary ID	Folio Number registered with the Company
<b>Password</b> • For members whose email addresses are registered with the Company/Depository Participant	<ul style="list-style-type: none"> <li>• Enter your existing password in case you have voted before on CDSL's e-voting system</li> <li>• Enter the unique password mentioned in the email vide which the Postal Ballot Notice has been emailed to you in case you are using the CDSL's e-voting system for the first time</li> </ul>	Enter the unique password mentioned in the email vide which the Postal Ballot Notice has been emailed to you
• For members whose email addresses are not registered with the Company/Depository Participant	<ul style="list-style-type: none"> <li>• Enter your existing password in case you have voted before on CDSL's e-voting system</li> <li>• Enter the unique password printed on your postal ballot form in case you are using the CDSL's e-voting system for the first time</li> </ul>	Enter the unique password printed on your Postal Ballot form
<b>PAN Number*</b>	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department	

\* Members who have not updated their PAN with the Company/Depository Participant are requested to use the default number: **54321** in the PAN field or use physical Postal Ballot Form for voting.

- v. After entering these details appropriately, click on "SUBMIT"
- vi. Members holding shares in Physical form will then reach directly to the voting screen. The password and default number can be used only for e-voting on the resolution contained in this Postal Ballot Notice.
- vii. Members holding shares in Demat form will now reach Password Change menu wherein they are required to mandatorily change their login password in the new password field in case members are using the CDSL's e-voting system for the first time. The new password has to be minimum eight characters consisting of atleast one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character. Kindly note that this password is also to be used by the Demat holders for voting for resolution 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.
- viii. You can also update your mobile number and e-mail ID in the user profile details of the folio which may be used for sending communication(s) regarding CDSL e-voting system in future. The same may be used in case the member forgets the password and the same needs to be reset.

- ix. On the voting page, you will see Resolution Description and option for voting YES/NO against Resolution Description. The option 'YES' implies that you assent to the resolution & 'NO' implies that you dissent to the resolution.
  - x. Click on the Resolution File Link if you wish to view the entire Postal Ballot Notice.
  - xi. Enter the number of shares (which represents number of votes) under YES/NO or alternatively you may partially enter any number in YES and partially in NO, but the total number in YES and NO taken together should not exceed your total shareholding.
  - xii. 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.
  - xiii. Once you 'CONFIRM' your vote on the resolution, you will not be allowed to modify your vote.
  - xiv. Institutional members (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution / Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail at [ciplascrutinizer@gmail.com](mailto:ciplascrutinizer@gmail.com) with a copy marked to [helpdesk.evoting@cDSLindia.com](mailto:helpdesk.evoting@cDSLindia.com).
  - xv. In case you have any queries or issues regarding e-voting, please contact [helpdesk.evoting@cDSLindia.com](mailto:helpdesk.evoting@cDSLindia.com).
  - xvi. The scrutinizers' decision on the validity of the Postal Ballot shall be final and binding.
5. Members, who have registered their email addresses for receipt of documents in electronic mode under the Green Initiative of Ministry of Corporate Affairs are being sent Notice of Postal Ballot by email and others are being sent by post along with the postal ballot form.
  6. Members, who have received the Postal Ballot Notice by email and who do not wish to avail the electronic voting facility, such member may send a request for obtaining the Notice and physical Postal Ballot Form from the Share Transfer Agents of the Company, viz., Karvy Computershare Pvt. Ltd., Unit: Cipla Limited, Plot No. 17-24, Vittal Rao Nagar, Madhapur, Hyderabad – 500 081. On receipt of such request, the Share Transfer Agents will despatch the physical Postal Ballot Form. Members should ensure that duly completed Postal Ballot Form should reach the Scrutinizer not later than 6.00 p.m. on Friday, 5<sup>th</sup> April 2013. Postal Ballot Forms received after this date shall be strictly treated as if the reply from the Members has not been received.
  7. Members are requested to cast their vote on the Postal Ballot only through one mode (physical Postal Ballot Form or e-voting). In case members cast their votes through both the modes, votes cast through physical Postal Ballot Form shall only be considered and votes cast through e-voting would be rejected.
  8. The voting period starts from 10.00 a.m. on Thursday, 7<sup>th</sup> March 2013, and ends at 6.00 p.m. on Friday, 5<sup>th</sup> April 2013. The e-voting module shall also be disabled by CDSL for voting thereafter.
  9. Members desiring to exercise vote by physical Postal Ballot are requested to carefully read the instructions printed on the Postal Ballot form.

#### **EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956**

The Company intends to reward Mr. Subhanu Saxena, Chief Executive Officer (CEO) of the Company, considering his present role and responsibilities in the organisation and his contribution in the value, growth and profitability of the Company in the years to come.

The main features of ESOS 2013 are as under:

##### **1. Total number of options to be granted**

A total number of options equal to 10,00,000 of the equity shares would be available for being granted to Mr. Subhanu Saxena, CEO of the Company, under ESOS 2013. Each option when exercised would be converted into one equity share of Rs.2/- each fully paid-up.

Vested options that lapse due to non-exercise or unvested options that get cancelled due to resignation of the employee or otherwise, would be available for being re-granted at a future date.

SEBI guidelines require that in case of any corporate action(s) such as rights issues, bonus issues, merger and sale of division and others, a fair and reasonable adjustment needs to be made to the options granted. Accordingly, if any additional equity shares are issued by the Company to the employee for making such fair and reasonable adjustment, the ceiling of 10,00,000 of equity shares shall be deemed to be increased to the extent of such additional equity shares issued.

**2. Identification of class of employee entitled to participate in ESOS 2013**

Mr. Subhanu Saxena, CEO of the Company, would be entitled to be granted stock options under the ESOS 2013.

**3. Transferability of employee stock options**

The stock options granted to Mr. Subhanu Saxena, will not be transferable to any person and shall not be pledged, hypothecated, mortgaged or otherwise alienated in any manner. However, in the event of the death of employee while in employment, the right to exercise all the options granted to him till such date shall be transferred to his legal heirs or nominees.

**4. Requirements of vesting and period of vesting**

The Options granted shall vest, as long as Mr. Subhanu Saxena continues to be in the employment of the Company or its Holding or Subsidiary Company, as the case may be.

The options will vest not earlier than one year and not later than five years from the date of grant of options.

The exact proportion in which and the exact period over which the options would vest, would be as determined by the Compensation Committee, subject to the minimum vesting period of one year from the date of grant of options.

**5. Exercise Price**

The options would be granted at an exercise price equal to 50% discount to the prevailing Market Price (at a stock exchange as determined by the Compensation Committee) on the date prior to the date on which the Compensation Committee finalizes the specific number of options to be granted to the employee.

**6. Exercise Period and the process of Exercise**

The Exercise period will commence from the date of vesting and will expire on completion of five years from the date of vesting of options.

The options can be exercised by the employee by a written application to the Company to exercise the options in such manner, and on execution of such documents, as may be prescribed by the Compensation Committee from time to time. The options will lapse if not exercised within the specified exercise period, as specified in the ESOS 2013.

**7. Appraisal Process for determining the eligibility of the employee to ESOS**

As decided by the Board / Compensation Committee from time to time as per Mr. Subhanu Saxena's roles and responsibilities in the Company.

**8. Maximum number of options to be issued per employee and in aggregate**

The number of options to be granted to Mr. Subhanu Saxena under ESOS 2013 shall be less than 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant of options.

**9. Disclosure and Accounting Policies**

The Company shall comply with the disclosure and the accounting policies prescribed as per SEBI Guidelines.

**10. Method of option valuation**

To calculate the employee compensation cost, the Company shall use the Intrinsic Value Method for valuation of the options granted.

Since the Company is calculating the employee compensation cost using the Intrinsic Value of the stock options, the difference between the employee compensation cost so computed and the cost that shall have been recognized if it had used the Fair Value of the options, shall be disclosed in the Directors' Report and also the impact of this difference on profits and on EPS of the Company shall also be disclosed in the Directors' Report.

As ESOS 2013 provides for issue of shares to be offered to person other than existing shareholders of the Company, consent of the shareholders is being sought pursuant to section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 and as per clause 6 of the SEBI Guidelines.

None of the Directors of the Company, are in any way, concerned or interested in the said resolution.

By order of the Board  
For Cipla Limited

Mumbai,  
6<sup>th</sup> February 2013

Mital Sanghvi  
Company Secretary

Enclosures:

1. Postal Ballot Form
2. Postage pre-paid self-addressed Envelope