

DRL made false claims on financials: US law firm

TNN & AGENCIES

Hyderabad: American law firm Lundin Law has said it is investigating claims against Dr Reddy's Laboratories (DRL) for possible violations of federal security laws, sending the company's shares down by 7% in early trades over a possible class action suit. The development comes days after the home-grown pharma giant received warning letters from the US Food and Drug Administration (USFDA) over inadequate quality controls at three of its manufacturing facilities in Andhra Pradesh and Telangana.

Lundin Law, which specializes in securities litigations, said, "The investigation is related to allegations that certain statements issued by Dr Reddy's were false and misleading concerning the company's financial performance." The Los Angeles-based law firm also invited those interested to join a "class action lawsuit" against the Hyderabad-based pharma giant.

Reacting to Lundin Law's allegations, DRL said it followed all disclosure norms required by the US and Indian regulators. "Dr Reddy's has always adhered to all disclosure requirements both of the Securities and Exchange Commission (SEC) and Indian stock exchanges, including accounting practices as per the International Financial Reporting Standards (IFRS) and the Indian Accounting Standards. The company has no further comment on what might be advertorial press releases by law firms and refutes all allegations," a DRL spokesperson said.

An Angel Broking analyst told TOI there is no major immediate financial implication for the company. However, DRL's shares on Thursday fell by 7% before closing down by nearly 3% on the BSE over a possible class action suit against the company. The market capitalization of the company eroded by Rs 1,515 crore to Rs 56,069 crore.

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TS(SD)
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Company