

## Dr Reddy's to buyback its equity shares

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The Board of Directors of the Company in their meeting held on 17th February, 2016 has approved a proposal to buyback Equity Shares of the Dr Reddy's Laboratories. It is subject to approval by the shareholders, for an aggregate amount not exceeding Rs 15,694 million (hereinafter referred to as the "Maximum Buyback Size") and (being 14.9 percent of the total paid-up equity capital and free reserves of the Company as on March 31, 2015 (being the date of the last audited accounts of the Company), at a price not exceeding Rs 3,500 per Equity Share (hereinafter referred to "Maximum Buyback Price" and such Buyback the "Buyback") from all shareholders of the Company (including persons who become shareholders by cancelling American Depository Shares and receiving underlying Equity Shares, and excluding the promoters and promoter group of the Company).

Under the open market route in accordance and consonance with the provisions contained in the Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998 ("Buyback Regulations") (including any statutory modification(s) or re-enactment of the Act or Buy-back Regulations, for the time being in force) and the Companies Act, 2013 and rules made thereunder.

In accordance with the provisions of Regulation 15(b) of the Buy-Back Regulations, the Buyback shall not be made from the promoters and promoter group of the Company. The Maximum Buyback Size, excludes transaction costs viz. brokerage, applicable taxes such as securities transaction tax, service tax, stamp duty etc ("Transaction Costs").

The Maximum Buyback price represents 18.6 percent premium, compared to the average of the weekly high and low of the closing share price of the Company during the last two weeks (i.e. up to February 16, 2016).

The Buyback is proposed on account of the Company's strong cash flow position and is expected to be EPS accretive contributing to an overall enhancement of value for shareholders going forward.

The proposed Buyback is subject to approval of the shareholders of the Company, by way of a special resolution through postal ballot (including e-voting) and other regulatory approvals, permissions and sanctions, as may be required.

Once approved, the public announcement setting out the process, timelines and other statutory details will be released in due course in accordance with the Buyback Regulations.

The actual number of Equity Shares bought back, will depend upon the actual price, excluding Transaction Costs, paid for the Equity Shares bought back and the aggregate consideration, paid for the Buyback, subject to the Maximum Buyback Size.

At the Maximum Buyback Price and for the Maximum Buyback Size, the indicative maximum number of Equity Shares bought back would be 4,484,049 ("Maximum Buyback Shares") (comprising around 2.6% of the existing paid-up capital). If the Equity Shares are brought back at a price below the Maximum Buyback Price, the actual number of Equity Shares bought back could exceed the indicative Maximum Buyback Shares, but will always be subject to the Maximum Buyback Size.

The Company shall utilize atleast 50 percent of the amount earmarked as the maximum Buyback Size for the Buyback Offer i.e. Rs. 7,847 million (comprising around 7.45 percent of the existing total paid-up equity capital and free reserves of the Company as on March 31, 2015) ("Minimum Buyback Size"). Based on the Minimum Buyback Size and the Maximum Buyback Price, the Company will purchase a minimum of 2,242,024 (comprising around 1.3 percent of the existing paid-up capital), Equity Shares.

The Company has also appointed Kotak Mahindra Capital Company Limited as its Merchant Banker for the Buyback process.