

DIVI'S LABORATORIES LIMITED

Hyderabad

PRESS RELEASE

Divi's Labs earns a PAT of Rs.417 for the year 2008-09 And declares 1:1 bonus

Divi's Laboratories has earned a PAT of Rs.417 crores on a consolidated basis for the year 2008-09 as against a PAT of Rs.348 crores last year. The company earned a turnover of Rs.1180 crores for the year as against a turnover of Rs.1033 crores last year. For the 4th quarter, the company earned a PAT of Rs.107 crores on a turnover of Rs.322 crores as against a PAT of Rs. 93 crores on a turnover of Rs.278 crores during the corresponding quarter last year.

Expenses during the year include an amount of Rs.46 crores towards loss on forex fluctuations and provision for mark-to-market on forward hedging/swap arrangements. The company has not exercised the option available under Clause No.46 of Accounting Standard -11 notified under the Companies Accounting Standard (Amendment) Rules, 2009 for capitalizing or deferring exchange differences on long term monetary items. Expenses also include a charge of Rs.5 crores on account of stock options granted to employees.

The company made provision for income-tax in respect of its profits from SEZ Unit considering 100% exemption on profits derived from exports of the Unit as against the prevailing interpretation of Section 10AA(7) of the Income-tax Act, 1961. Had the prevailing provision of Section 10AA(7) and its current interpretation been followed, the provision for the current income-tax will be higher by Rs.34 crores and the profit after tax (PAT) for the year will be lower to that extent.

During the year, Divi spent an amount of Rs.141 crores on capital expenditure for augmenting capacities at its manufacturing facilities. The SEZ and EOU Units at Visakhapatnam has been inspected by US-FDA during the year.

During the year, the Nutraceuticals Manufacturing facility has been commissioned and commenced commercial operations. This facility with the state-of-the art beadlet technology is the first of its kind to be set up in India. Several application products have been developed fully and some of these are being marketed commercially through its subsidiaries in USA and Europe as well as directly. With qualifications from new customers, the Nutra facility is expected to ramp up operations.

The Company has invested surplus funds in short term liquid ultra short-term fund of SBI Mutual fund and the investments as of 31st March 2009 amounted to Rs.172 Crores. Dividend income of Rs.8 Crores has been earned on this investment during the year.

The Board of Directors of the company has recommended a dividend of Rs.6 per share of Rs.2 each or 300% on the equity shares, subject to approval of the members.

The Board has also recommended issue of bonus shares in the ratio of one share for every share held, subject to approval of members for which record date will be announced separately.