

Sustainable Chemistry


Striving for leadership
through chemistry



Divi's Laboratories Limited



The formula for sustainability revolves around three key elements – innovation, efficiency, and value.

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- When innovation is stimulated across every sector, new product processes, chemicals and stewardship practices evolve.
 - When natural resources are efficiently utilised for human needs, a safer and effective environment is created.
 - When the value is put on enhancing human health and protecting the environment, sustainability is always the after effect!
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Divi's has been instrumental in getting this formula of sustainable chemistry right, by committing our business model towards creating environmentally benign chemicals & processes and enhancing the quality of life all around us, thus leading to an all round sustainability – in our financial performance, environmental commitments and societal responsibilities!

Introducing Divis

Divi's Laboratories Limited is one of the leading pharmaceutical companies in the world. Established in 1990, we manufacture Active Pharmaceutical Ingredients (APIs) and Intermediates. With four manufacturing facilities, market presence across several countries and team of 10,658 people, we continue to innovate to bring better manufacturing processes that will facilitate affordable medicines.

We are engaged in the manufacturing of leading generic compounds, Nutraceutical

Ingredients and custom synthesis of APIs and Intermediates for global innovator companies. With a portfolio of 122 products across diverse therapeutic areas, we are one of the largest pharmaceutical companies in India. We have three R&D centres along with a team of competent and qualified people that help us to continuously innovate our processes. We are committed towards our goal of sustainable chemistry thereby optimizing our processes and practices that not only protect but also enhance human health and the environment.

Vision



We envision to maintain leadership in custom synthesis of APIs and Intermediates for health care and life sciences industry. We also aim to develop generic APIs for the late life cycle needs of the industry and be one of the top companies in this domain across the globe.

Mission



We aim to be a good corporate entity and not only add value in our core competency the area of Pharma, but also serve the community at large through social, educational and environmental initiatives that would establish a strong foundation for a better tomorrow.



Snapshot, FY 2017-18

394971

Total Revenue
(₹ in lakhs)



136311

EBIDTA
(₹ in lakhs)



2893608

Market Capitalisation as
on 31 March 2018
(₹ in lakhs)



595965

Networth
(₹ in lakhs)



121936

Profit before tax
(₹ in lakhs)



86958

Profit after tax
(₹ in lakhs)



300966

Gross Block
(₹ in lakhs)



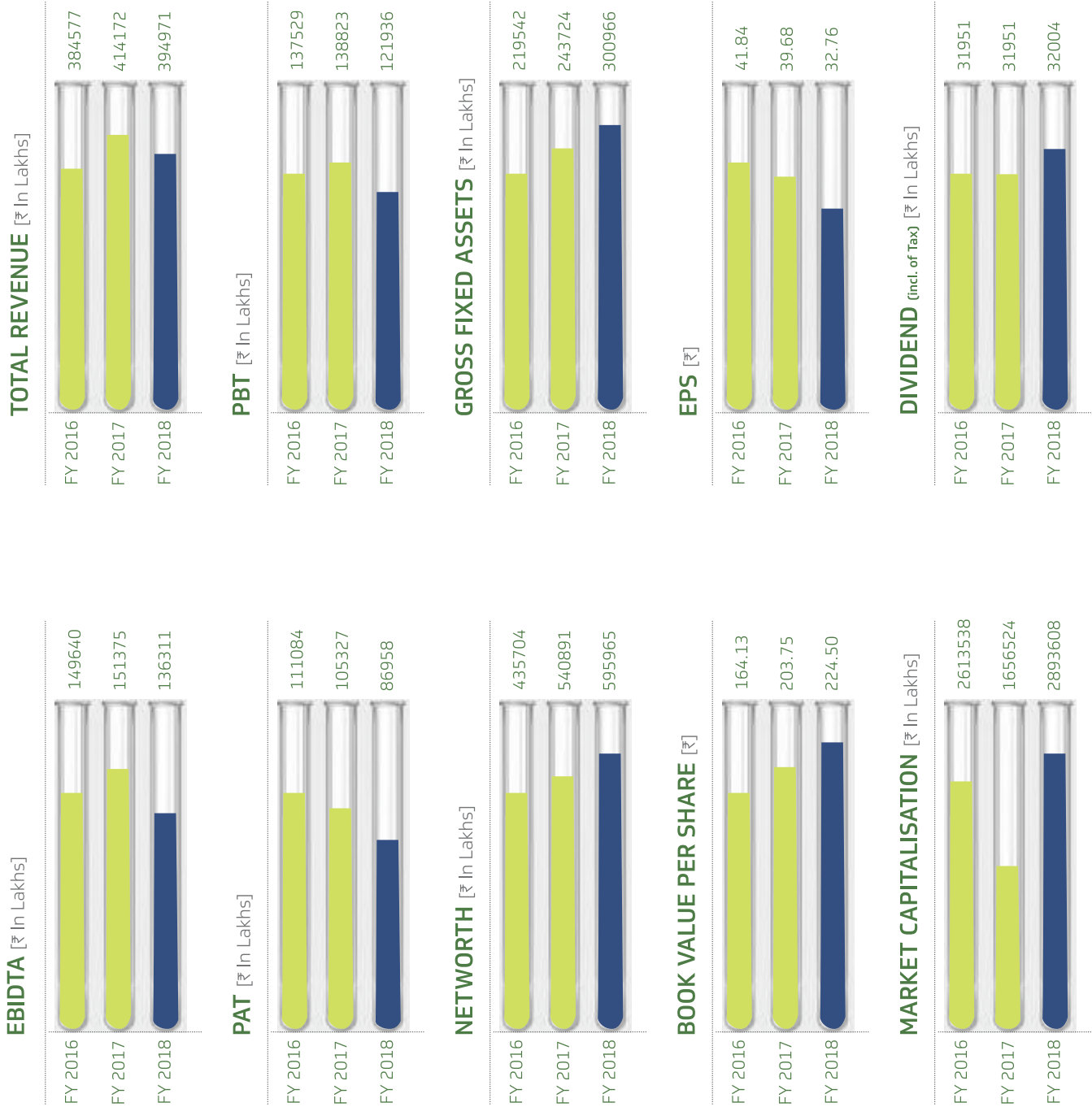
32.76

Earnings per share
(₹)



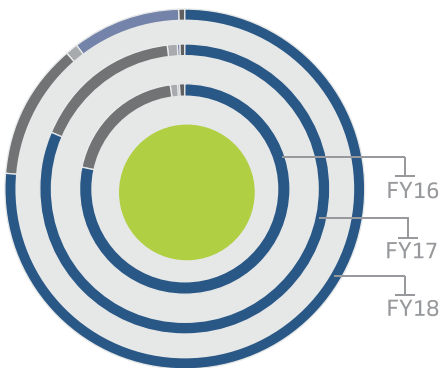


Sustainable Performance





NATIONAL EXCHEQUER



₹ in Lakhs						
	FY2016		FY2017		FY2018	
	₹	%	₹	%	₹	%
■ Tax Expenses	26516	74.7	33540	76.4	34951	81.0
■ Corporate Dividend Tax	5404	15.2	5404	12.3	5457	12.6
■ Other Direct Tax	362	1.0	502	1.1	461	1.1
■ Excise Duty	3081	8.7	4231	9.7	2136	4.9
■ Customs Duty	141	0.4	204	0.5	164	0.4
Total	35504	100	43881	100	43169	100

DIRECT ECONOMIC IMPACT

₹ in Lakhs			
	FY2016	FY2017	FY2018
Total Revenue	384577	414172	394971
Exports	325693	353148	327927
Tax Expense	26516	33540	34978
Consumption of Material	149447	154158	150490
Employee Benefit Expenses	35295	45916	44627
Interest	301	226	133
Dividend & Dividend Tax	31951	31951	32004

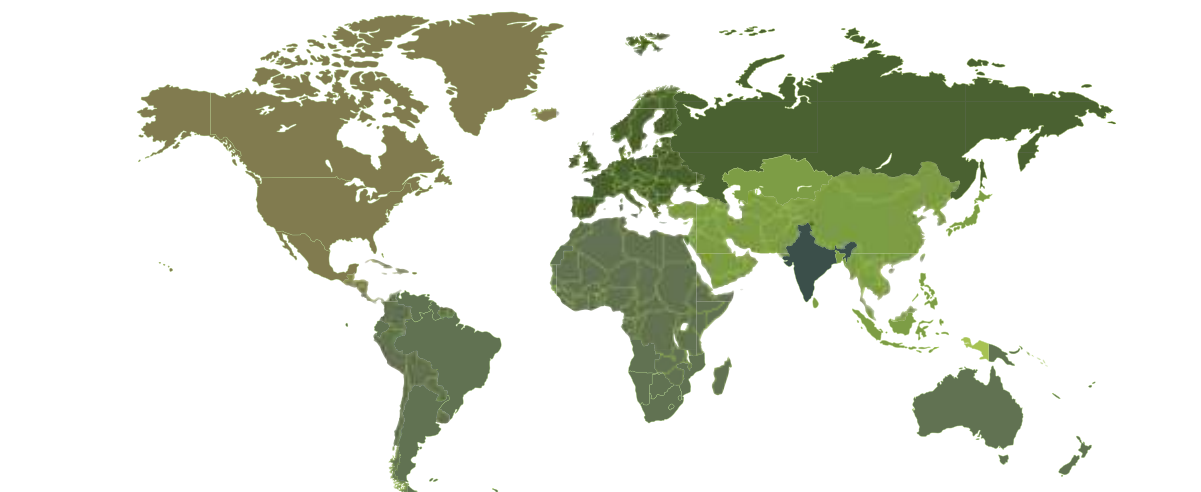
EMPLOYEES

	FY2016	FY2017	FY2018
Cost towards wages / salaries (₹ in Lakhs)	33730	43988	43065
Other benefit costs (₹ in Lakhs)	1565	1928	2541
Total personnel costs (₹ in Lakhs)	35295	45916	45606
% of Sales Revenue	9.6%	11.3%	11.6%
Number of employees	9481	9735	10762

CUSTOMERS

₹ in Lakhs			
	FY2016	FY2017	FY2018
Total Revenue	384577	414172	394971
Debtors	96612	100042	111211
Payments received during the year	370268	410745	383802
Debtors' outstanding (in average number of days of turnover)	94	90	103

Geographical Market Presence



AMERICA

	FY2016	FY2017	FY2018
Sales ₹ Lakhs	118581	133808	108749
% Share	31.7%	33.0%	29.0%



EUROPE

	FY2016	FY2017	FY2018
Sales ₹ Lakhs	160349	162825	163798
% Share	42.8%	40.2%	43.6%



INDIA

	FY2016	FY2017	FY2018
Sales ₹ Lakhs	47799	52097	48014
% Share	12.8%	12.8%	12.8%



ASIA

	FY2016	FY2017	FY2018
Sales ₹ Lakhs	39443	47284	34730
% Share	10.5%	11.7%	9.3%



REST OF THE WORLD

	FY2016	FY2017	FY2018
Sales ₹ Lakhs	8078	9460	20028
% Share	2.2%	2.3%	5.3%

Performance Highlights

₹ in Lakhs

	FY2014	FY2015	FY2016	FY2017	FY2018
Turnover and Profit					
Revenue [#]	253226	311095	374985	406578	383723
Revenue Growth (y-o-y)	18%	23%	22%	8%	(6%)
Other Income	8390	4284	9592	7597	11248
Total Revenue	261616	315379	384577	414172	394971
Total Income Growth (y-o-y)	19%	21%	22%	8%	(5%)
Profit before Interest, Depreciation and Tax.(EBDIT)	110276	120489	149640	151375	136311
EBDIT to Revenue	42%	38%	39%	37%	35%
EBDIT Growth (y-o-y)	27%	9%	24%	1%	(10%)
Finance Charges	206	186	301	226	133
Depreciation	9206	13585	11810	12326	14242
Profit before tax (PBT)	100864	106718	137529	138823	121936
PBT Growth (y-o-y)	27%	6%	29%	1%	(12%)
Provision for Taxation	21692	22012	26445	33496	34978
Profit After Tax (PAT) (before OCI)	79172	84706	111084	105327	86958
PAT Growth (y-o-y)	29%	7%	31%	(5%)	(17%)
Dividend, Share Capital and Capital Employed					
Dividend	1000%	1000%	500%	500%	500%
Dividend amount (Incl. of Tax)	31059	31951	31951	31951	32004
Equity Share Capital	2655	2655	5309	5309	5309
Reserves & Surplus	300787	386169	430395	535582	590656
Net Worth	303442	388824	435704	540891	595965
Net Worth growth (y-o-y)	19%	17%	12%	24%	10%
Gross Fixed Assets	173979	195240	219542	243724	300966
Net Fixed Assets	122160	130873	143864	155895	199588
Total Assets	378396	444916	496549	621008	680778
Key Financial Indicators					
Earnings per share (face value of ₹2/-each)	59.65	63.82	41.84*	39.68	32.76
Cash Earnings Per Share (face value of ₹2/-each)	66.58	74.05	46.29*	44.32	38.12
Gross Turnover Per share (face value of ₹2/-each)	197.10	237.60	144.87*	156.02	148.78
Book Value per share (face value of ₹2/-each)	228.61	292.93	164.13*	203.75	224.50
Total Debt to Equity	0.01	0.01	0.01	0.01	0.01
EBDIT / Gross Turnover	42%	38%	39%	37%	35%
Net Profit Margin	30%	27%	29%	25%	22%
RONW	26%	22%	25%	19%	15%

Inclusive of excise duty

* Post Bonus Issue



Divi's Laboratories Limited



Corporate Social Responsibility

We believe that doing business in a sustainable and responsible manner is integral to our future viability. At Divi's, being a responsible business is critical for our strategy. For us how we deliver success is as important as the results we achieve.

Our concern for people has always been an integral part of all our business activities. We have always focused on genuineness rather than generosity. We aim to improve the standard of living of members of the community, especially the unprivileged.

Our focus areas of CSR



Promoting Education



Swachh Bharat



Preventive Healthcare



Empowering Women



Rural Development



Safe Drinking Water

Promoting Education

Provided toilet facilities to

38 schools

during the year

Distribution of
Horlicks Sachets to

5411
students

every day

Distributed

7312

Dual desk benches to schools

Health for All

Health camps organized in

13 villages

during the year

Clean India

Provided support to build

275

individual toilets

Skilled India

200

People provided with training
in our skill development
centres

Safe Drinking Water

SUJALAM scheme
benefitted

1.7 lakhs in

45 Villages

Total Contribution

17 Crores

Amount Incurred towards
CSR activities (in ₹ crore)



Support to
Differently
Abled People



Animal
Welfare



Environmental
Sustainability



Livelihood
Enhancement
Projects



Eradicating Hunger Poverty and
Malnutrition

Promoting Education



26,796

Children benefitted during the year

We believe that education is central for a nation's growth and success and thus we have given more emphasis in this direction, especially in backward regions of our country. We have always focused towards providing good quality education through initiatives that align the government schools with private schools. Our aim is to deliver education that evolves a responsible and self-reliant youth. To inspire young minds and to motivate them to work hard, we provide uniforms, books, school bags, teaching aids, scholarships to students, infrastructure facilities to schools and special aids for differently abled children.



Our aim is
to deliver
education
that evolves
a responsible
and self-reliant
youth



368

Schools Benefitted

Health and Hygiene

Lack of proper medical facilities in rural areas coupled with low income generation opportunities results in improper healthcare facilities in rural areas. Many school children especially from economically backward families face the problem of malnutrition. We provide schools with Horlicks which not only improve the nutrition level of the children but also improve attendance in schools. We also organize various health camps in schools in order to ensure good health among children. We have donated R.O plants to 55 schools in Kankipadu Mandal, Krishna district.



School Infrastructure

One of the prerequisites to promote education is to develop schools with proper infrastructure facilities. Divi's extended the support to develop infrastructure in rural schools of Andhra Pradesh and Telangana states. This has increased the number of children enrolled in schools. During the year, we supported various schools to overcome their challenges related to infrastructure facilities by constructing school buildings, compound walls, computer labs, digital classrooms, libraries and toilets. We have donated **duel desk benches to 306 schools** in Telangana and Andhra Pradesh.

Support to Mid-Day Meal

We have contributed towards mobile food testing van and base kitchen with a capacity of 30,000 meals per day to **Akshaya Patra Foundation** which provides food to schools in Vishakhapatnam and Vizianagaram districts.

We have donated ₹1.21 crores to HEAL PARADISE, NGO, Thotapally for upgradation of kitchen.



Supporting Differently Abled

We believe that steps should also be taken to improve the quality of education provided to differently abled children. Towards this we provided financial, physical, and material support to help them focus on education and livelihood enhancement.

Community Development



During the year we took several initiatives to help uplift the lives of communities residing near our manufacturing facilities

Community development is important to ensure better quality of life for people by providing them with solutions to various problems and means to improve their livelihood. During the year, we took several initiatives to help uplift the lives of communities residing near our manufacturing facilities. We continued to help the economically backward and elderly people through various activities.

Sujalam

Sujalam is our flagship drinking water project where we provide R.O. systems for safe drinking water to villages around our manufacturing site. We handover the project to the village administration only after ensuring that it is properly installed and is fully functional. This scheme has benefitted around **1,70,000 people across 45 villages.**





Skill Development

We believe that creating livelihood opportunities for rural youth is a challenge as well as an opportunity. During the year, we continued to equip people through our Skill Development Centre by conducting job oriented short-term programs aimed at securing them with employment opportunities or increase their income levels. This includes training in **general duty assistance, hospitality/hotel management, steward and operating sewing machine.**

Women Empowerment

We took several initiatives to encourage women empowerment including workshops, training activities, etc. We have imparted training in **tailoring, book binding, arya work, embroidery, designing and beautification courses.**



Swachh Bharat Initiatives



Swachh Bharat Abhiyan is one of the main campaigns in India focused towards safe drinking water, proper sanitation, and cleanliness across the country. To support this mission and promote overall health while reducing the occurrence of water borne diseases, creation

of clean & hygienic environment, we supported for construction of individual and community toilets. We also provided bins for waste segregation, trolleys & tricycles for waste collection, and financial assistance to Gram Panchayats for construction of toilets.

Shanti, a resident of village Chippada says "change in the culture and habits of people regarding issues like cleanliness are changing for the better. I wish the pace of this change is a little faster."



Swachh Bharat Abhiyan is one of the main campaigns in India

Preventive Healthcare



Health has always been a matter of concern for our country with huge gap in income levels of people, poor living conditions and limited access to preventive & curative health services. During the year, we organized several health camps for eye and dental care, fluorosis, Japanese Encephalitis, ORT training, and pulse polio campaigns. We also provided medicines and augmented facilities at Private health centres.



During the year,
we organized
capacity
building
programme
on cancer to
Anganwadis and
health staff

45,000

People benefited from
health initiatives

Rural



In India, a significant part of population reside in rural areas, making the growth and development of rural areas important for the country's growth as a whole

In India, a significant part of population reside in rural areas, making the growth and development of rural areas important for the country's growth as a whole. We took various efforts to improve the lives of rural people by helping farmers to optimize their assets and skills in order to increase their income and have a sustained source of livelihood. Our programs include providing expert advice on breeding, fodder & farming, propagation and training to farmers to increase their income through improvement in milk productivity and farm activities.

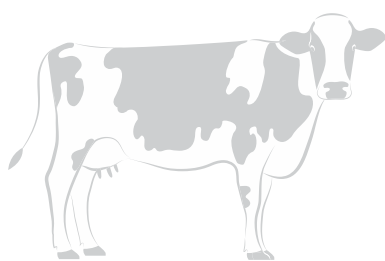


Rural Infrastructure

During the year, we supported various initiatives that focused towards developing the infrastructure of rural areas. Some of the initiatives included construction of roads, drains, bus shelters, community halls, kitchens and traffic safety.

Animal Welfare

Over the past few years, we initiated several rural interventions by conducting various camps on animal husbandry, dairy development, cattle feed and animal welfare. We also started improving veterinary dispensaries by contributing towards medical equipments, vaccines and medicines.



Environmental Sustainability



Our company has always been aware about the effect of its methods/actions on the environment and regularly reviews processes to ensure that it follows the principles of Green Chemistry. We aspire for continual improvement by elimination of hazards, reduction of waste generation, recovery and recycling of reagents and solvents.

We have identified co-processing of hazardous waste as a better option than incineration. Co-Processing of harmful substances as an alternate fuel in the cement industry is beneficial option as waste is not only destroyed at higher temperature but also its inorganic content gets fixed with the clinker. We also practice the transportation of our acid effluents to fertilizer industry for urea preparation and alum industries for recycle.

Operational Safety

Our company analyses and evaluates potential risks and develop effective strategies to dampen it. Some of such strategies include:

- Deployment of Standby Scrubber systems and Online dosing systems for critical operations involving hazardous gases.
- Upgradation of Safety Cleaning In Process to ensure risk-free environment.
- Change of Heat transfer fluid circulations from aqueous to non-aqueous for water reactive materials.
- Introduction of Booster pumps to handle critical exothermic reactions.
- Increase in number of Oxygen Analysers and toxic gas detectors.
- Introduction of additional glove boxes to restrict the exposure of the chemists to pyrophoric materials as well as material exposure to environment.
- Detailed reviews of containment measures to ensure total control over leaks.
- Installation of Online monitoring stations at several locations to continuously monitor the air quality and to ensure that emissions and waste generated are within the permissible limits.



Divi's believes in safeguarding employee's health by ensuring that processes are free from any potential risks and hazards. In order to achieve "zero incidents/accidents", the company examines critical processes, recognises and sets up its safety controls thereby minimising the potential risks and optimising operations. Moreover, it periodically examines the operational hazards and implements strategies to ensure safe handling of processes. Lately, the company has upgraded its Hazard Evaluation Laboratory by supplementing it with state-of-art equipment including MIT, MIE, Flash point/Fire point apparatus and Instruments for detecting flammability of chemicals among others. We also engage with industry to share experiences and expertise on safety and disaster management.





Divi's Laboratories Limited

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