



Divi's Laboratories Limited

Regd Off.: Divi Towers, 7-1-77/E/1/303, Dharam Karan Road,
Ameerpet, Hyderabad - 500 016 India.
CIN: L24110TG1990PLC011854, Tel: 91-40-23786300, Fax: 91-40-23786460,
E-mail :mail@divislaboratories.com, Website: www.divislaboratories.com

POSTAL BALLOT NOTICE

Dear Member,

Notice pursuant to Section 110 of the Companies Act, 2013

Notice is hereby given pursuant to the provisions of Section 110 and other applicable provisions, if any, of the Companies Act, 2013, (the "Act"), read together with the Companies (Management and Administration) Rules, 2014, including any statutory modification or re-enactment thereof for the time being in force, that the resolutions appended below are proposed to be passed as Special / Ordinary resolution(s) by way of postal ballot / e-voting.

1. Re-appointment of Mr. Madhusudana Rao Divi as Director - Projects of the Company.
2. Re-appointment of Mr. Kiran S. Divi as Director & President- Operations of the Company.

The explanatory statement pertaining to the aforesaid resolutions setting out the material facts concerning each item and the reasons thereof is annexed hereto along with a postal ballot form (the "**Form**") for your consideration. The Board of Directors of the Company (the "**Board**") has appointed Mr. V Bhaskara Rao, Practicing Company Secretary as the Scrutinizer for conducting the postal ballot process in a fair and transparent manner.

You are requested to carefully read the instructions printed on the Form, record your assent (for) or dissent (against) in the Form by filling necessary details and affixing your signature at the designated place in the Form and return the same in original duly completed in the enclosed self-addressed, postage pre-paid envelope (if posted in India) so as to reach the Scrutinizer not later than the close of working hours i.e. 5.00 p.m. on March 18, 2015.

Members desiring to opt for e-voting as per facilities arranged by the Company are requested to read the instructions in the Notes under the section "Process for e-voting" in this Notice. References to Postal Ballot(s) in this notice include votes received electronically.

Item no. 1 - Re-appointment of Mr. Madhusudana Rao Divi as Director - Projects of the Company

To consider and if thought fit, to pass the following resolution as a **SPECIAL RESOLUTION** :

"RESOLVED THAT in accordance with the provisions of Sections 196, 197 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), approval of the Company be and is hereby accorded to the re-appointment of Mr. Madhusudana Rao Divi (DIN: 00063843), as Director - Projects of the Company for a further period of 5 (five) years with effect from 1st April, 2015 on the terms and conditions including remuneration as set out in the Statement annexed to the Notice, with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to

include Nomination and Remuneration Committee of the Board) to alter and vary the terms and conditions of the said re-appointment and / or remuneration as it may deem fit and as may be acceptable to Mr. Madhusudana Rao Divi, subject to the same not exceeding the limits specified under Section 197 read with Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

Item no. 2 - Re-appointment of Mr. Kiran S. Divi as Director & President - Operations of the Company.

To consider and if thought fit, to pass the following resolution as an **ORDINARY RESOLUTION** :

“RESOLVED THAT in accordance with the provisions of Sections 196, 197 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), approval of the Company be and is hereby accorded to the re-appointment of Mr. Kiran S. Divi (DIN: 00006503), as Director & President - Operations of the Company for a further period of 5 (five) years with effect from 1st April, 2015 on the terms and conditions including remuneration as set out in the Statement annexed to the Notice, with liberty to the Board of Directors (hereinafter referred to as “the Board” which term shall be deemed to include Nomination and Remuneration Committee of the Board) to alter and vary the terms and conditions of the said re-appointment and / or remuneration as it may deem fit and as may be acceptable to Mr. Kiran S. Divi, subject to the same not exceeding the limits specified under Section 197 read with Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

For and on behalf of the
Board of Directors

Place : Hyderabad
Date : 31.01.2015

Dr. Murali K. Divi
Chairman & Managing Director

Registered Office :

7-1-77/E/1/303, Divi Towers,
Dharam Karan Road,
Ameerpet, Hyderabad - 500 016.
CIN : L24110TG1990PLC011854
e-mail : mail@divislaboratories.com

NOTES

1. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 setting out all material facts of the businesses specified above is annexed hereto.
2. Only a shareholder who is entitled to vote is entitled to exercise his / her vote through Postal Ballot.
3. The Board has appointed Mr. V Bhaskara Rao, Practising Company Secretary as Scrutinizer for conducting the Postal Ballot process in a fair and transparent manner.
4. Notice is being dispatched to the members by post (and electronically by e-mail to those members who have registered their e-mail IDs with the Company/depositories), whose names appear in the Register of Members / list of Beneficial Owners received from National Securities Depository Limited (NSDL) / Central Depository Services (India) Limited (CDSL) as on January 30, 2015.
5. Members desiring to exercise vote by Physical Postal Ballot are requested to carefully read the instructions printed on the Postal Ballot Form and return the Form duly completed and signed in the attached self-addressed, postage prepaid business reply envelope, so as to reach the Scrutinizer not later than close of working hours i.e. **5.00 pm on March 18, 2015**. However, envelopes containing Postal Ballots, if sent by courier or registered/speed post at the expense of the Members will also be accepted.
6. In compliance with Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules 2014 and Clause 35B of the Listing Agreement Divi's Laboratories Limited ("the Company") is pleased to provide e-voting facility to the shareholders, to enable them to cast their vote electronically instead of dispatching the Postal Ballot Form by post. The Company has engaged services of M/s. Karvy Computershare Private Limited for providing e-voting facility to all its members. **Kindly note that each Member can opt for only one mode of voting i.e., either by Physical Ballot or by E-Voting.** However, in case members cast their votes through both modes, then voting done by e-voting shall prevail and voting cast through physical ballot form shall be treated as invalid.

Process for e-voting :

A. Members who received the notice through e-mail from Karvy :

1. Launch internet browser by typing the following URL: <http://evoting.karvy.com>.
2. Enter the login credentials (i.e., User ID and password mentioned in your email/ Form). Your Folio No./DP ID-Client ID will be your User ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote.

	Details
User-id	For Members holding shares in Demat form : a. For NSDL: 8 character DP ID followed by 8 digit Client ID b. For CDSL: 16 digit Beneficiary ID/Client ID For Members holding shares in Physical form : Even No.(EVEN) as given in Form followed by Folio No. registered with the Company.
Password	Your unique password as contained in the e-mail / Postal Ballot Form.

3. After entering these details appropriately, Click on "LOGIN".
4. You will now reach password Change Menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,\$, etc.). The system will prompt you to change your password and update your contact details like mobile

number, email ID, etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.

5. After changing password, you need to login again with the new credentials.
6. On successful login, the system will prompt you to select the "EVENT" i.e. Divi's Laboratories Limited.
7. On the voting page, enter the number of shares (which represents the number of votes) as on the cut-off date under "FOR/AGAINST" or alternatively, you may partially enter any number in "FOR" and partially in "AGAINST" but the total number in "FOR/AGAINST" taken together should not exceed your total shareholding. If the shareholder does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.
8. You may then cast your vote by selecting an appropriate option and click on "Submit", a confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, Members can login any numbers of times till they have voted on the Resolution.
9. Corporate/Institutional Members (i.e., other than Individuals, HUF, NRI, etc.) are additionally required to send scanned certified true copy (PDF Format) of the Board Resolution/Authority Letter, etc. together with attested specimen signature(s) of the duly authorized representative(s), to the Scrutinizer at email ID: bhaskararaoandco@gmail.com, with a copy marked to evoting@karvy.com. The scanned image of the above mentioned documents should be in the naming format "Corporate Name_EVEN No."

B. In case of Members receiving Notice by Post :

1. Please use the User ID and initial password as provided in the Form.
 2. Please follow all steps from Sr.No. 1 to 9 as mentioned in (A) above, to cast your vote.
- C.** The e-voting period commences on 17th February, 2015 at 9.00 A.M. and ends on 18th March, 2015 at 5.00 P.M. In case of any query pertaining to e-voting, please visit Help & FAQ's section of Karvy e-voting website.
7. Members who have received Postal Ballot notice by e-mail and who wish to vote through ballot form can obtain the ballot form from the Registrar and Share Transfer Agents, M/s. Karvy Computershare Private Limited, Plot No. 17 to 24, Vittal Rao Nagar, Madhapur, Hyderabad – 500 081 or from the Company at the registered office and fill in the details and send the same to the Scrutinizer by post.
 8. The Scrutinizer, after completion of the scrutiny, will submit his report to the Chairman or Company Secretary of the Company. The result of the Postal Ballot will be declared on **March 20, 2015** at the Registered office of the Company. The result will be announced to the Stock Exchanges where shares of the Company are listed and will also be displayed on the Company's website www.divislaboratories.com. In the event, the draft resolution is assented to by the requisite majority of Members by means of Postal Ballot, the date of declaration of Postal Ballot result shall be deemed to be the date of passing of the said resolution.
 9. Members are requested to notify the change in the address, if any, in case of shares held in electronic form to the concerned Depository Participant quoting their Client ID and in case of Physical shares to the Registrar and Transfer Agent of the Company quoting their Folio Number.

Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 setting out all the material facts pertaining to Resolution Nos. 1 & 2

Item No. 1

Mr. Rao Divi is a post-graduate in Structural Engineering from Mysore University. He worked with M/s Howe India and M/s. Towell Construction Company and has executed several offshore construction contracts such as Vizag Outer Harbour Project, Defence and Civil construction contracts in Saudi Arabia, Iraq and Kuwait. Between 1990-1996, he was Executive Director of Sadah General Trading and Contracting Co., Kuwait and implemented several offshore and on-shore construction projects.

He assumed Directorship of your company since 14.10.1994 and has been a whole-time director since 01.07.1997. Mr. Rao Divi looks after project implementation, production planning, environment management and regulatory affairs. He is responsible for implementation of new Projects under capital expenditure plans of the company, plant up-gradation to comply with FDA requirements, environment management and overseeing logistics at Plant. He is a not holding Directorship in any other Companies. He is neither a Member nor Chairman of Committees of other Companies.

The Board of Directors of the Company (the 'Board'), at its meeting held on January 31, 2015 has, subject to the approval of members, re-appointed Mr. Madhusudana Rao Divi as Director - Projects, for a further period of 5 (five) years from the expiry of his present term, which expires on March 31, 2015, at the remuneration recommended by the Nomination and Remuneration Committee and approved by the Board.

It is proposed to seek the members' approval for the re-appointment of and payment of remuneration to Mr. Madhusudana Rao Divi as Director - Projects in terms of Sections 196 and 197 read with Schedule V and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder.

Considering the vast contribution and the active role in the business of the Company provided by Mr. Madhusudana Rao Divi as Director - Projects, who has attained 70 years of age, your Board recommends the Special Resolution for the approval of the Shareholders.

Broad particulars of the terms of remuneration payable to Mr. Madhusudana Rao Divi are as under :

Salary, perquisites and other allowances :

- a) Salary of Rs. 6,50,000/- per month.
- b) In addition to the aforesaid salary, he shall be entitled to following Perquisites and allowances :
 - i) Rent free furnished accommodation or house rent allowance in lieu thereof
 - ii) Re-imbusement of expenses for gas, electricity and water
 - iii) Re-imbusement of medical expenses
 - iv) Personal accident insurance premium and premium on medi-claim policy
 - v) Leave travel concession for self and his family including dependents
 - vi) Re-imbusement of actual Club fees
 - vii) Company's contribution towards pension scheme or superannuation fund together with provident fund not exceeding 25% of the salary wherein contribution towards provident fund shall not exceed 12% of the salary
 - viii) Gratuity payable as per the Rules of the Company/ Trust
 - ix) Use of company car for official purposes and telephone at residence (including payment for local calls and long distance official calls)
 - x) Providing watch and ward security at residence

- xi) Encashment of un-availed leave as per the rules of the company
- xii) All other payments in the nature of perquisites and allowances agreed by the Board of Directors from time to time

However the aggregate monetary value of the perquisites in any year shall not exceed 40% of his annual salary.

Perquisites shall be evaluated as per the provisions of Income Tax Act, 1961 or any rules thereunder or any statutory modification(s) or re-enactment thereof; in the absence of any such rules, perquisites and allowances shall be evaluated at actual cost. However, contribution towards pension scheme, superannuation fund, provident fund, gratuity fund, use of company car for official purposes, telephone at residence, security at residence and encashment of un-availed leave at the end of the year shall not be included in the aforesaid perquisites limit.

Minimum Remuneration

Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the tenure of the Director, the Company does not have profits or its profits are inadequate, the company will pay remuneration by way of salary, perquisites and allowances, commission not exceeding the maximum limits as prescribed under Section II, Part II of Schedule V to the Act as amended from time to time as minimum remuneration to Mr. Madhusudana Rao Divi.

Aggregate remuneration

The aggregate of remuneration, commission and perquisites / benefits including contribution towards provident fund, superannuation fund, gratuity fund, payable to Mr. Madhusudana Rao Divi, Director - Projects, individually or to all whole time directors of the Company taken together, shall not exceed during any financial year 5% / 10% of profits of the Company calculated in accordance with the provisions of Sections 198 of the Companies Act, 2013.

Mr. Madhusudana Rao Divi satisfies all the conditions set out in Part-I of Schedule V to the Act as also conditions set out under sub-section (3) of Section 196 of the Act for being eligible for his re-appointment. He is not disqualified from being appointed as Director in terms of Section 164 of the Act.

The above may be treated as a written memorandum setting out the terms of re-appointment of Mr. Madhusudana Rao Divi under Section 190 of the Act.

Mr. Madhusudana Rao Divi is interested in the resolution as the same relates to his re-appointment and remuneration payable to him. Dr Murali K. Divi being related to Mr. Madhusudana Rao Divi is deemed to be interested in the resolution.

The relatives of Mr. Madhusudana Rao Divi may be deemed to be interested in the resolution to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are in any way, concerned or interested, financially or otherwise, in the resolution.

Item No. 2

Mr. Kiran S. Divi holds a post graduate degree in Pharmacy from Jawaharlal Nehru Technological University (JNTU), Kakinada, Andhra Pradesh. He was involved in understanding the markets in USA in respect of active Pharma ingredients and intermediates for about two years before joining the Board.

Mr. Kiran Divi joined the company in 2001 and since 27.08.2001 he is a Whole-time Director designated as Director & President - Operations on the Board of the Company. He is responsible for marketing the company's generic products in the USA, which is considered an important value market for the Pharma ingredients.

Directorships held in other companies

Divi's Biotech Private Limited

Divi's Resorts Private Limited

Divi's Properties Private Limited

Memberships/ Chairmanships of Committees in other companies

He is neither a Member nor Chairman of Committees of other Companies.

The Board of Directors of the Company (the 'Board'), at its meeting held on January 31, 2015 has, subject to the approval of members, re-appointed Mr. Kiran S. Divi as Director & President - Operations, for a further period of 5 (five) years from the expiry of his present term, which expires on March 31, 2015, at the remuneration recommended by the Nomination and Remuneration Committee and approved by the Board.

It is proposed to seek the members' approval for the re-appointment of and payment of remuneration to Mr. Kiran S. Divi as Director & President - Operations in terms of Sections 196 and 197 read with Schedule V and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder.

Broad particulars of the terms of remuneration payable to Mr. Kiran S. Divi are as under :

Salary, perquisites and other allowances :

- a) Salary of Rs. 6,50,000/- per month.
- b) In addition to the aforesaid salary, he shall be entitled to following Perquisites and allowances :
 - i) Rent free furnished accommodation or house rent allowance in lieu thereof
 - ii) Re-imbusement of expenses for gas, electricity and water
 - iii) Re-imbusement of medical expenses
 - iv) Personal accident insurance premium and premium on medi-claim policy
 - v) Leave travel concession for self and his family including dependents
 - vi) Re-imbusement of actual Club fees
 - vii) Company's contribution towards pension scheme or superannuation fund together with provident fund not exceeding 25% of the salary wherein contribution towards provident fund shall not exceed 12% of the salary
 - viii) Gratuity payable as per the Rules of the Company/ Trust
 - ix) Use of company car for official purposes and telephone at residence (including payment for local calls and long distance official calls)
 - x) Providing watch and ward security at residence
 - xi) Encashment of un-availed leave as per the rules of the company
 - xii) All other payments in the nature of perquisites and allowances agreed by the Board of Directors from time to time

However the aggregate monetary value of the perquisites in any year shall not exceed 40% of his annual salary.

Perquisites shall be evaluated as per the provisions of Income Tax Act, 1961 or any rules thereunder or any statutory modification(s) or re-enactment thereof; in the absence of any such rules, perquisites and allowances shall be evaluated at actual cost. However, contribution towards pension scheme, superannuation fund, provident fund, gratuity fund, use of company car for official purposes, telephone at residence, security at residence and encashment of un-availed leave at the end of the year shall not be included in the aforesaid perquisites limit.

Commission

He shall be entitled to commission @ 1% on the net profits of the company computed in the manner laid down in section 197 (8) of the Companies Act, 2013 in addition to salary, perquisites / benefits as mentioned above.

Minimum Remuneration

Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the tenure of the Director, the Company does not have profits or its profits are inadequate, the company will pay remuneration by way of salary, perquisites and allowances, commission not exceeding the maximum limits as prescribed under Section II, Part II of Schedule V to the Act as amended from time to time as minimum remuneration to Mr. Kiran S. Divi.

Aggregate remuneration

The aggregate of remuneration, commission and perquisites / benefits including contribution towards provident fund, superannuation fund, gratuity fund, payable to Mr. Kiran S. Divi, Director & President - Operations, individually or to all whole time directors of the Company taken together, shall not exceed during any financial year 5% / 10% of profits of the Company calculated in accordance with the provisions of Sections 198 of the Companies Act, 2013.

Mr. Kiran S. Divi satisfies all the conditions set out in Part-I of Schedule V to the Act as also conditions set out under sub-section (3) of Section 196 of the Act for being eligible for his re-appointment. He is not disqualified from being appointed as Director in terms of Section 164 of the Act.

The above may be treated as a written memorandum setting out the terms of re-appointment of Mr. Kiran S. Divi under Section 190 of the Act.

Mr. Kiran S. Divi is interested in the resolution as the same relates to his re-appointment and remuneration payable to him. Dr Murali K. Divi being related to Mr. Kiran S. Divi is deemed to be interested in the resolution.

The relatives of Mr. Kiran S. Divi may be deemed to be interested in the resolution to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are in any way, concerned or interested, financially or otherwise, in the resolution.

The Board recommends the Ordinary Resolution for approval of the shareholders.

For and on behalf of the
Board of Directors

Dr. Murali K. Divi
Chairman & Managing Director

Place : Hyderabad

Date : 31.01.2015

Registered Office :

7-1-77/E/1/303, Divi Towers,

Dharam Karan Road,

Ameerpet, Hyderabad - 500 016.

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